

# Responsible sourcing: a catalyst for sustainable value creation

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# To operate in the most sustainable, traceable and transparent value chains, everywhere

## We join forces with our suppliers

By scaling up our sustainability actions for both people and the planet across our upstream supply chains



By integrating responsible sourcing into our procurement decision-making

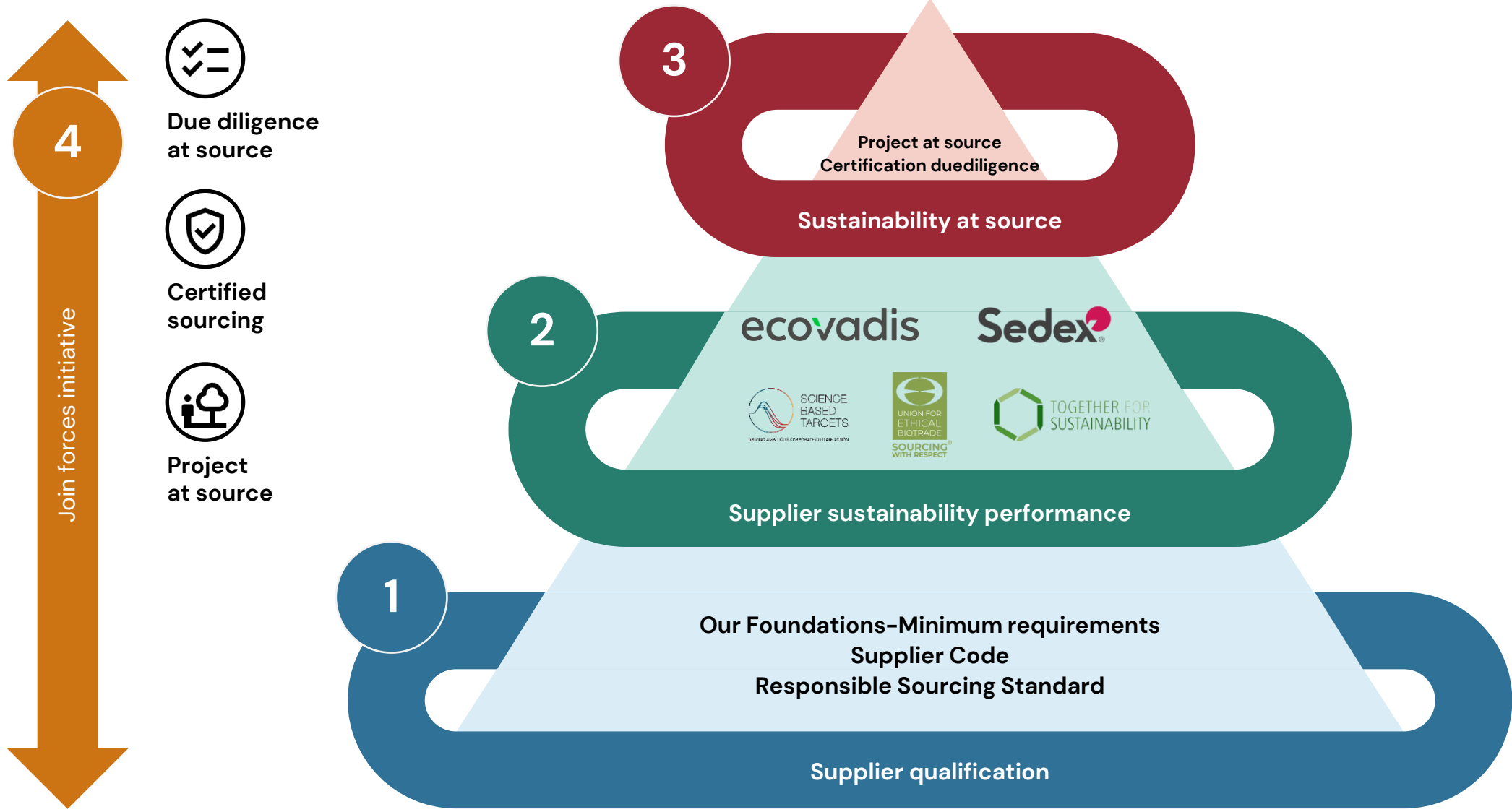


By ensuring that sustainability is embedded throughout the entire supply chain, for all sourcing categories, with a systematic and holistic approach



**This is also business critical because it's our way to secure resources, protect value and reputation for both our organization and stakeholders, and unlock new business opportunities**

# Our responsible sourcing framework






# We embed sustainability into the supplier qualification

A foundation to ensure standards




 **100%** Ensure that **100% of our suppliers** commit to our responsible sourcing standard

- Gives visibility on **dsm-firmenich commitments** and **priorities**
- Sets the **framework of our collaboration with suppliers** and engages them to **improve their sustainability performance**
- Provides detailed **guidance for implementation** in value chain
- Meets our **customers and stakeholders'** requirements





-  Acting with integrity and business ethics
-  Supplier performance monitoring & improvement
-  Implementing a robust due diligence approach

### People

-  Respecting Human Rights
-  Promoting diversity, equity and inclusion
-  Respecting safety, health and security

### Planet

-  Acting on climate change
-  Preserving nature and ecosystems

# We embed supplier sustainability performance into supplier management

2

100%

By 2030, increase our suppliers' sustainability performance assessments from 68% to 100% of our supplier spend

## Input



Spend analytics

EcoVadis

SBTi

Procurement targets

## Dashboard



## Output



EcoVadis spend coverage & achievement vs target

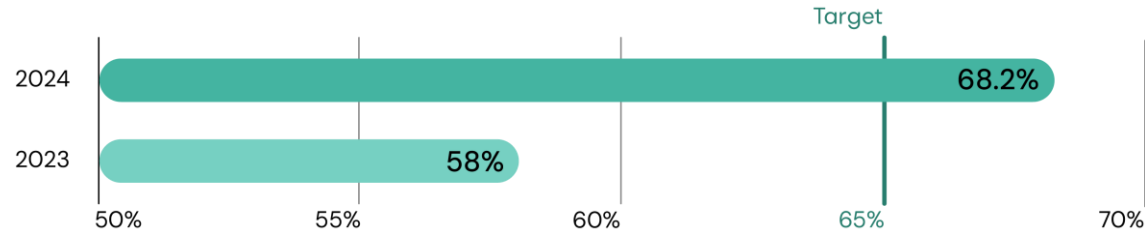
EcoVadis suppliers' performance & achievement vs target

SBTi spend coverage & achievement vs target

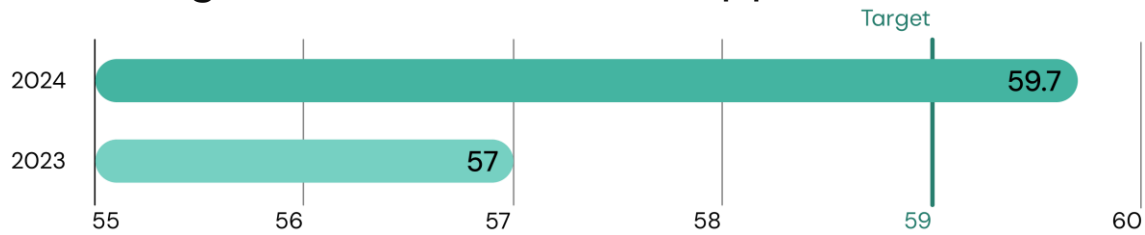
Supplier engagement for corrective action and progress

# Our 2024 results show strong progress towards our long-term targets

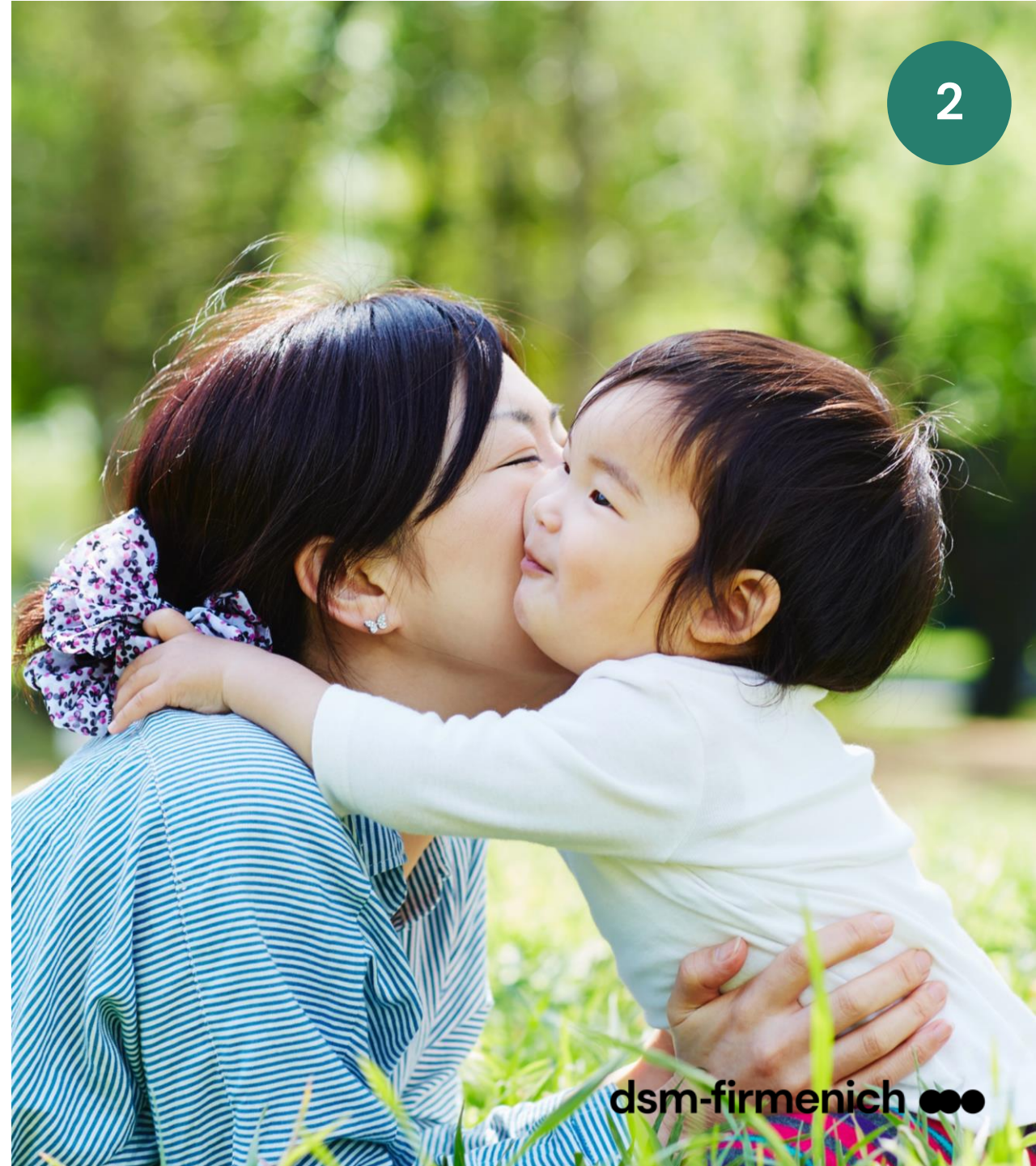
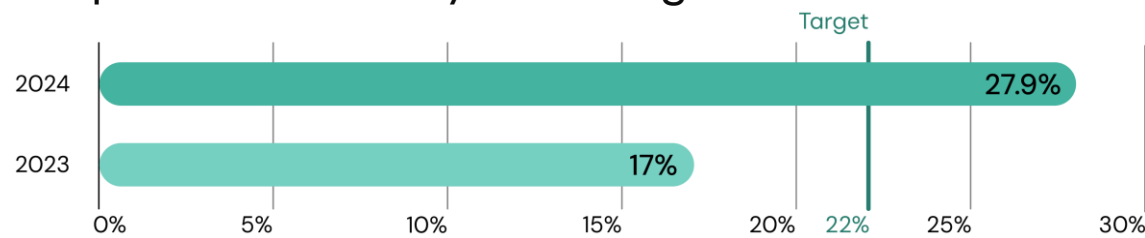
## 1. Spend covered by EcoVadis assessments



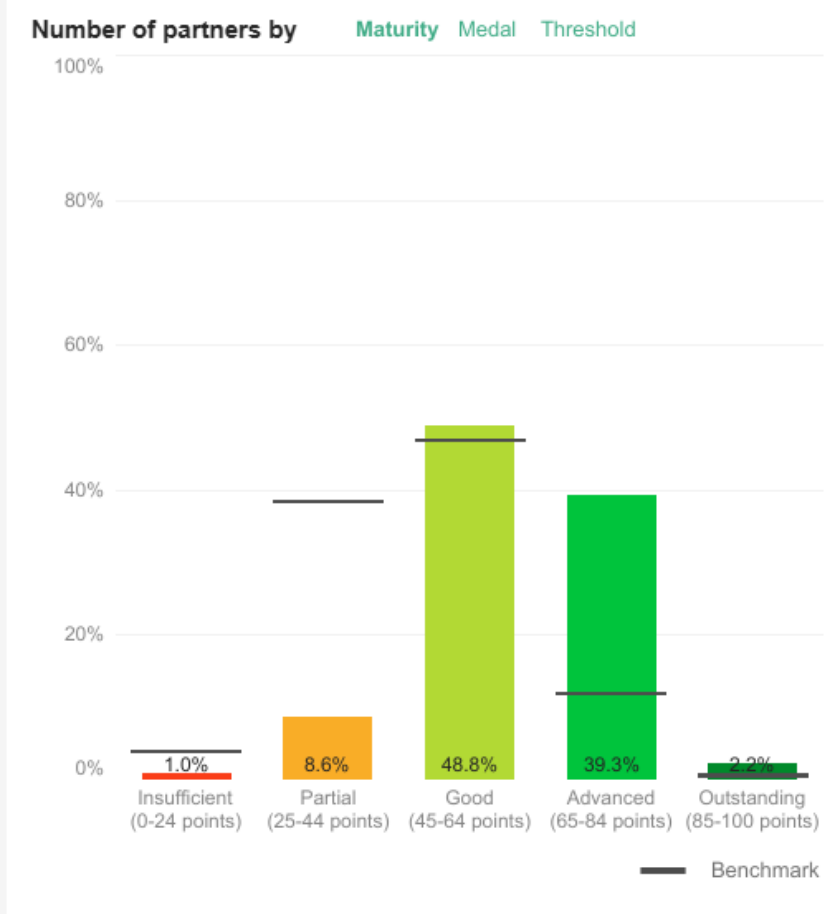
## 2. Average EcoVadis score of supplier base



## 3. Spend covered by SBTi Targets Set



# Benchmarking: the sustainable performance of our suppliers is above market



Source: EcoVadis

# We also act at source to improve our due diligence approach

Deploying an ambitious and systematic approach to due diligence & certifications

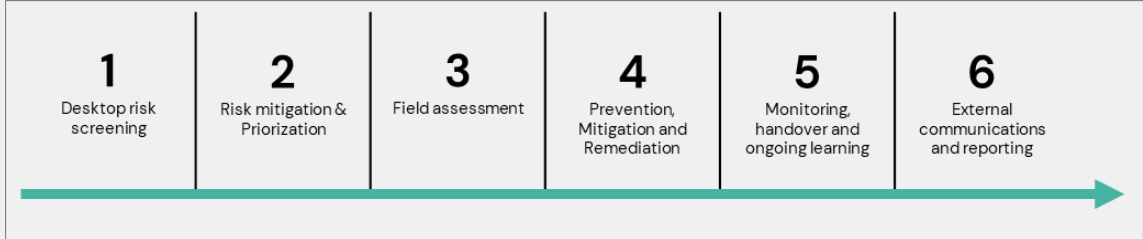
 **100%** Cover **100% of our key natural ingredients** by a due diligence or a certification

## Due diligence: 6 STEP process following main international best practices & standards

- UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Business Conduct, ILO, FAO, and the Danish Institute for Human Rights



Due diligence at source



## Certifications when critical to our Business Units and Customers

- Complement our due diligence with external certifications when necessary to support customer claims
- Leverage best-in-class certifications bodies



Certified sourcing





# We are going even beyond at source

## Targeted actions at source for positive impacts & changes in key ingredients supply chain

- Aligned with our **Sustainability commitments** on people and planet
- Robust **fact-based KPI measurement & impacts monitoring**
- **Together** with our suppliers, in partnership with our customers



### Project at source

**Projects at source – Patchouli in Indonesia**  
Environmental, social responsibility & community empowerment

SUPPORTING SUPPLY CHAIN SINCE 2018  
PATCHOULI IN INDONESIA, SOUTH-EAST SULAWESI

**OUR VISION**

With our long-term partner we aim to

- address fluctuating market challenges, remote area logistics
- improve biodiversity conservation
- ensure fighting gender inequalities



**ACTIONS AT SOURCE**

- Empower farmers on their market with a floor price and guaranteed purchased volumes
- Supporting sustainable agricultural practices through training
- Environment & biodiversity conservation with regenerative trainings and by supporting trees planting
- Empowering women & communities with modern and internationally recognized formation



**EXPECTED OUTCOMES**

- Target 300 smallholders
- Target 1000 direct beneficiaries
- Target 12 tons per year of sustainable Patchouli oil

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**Projects at source – Vanilla in Madagascar**  
Social responsibility

PROVIDING PROFESSIONALIZATION OPPORTUNITIES TO THE NEXT GENERATION OF VANILLA FARMERS  
VANILLA MADAGASCAR, SAVA REGION

**OUR VISION**

Motivate potential future farmers to invest in agriculture and

- Acquire a solid agricultural background, including on sustainable practices
- Evolve from a single cash crop towards crop diversification opportunities
- Run their farm like business and be entrepreneurs



**ACTIONS AT SOURCE**

- Creation of a vanilla professional farming training center in 2019, Mahadera Farming Training Center
- Supporting students to become professional farmers (3 years training)
- Pedagogy based on theory and practices, with regular professional internships for all students



**EXPECTED OUTCOMES**

- 45 students following currently the 3-year curriculum
- 20 graduates and farming projects launched in June 2024 – 11 still operating
- 3250 hours of training over 3 years – including 240 on vanilla farming and 079 on diversification

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**Projects at source – Monkfruit in China**  
Environmental responsibility

PRESERVING WATER & SOIL TO ENSURE THE SUSTAINABILITY OF THE MONK FRUIT RESOURCE  
MONKFRUIT CHINA, GUIJIN AREA IN GUANGXI PROVINCE

**OUR VISION**


Developing virtuous agricultural practices to secure long-term sourcing of the world largest natural sweetener facing climate change.

- Water and soil resources diagnosis
- Resilient agricultural practices pilot
- Design, training & spread Water & Soil management best practices



**ACTIONS AT SOURCE**

- Assessing the water and soil resource to understand their current situation and their evolutions in the context of climate change and intensification
- Monitoring of farming practices through PatchFarm tool
- Setting pilot farm to implement innovative agricultural practices (soil property preservation, draught management)



**EXPECTED OUTCOMES**

- Water conservation
- Soil conservation
- Sugar Reduction leadership secured

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**Projects at source – Mint in India**  
Regenerating Mint Farming, Improving the Value Chain and Empowering Mint Communities

SYNERGIES BETWEEN INNOVATIVE APPROACH IN FARMING AND SOCIOECONOMIC EMPOWERMENT  
MINT INDIA, UTTAR PRADESH

**OUR VISION**

With our long-term partner we aim to

- Ensure a traceable supply of high-quality mint
- Promote an innovative agricultural model paired with higher distillation yields & more sustainable farming practices
- Secure smallholders living conditions



**ACTIONS AT SOURCE**

- Helping farmers to implement agricultural innovations to improve climate change resilience (soil and water management) through regenerative agricultural practices
- Improving distillation practices to increase yields, quality and quantity of mint oil benefiting farmers income
- Empowering women through proven gender tools (GALS) & communities by creating access to social safety nets



**EXPECTED OUTCOMES**

- Target 5000 farmers – 180 workers and their households
- Target 20 distillers
- Target 72 Tons per year of sustainable mint oil
- Target 147 tons sustainable natural menthol

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# We join forces for sustainability

Collaborating with our suppliers to drive progress together



### When and where?

2024  
Hybrid event



### How many participants?

Over 700 suppliers,  
partners and colleagues



### One mission

Onboard suppliers on our  
Responsible Sourcing journey

## About the event

### Speakers

dsm-firmenich: CEO, Deputy CPO, CSO + 11 Group Experts

Customer: Nestlé

External partner: **EcoVadis, United Nations, Quantis**

### Breakout sessions

Deep dive into 3 key topics of our Responsible Sourcing agenda



## Call to action

During the event, suppliers were asked to:



Familiarize themselves with our Responsible Sourcing Standard

### Call to action



Perform an EcoVadis assessment



Set an SBTi target: join us in fighting climate change



Accelerate journey to drive positive social impact and raise the awareness / maturity on Human Rights

## In-market examples

A resilient vanilla supply chain with farmers



**Perfumery & Beauty**



**Taste, Texture & Health**



Due diligence  
at source



Certified  
sourcing



Project  
at source

## Vanilla Madagascar actions at source:

- Performing due diligence on the field for risk mitigation and improvement actions
- Co-creation of the Livelihoods Fund for Family Farming, an impact investment fund with key customers
- The Mahadara School was co-created with one of our suppliers to offer professionalization opportunities for the next generation of vanilla farmers in the Sava region. It focuses on promoting sustainable agricultural practices, crop diversification, and supporting young farmers to build a more resilient supply chain

## Our 2030 Top 3 priorities

Spreading our  
**Responsible sourcing standards in our upstream value chains**

 100%

Ensure that 100% of our suppliers adhere to our responsible sourcing standard principles, covering People, Planet, Responsible sourcing and Ethics dimensions



Boosting our  
**Supplier sustainability performance & resilience**

 100%

Move from 68% to 100% of our supplier spend screened on their **sustainability performance**, leveraging best-in-class tools and AI, and engage in dialogues for improvement



Rising expectations around  
**Natural key ingredients**

 100%

Deploy our new due diligence framework to 100% of our key **natural ingredients**, ensuring that a desktop and field due diligence is conducted, and all salient issues are addressed

We join forces with our suppliers and customers to mitigate risks, unlock business value and boost positive impacts

## Joining forces for more sustainable value chains

By sourcing responsibly, we safeguard resources and protect the value and reputation of our organization and stakeholders

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We go beyond expectations to create positive impacts and uncover new business opportunities

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Our performance is strong, and we are accelerating towards a leading position



**We bring progress to life**