

Human Rights report

June 2024





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Intro

About dsm-firmenich

dsm-firmenich was established on 9 May 2023. Our company brings together the best of two market leaders in fragrance, taste, texture, and nutrition, united in a common purpose: to bring progress to life, by combining the essential, the desirable, and the sustainable.

dsm-firmenich is a Swiss company, which is listed on the Euronext Amsterdam and with dual headquarters in Switzerland and the Netherlands. Our company has operations in almost 60 countries and revenues of more than €12 billion. With a diverse, worldwide team of nearly 30,000 employees, we bring progress to life every day, everywhere, for billions of people.



Our business covers several sectors, diverse supply chains and activities all over the world.

Working with over 31,000 suppliers, we hold ourselves accountable for human rights.

To live up to this promise and to drive compliance with all applicable human rights laws and regulations, we have dedicated experts on Human Rights within our Group Sustainability and Responsible Sourcing teams.

Human rights reporting

In the context of the provision of various Acts and legislations (see annex), dsm-firmenich explains in this report its due diligence efforts to identify, assess and manage human rights risks, such as child labor and forced labor, within its business and supply chains.

In addition to covering the reporting period January 1, 2023, to December 31, 2023, we also share upcoming human rights initiatives.

dsm-firmenich complies with the due diligence obligations regarding child labor and forced labor, as further detailed in section 3.



Our commitment to Human Rights

dsm-firmenich is committed to ensuring that people and communities are treated with dignity and respect. With operations and supply chains spanning the globe, we collaborate with our partners, customers, suppliers, industry peers, and other stakeholders to address human rights risks that may arise linked to our business activities.

When people are treated equally and without discrimination, they have better access to opportunities in education, employment, healthcare, and other aspects of life. Doing business with respect for people's dignity contributes to a fair and equal society; a must do as far as we are concerned.

"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."

Katharina Stenholm
Chief Sustainability Officer

Global human rights policy

Our [Code of Business Ethics](#) sets our company's foundational principles: we are committed to the highest standards in human rights. We take a clear stance on separate human rights topics such as [Modern Slavery](#) and [Conflict Minerals](#), for which we have published specific position statements.

Our human rights principles, as stipulated in our [global human rights policy](#), are inspired by our Company's values: 'shape the future', 'be a force for good' and 'own the outcome'. 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. In specific policies and standards our human rights ambitions and expectations are detailed further.

In our [Supplier Code](#) and [Responsible Sourcing Standard](#) we have set out our promises and expectations towards our suppliers, engaging them as partners on our sustainability journey with an integrated approach to human rights.

In our supply chain due diligence (SCDD) framework we translate international standards on responsible business conduct (OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights Guidelines) into our own supply chain due diligence process. It aims at ensuring a systematic risk analysis and ongoing due diligence work in our supply chain.

Our approach to Human Rights due diligence

Our approach to due diligence in our operations

dsm-firmenich's company values underpin the essence of doing business in a responsible way. We embed human rights practices throughout our entire operations.

Our structure for managing general risks (including human rights) is based on a three-lines of defence model:



- 1) Line management within the business units acts as the first line identifying, assessing, and managing risks within their area of responsibility. This includes compliance with Code of Business Ethics, the Group Policy Framework including our Global Human Rights Policy and regional/local regulations.
- 2) Group Functions such as Risk management act as the second line, driving risk management by defining group policies, standards, and processes, including controls. They assess and monitor compliance, and support external risk disclosures.
- 3) Group Audit acts as the third line of defence, providing independent, objective assurance and advice regarding the effectiveness of governance, risk management, and control activities. They check alignment with group policies, requirements, and standards. The scope and frequency of internal audits is determined by ranking the auditable units according to the scale of their risk exposure, using a set of defined criteria.

In addition, we are audited by our customers on our human rights compliance via the Supplier Ethical Data Exchange (SEDEX) platform. This platform is used to monitor and track social and environmental performance and also address human rights compliance. The Self-Assessment Questionnaire (SAQ) looks at four core pillars in the areas of Labor Standards, Health and Safety, Environment and Business Integrity. To ensure compliance, sites are checked at least every three years by external auditors using the SEDEX Members Ethical Trade Audit (SMETA) process. The findings are closely monitored, and non-compliance rapidly remediated through the introduction of appropriate corrective actions.

Our approach to supply chain due diligence

We commit being a trustworthy partner to our business stakeholders and strive to operate responsibly and in accordance with the highest standards possible. We believe that a robust due diligence approach needs agility, a good balance between process and operations, data intelligence as well as on-the-ground work. dsm-firmenich is convinced that collaborative action is the only way to consolidate impact in our upstream values chains and drive positive change with our suppliers at a global scale. While we endeavor to maximize our actions for human rights in the value chain and their effectiveness, we are acutely aware of the size and scope of the global challenges.

We have a strong relationship with the UN, being a Global Compact Impact Sponsor for Labor and Decent Work. Decent work is a central component of SDG 1 (no poverty) and SDG 8 (decent work and economic growth), and is defined as secure employment that guarantees security, a fair income and safe working conditions. We contribute to building consensus across the business community on key principles of decent work, such as the definition and calculation of a “living wage”.

To meet our Responsible Sourcing commitment, in 2023, we have identified ways on how we can help our suppliers to implement due diligence. We piloted some of these successfully and will move to a more standardized approach throughout 2024.

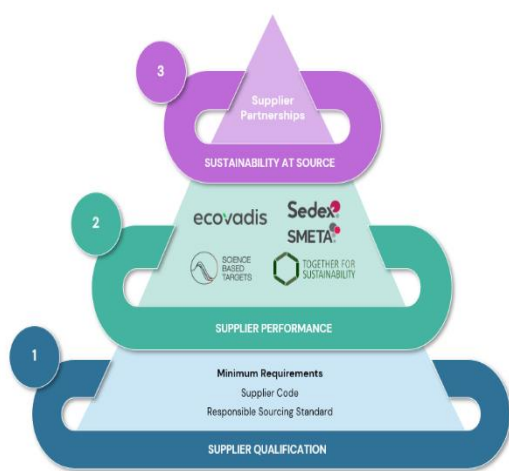
The Responsible Sourcing team within Procurement has been created to work in collaboration with sourcing managers to accelerate and support suppliers’ engagement on sustainable certification and human rights projects where relevant. The team is supporting the sourcing managers to address escalation of potential non-compliance on sustainability practices. The Head of Responsible Sourcing is a member of both the Sustainability and Procurement Leadership teams.



Supplier qualification

We have strengthened our supplier qualification and performance evaluation to improve our ability to cascade due diligence requirements to our suppliers. Notably, we strengthened requirements related to human rights in our new Responsible Sourcing Standard. The standards also encourage our suppliers to have a continuous improvement mindset, to progressively implement best practices. Through our Supplier Engagement program, we facilitate onboarding of suppliers on due diligence requirements through workshops, training resources, and access to toolkits.

Responsible Sourcing Framework



Supplier sustainability performance and specifically human rights performance is measured through various sustainability assessment platforms. The first one being EcoVadis – a recognized provider of corporate social responsibility ratings. dsm-firmenich set targets to raise the global score of our suppliers on the Labor & Human Rights pillar. For this specific pillar, to encourage suppliers to build their own human rights due diligence approach and management systems, we are engaging and training those that are currently below the minimum of our

expected performance of 60 points. The second tool used with our value chain partners is SEDEX, in a similar way that we ensure compliance at our own sites. Our customers ensure our compliance as their supplier. We set objectives at Procurement and Business Unit levels in terms of Human Rights Performance of our suppliers based on EcoVadis. Progress is monitored by the Procurement Leadership Team on a quarterly basis.

To reinforce our capacity to address human rights risks with our suppliers, our strategy is also based on raising awareness and train the entire procurement community on human rights, including on the UN Human Rights Guiding Principles for Business. Furthermore, in 2024, we trained 273 (more than 80%) sourcing managers on Responsible Sourcing practices.

EcoVadis and SEDEX performance data are also a data source for our risk screening in our supply chain. Together with the SEDEX radar, Sphera alerts and the Union for Ethical Bio Trade (UEBT) risk tool help us screen any alerts and deviations from our standards.

2024/2025 assessment roadmap

Building on our Responsible Sourcing experience, and pilot due diligence learnings from 2022/2023, we have developed a 2024/2025 assessment roadmap, and a due diligence framework. Our proactive due diligence roadmap 2024–2025 prioritizes a first set of assessments on 21 supply chains in 21 countries, based on risks screening of strategic business ingredients. This work is done hand in hand with the sourcing business teams and sales business teams to embed sustainability into procurement business decisions.



In our supply chain due diligence framework, we have translated international standards on responsible business conduct (OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights Guidelines) into our own 5-step supply chain due diligence process. The process comes with dedicated methodologies that are designed to allow assessment of Human Rights risks, including Child and Forced Labor.

We are designing a reporting procedure and governance model. With this we aim to raise awareness and address the existence of a potential or actual adverse impact. This allows us to support in- and prioritize with our decision-making process. We also leverage certifications on the most sensitive supply chains such as UEBT, Fair for Life, Rainforest Alliance, and others.

5-step due diligence process

A due diligence expert team is in charge of tailoring our assessment and action plans to a variety of contexts, supply chains and nature of impacts to enable the implementation of our 5-step approach:



Throughout steps 1 to 3, we combine systematic risks screening with more in-depth impact identification. Systematic risks screening allows to detect non-negligible human rights risks by cross-checking sector/country risk data, with suppliers' performance data and risks watch. Then, we establish roadmaps to conduct due diligence assessments on priority risks. We combine desktop & field level data collection into our assessments, with methodologies designed to map supply chains beyond tier 1, assess occurrence, nature, and severity of actual or potential adverse impacts, assess leverage and provide recommendations for prioritization and remediation. The assessment is performed using both internal and/or third-party expertise.

Based on findings and leverage, step 4 enables identification of measures & prioritization. We preferably design commensurate actions to cease, prevent or mitigate adverse impacts, through direct engagement with suppliers to co-create and implement action plans. Whenever the impact level and/or the context justifies it, we are engaging in multi-stakeholder initiatives to join forces.

Action plan progress and results are monitored and reported, and when either the results and/or a suppliers' ability to autonomously operate due diligence are considered to be at a satisfactory level, follow-ups are handed over to the Sourcing teams in step 5.

Child labor due diligence

As a responsible company, we strive to protect people and reduce inequality. Child labor is unacceptable. Children must be protected, and we put stringent measures in place to help safeguard them. As described elsewhere in this report, through our Responsible Sourcing Program, we undertake due diligence and ensure safeguards are put in place across our supply chain to prevent child labor.



In May 2024, an investigative media report about alleged human rights abuses, notably child labor, in jasmine-picking in Egypt was released.

Here's what happened in our jasmine supply chain in Egypt: In October 2022 our Responsible Sourcing experts conducted a thorough social assessment of our jasmine supply chain in Egypt. The results showed certain non-conformities with our supplier at that time.

Immediately, after hearing these findings, we addressed this matter with the partner involved. In alignment with OECD guidelines and UNGP international standards, we proposed to this supplier remediation activities and targeted efforts for an extended period of time. As the follow up was not as per our standards, we decided in August 2023 to stop ordering jasmine from that supplier in Egypt. We transitioned to a new supplier in Egypt that is committed to abide by our Supplier Code.

Alongside many companies that use jasmine derivatives in their products, we are collaborating with the International Labour Organisation (ILO) and Fair Labor Association (FLA), an international network that champions human rights on farms and in factories worldwide, to develop concrete solutions that swiftly can be implemented to improve the local situation. These include strategies to promote fair compensation and build the economic resilience of families, which can eliminate one of the root causes of child labor; strengthen child protection measures and improve children's access to education; improve human rights due diligence systems at the processor level; and generate support for legal and policy initiatives, including social protection measures.

Collectively, these actions will enable us to act as quickly and as effectively as possible to limit the risks of labor rights abuses in the jasmine supply chain, while continuing to operate in these regions with respect for the environment, the farmers, and the workers. In case issues arise in other geographies or parts of our supply chain, we will implement similar measures.

2023 results

In 2023, we worked on assessments and actions plans implementation mostly linked to our Naturals raw materials supply chain, following internal and external alerts.

In terms of assessments, we finalized assessments on 4 supply chains in 4 countries and are still consolidating ongoing assessments on 6 supply chains in 6 countries.

The main findings were risks and adverse impacts related to child labor, health & safety at work, fair procurement practices, workers & farmers remuneration. To mitigate these risks and remediate these adverse effects, we are implementing and/or in the process of co-creating action plans on 6 supply chains in 6 countries.

To illustrate how we run human rights due diligence within a project at source, we would like to highlight the below project "Harvesting the Future".

dsm-firmenich is participating in a joint project, "Harvesting the Future," created in January 2023 as an extension of Fair Labor Association's (FLA) flagship project, Harvesting the Future, in Turkey, to cover the country's rose sector for an initial two-year period, lasting through December 2024. The project seeks to improve human rights and labor conditions in Turkey's rose sector, focusing on empowering seasonal agricultural workers in the supply chains of participating organizations and their families. The project brings together a range of stakeholders, including the Turkish government, civil society organizations, processors, producers, and beauty and fragrance companies. Key areas of work include establishing robust governance, stakeholder engagement, and advocacy efforts; strengthening supply chain management systems of project partners; undertaking field-level interventions to improve working and living conditions; and ensuring access to remedy for the agricultural workers and their families.



In 2023, FLA assembled nearly 60 staff members from local grassroots organizations – including teachers, physiologists, social workers, and outreach staff – to carry out more than 150 training programs for rose oil processors, farmers, labor intermediaries, workers, and their families, as well as educational activities for the workers’ children. To select the project beneficiaries, FLA conducted a supply chain mapping with 19 local processors and a baseline study involving 429 farmers and 829 workers and their families in 326 households. These initiatives, which took place in eight villages in Isparta:

- Referred 735 children to public schools, child-friendly spaces, or childcare centres, and provided access to meals, clothing, educational activities, socio-cultural activities, psychosocial support services, stationery, and transportation to the project-run summer camp.
- Trained 1,662 farmers on decent work, children’s rights, and occupational health and safety.
- Trained 1,667 seasonal migrant workers on decent work, children’s rights, occupational health and safety, and parental support.
- Trained 120 participants from rose oil processing companies on child protection, child labor, case management protocol, and farm level monitoring.
- Trained 13 mothers and caregivers on early childhood development and childcare.

Project participants also:

- Renovated and furnished two school buildings in Tepecik and Saracik, which were used to provide education for children of seasonal migrant agricultural worker families.
- Constructed sanitation facilities in Ardıçlı and Saracik at campsites for harvest workers, including 30 bathrooms, 28 new toilets, and four water fountains.
- Distributed 928 hygiene kits, 950 health and safety kits, 290 baby diapers bags, and 1,140 sanitary pads packages to seasonal migrant agriculture workers and their families.

To reinforce our capacity to address human rights risks with our suppliers, our strategy is also based on concrete actions taken in our supply chains when facing human rights-related challenges, leveraging the “projects at source” approach to intervene with our suppliers, on the ground, as well as to reinforce our digital traceability capabilities and feedstock certification. More information can be found in our Integrated annual report in which we highlight the Responsible sourcing Project [Mint with Purpose](#): A new farming model for sustainable value.

As part of our responsible sourcing approach, we are striving for third-party sustainability certification of key ingredients. This will be achieved either through our suppliers’ own initiatives or collaboration between dsm-firmenich and our customers on specific requests.

We have selected and partnered with the most advanced and recognized standards bodies in our industry, such as UEBT, Fair for Life and Rainforest Alliance. We continue to onboard our suppliers on a trajectory to obtain independent third-party sustainable certification or verification of major social, environmental, and ethical standards for a list of ingredients. Selection of the ingredients depends on business needs and risks inherent to the natural feedstock(s) (such as sourcing country and species).

Our supply chain traceability system

Within dsm-firmenich we systematically keep track of the products and services we buy, as well as the names and addresses of our tier 1 suppliers and their production sites or the service provider.

We will continue to monitor and enhance the tracking systems we use to trace goods from third parties beyond our tier 1 suppliers. Embedded in the sourcing development strategy, we also develop projects in the field and strive to support a fact-based sustainability approach to bring positive impact and change in supply chains on People and Nature. Some programs are supported by our digital traceability & sustainability monitoring tool Path2Farm™ to foster traceability (e.g Stevia in China).



Transparency and reporting

This report needs to be read in conjunction with our existing [position statements and policies](#), specifically the Code of Business Ethics, Global Human Rights Policy and the Responsible Sourcing Standard. In addition, we report on our commitment to address human rights and its associated activities through our [Integrated Annual Report](#).

Human rights impacts are not static but ever evolving. We recognize that doing business with respect for human rights is an ongoing process that requires continuous learning, transformation, and collaboration. Therefore, we regularly review and update our salient human rights issues and take any necessary actions resulting from that.

Grievance mechanism

At dsm-firmenich and in its broader supply chain, we all have a responsibility to speak up if we have a concern regarding compliance with our Code of Business Ethics.

In early 2024, we launched our integrated [Speak Up platform](#), which is run by an external provider and can be accessed 24/7. In 2023, we still used our legacy notification system for whistleblowing, Firmenich Speak-Up and DSM Alert. Our integrated platform offers the possibility to report anonymously and is also available for third parties. We offer three different channels on the Speak Up platform: Website, Mobile Application (App) and via Phone. dsm-firmenich will treat all disclosures of suspected wrongdoing in a confidential and sensitive manner and maintain the privacy of the reporter.

We have a dedicated team of experts who document, assess, and follow-up on all cases in a timely manner, supported by our [Speak Up Framework](#).

Our annual Employee Engagement Survey provides insights on how comfortable employees feel to speak up. Over 2023, we did not receive any Speak Up complaint about human rights topics (including child labor or forced labor) in our own operations or our supply chain.

Signed,
June 2024, Switzerland

Katharina Stenholm
Chief Sustainability Officer

Gianluca Colombo
Chief Procurement Officer

This report was approved by our Board of Directors.



Annex

This report is mapped according to the context of the provision of the following Acts and legislation:

- UK Modern Slavery Act 2015
- Australian Modern Slavery Act 2018
- California Transparency in Supply Chains Act, 2012
- Swiss Code of Obligations including the Swiss “Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour”.
- Norway Transparency Act 2022