Research Institute of Economy, Trade and Industry (RIETI)



RIETI BBL Seminar Handout

"Purpose Led, Performance Driven -- Our corporate strategy to do well by doing good"

November 7, 2018 Speaker: Mr. Dimitri de VREEZE

https://www.rieti.go.jp/jp/index.html

SUSTAINABILITY and DSM

Dimitri de Vreeze, Member Managing Board Royal DSM NV

in the Ast



Successful transformation future-proofing DSM





Within 20 years from >80% in bulk/petrochemicals to Nutrition & Materials





DSM offers products & solutions to a wide range of end-markets





DSM significantly outperformed its 2016-2018 targets







DSM's strengthened leadership in Sustainability

 Over the last 2 decades, DSM has been a leader in ESG-performance (Environment, Social, Governance), recognized by our key stakeholders including investors





DSM share price performance | significantly above peers & indices

Nov. 2015-YTD share price performance | DSM vs. peers

Dividend more than doubled in 10 years time





+130%! in 10 years



PURPOSE LED, PERFORMANCE DRIVEN.

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Purpose-led company created: doing well by doing good



DSM Strategy: Growth & Value - Purpose led, Performance driven





Growth enablers | Continued sustainability leadership step-up





Key macro-trends drive sustainable growth in Nutrition



Purpose drives new growth opportunities in Materials





Growth enablers | **Digitization** drives growth and improves efficiency







- Improve top-line results
 - Customer data analytics
 - Omnichannel apps providing 24/7 customer experiences
 - Strong cloud technology stack
 - Digital collaboration tools

Operational performance



- Reduce costs by automation & data analytics
 - Increase productivity in support functions and manufacturing by automation/ robotization
 - Data analytics for optimization of operational processes
 - Improve safety, quality and plant reliability

New business models



- Digital entrepreneurship & AI
 - Partnerships for digital value propositions
 - Digital business transformation
 - Pilots on personalized nutrition and animalized feed
 - Become trusted reference in nutritional knowledge

Advanced Digital Technology Platform
• Agile Organization & Ways of Working



DSM's growth is supported by large innovation projects

Recent market introductions

- Eubiotics/Gut Health (feed/food)
- i-Health (B2C nutrients)
- New biomedical products (tissue repair/ophthalmology)
- Solar (coatings/backsheets)
- New Functional Materials (5G)
- Apparel (Dyneema textile applications)
- ForTii (High-Performance Polymer)

New market introductions 2019-20



Veramaris (Green Ocean)

Stevia (fermentative)

Clean Cow

- Enzymes/Yeast (1.5 - 2G ethanol)
- Niaga (recyclable carpets & more)
 Additive Manufacturing (3D)

Market introductions 2021-25

- Plant-based proteins (CanolaPRO)
- Bio-agri (fungicides/pesticides)
- Actamax (biomed adhesion barrier)

Expected Sales/Adj. EBITDA in 2021 and 2025 of large projects: ~€350m/€100m rising to ~€1bn/€0.4bn Total innovation sales (at higher margins) remain at 20% of sales







13 CLIMATE ACTION



Which is why DSM invented Niaga® Technology - a revolutionary manufacturing method for carpet ensuring that instead of going to the 'product graveyard' the carpet remains alive, indefinitely.

Better indoor air quality, and safer in case of fire Economical reuse of all materials for new carpet

90% less energy in production

ODSM

SAVING 2300 KTONS OF CO₂ EQUIVALENT New materials are making solar technology more viable





We develop technologies that amplify the power generated by solar PV systems thereby reducing its levelized cost (LCDE)

3% power gain with Anti-Reflective coating Anti-Soiling coating for cleaner glass Endurance backsheets for PV modules: 100% recyclable, 30% lower carbon footprint





NOURISHING ~40 MLN UNDERNOURISHED PEOPLE Fighting hidden hunger, providing nutrition for the most vulnerable

As the leading science-based supplier of vitamins, carotenoids and nutritional lipids, DSM is addressing hidden hunger by fortifying and supplementing the diets of people in most affected areas, like Africa, Asia and Latin America. We work with several partners to reach our goals:







HOW WE WILL ACHIEVE OUR PURPOSE:



ENABLE. Enable customers delivering sustainable and healthy solutions.

ADVOCATE.

Creating a sustainable business environment.



Carbon Pricing Leadership Coalition (CPLC)

- DSM advocates carbon pricing as a key instrument for an orderly transition to a low (fossil) carbon economy. Feike Sijbesma (CEO, DSM) is co-chair of World Bank Carbon Pricing Coalition, together with Canada's Environment & Climate Change Minister, Catherine McKenna.
- CPLC brings together 200 leaders from governments, businesses and civil society. Together, they accelerate and facilitate effective policy implementation, knowledge exchange and corporate readiness.
- Feike Sijbesma: "By putting an effective price on carbon, we can anchor incentives to reduce GHG emissions in our economic system."





€50 internal carbon price

Helps us to:

- ✓ spot energy/cost saving opportunities at an early stage
- ✓ redirect and/or scale up investments towards low-carbon technologies and low(er) carbon energy sources
- ✓ understand future costs/risks and build confidence to all stakeholders (incl. investors) that we are preparing DSM for a future in which carbon will increasingly have a price
- ✓ raise environmental awareness

How:

- €50 per ton CO2e (investment proposals must submit two business cases: one with, and one without the internal carbon price)
- Official corporate policy; required when reviewing large investment decisions, requiring significant capital expenditure

Has enabled decision-making on:

• Energy savings projects, renewable energy projects, and generally to improve our "integrated reporting & decision-making"



PURPOSE DRIVES PERFORMANCE

MORE SUSTAINABILITY MORE GROWTH MORE ENGAGEMENT

