

Council for Responsible Nutrition ***Ingredient Supplier Qualification Program***

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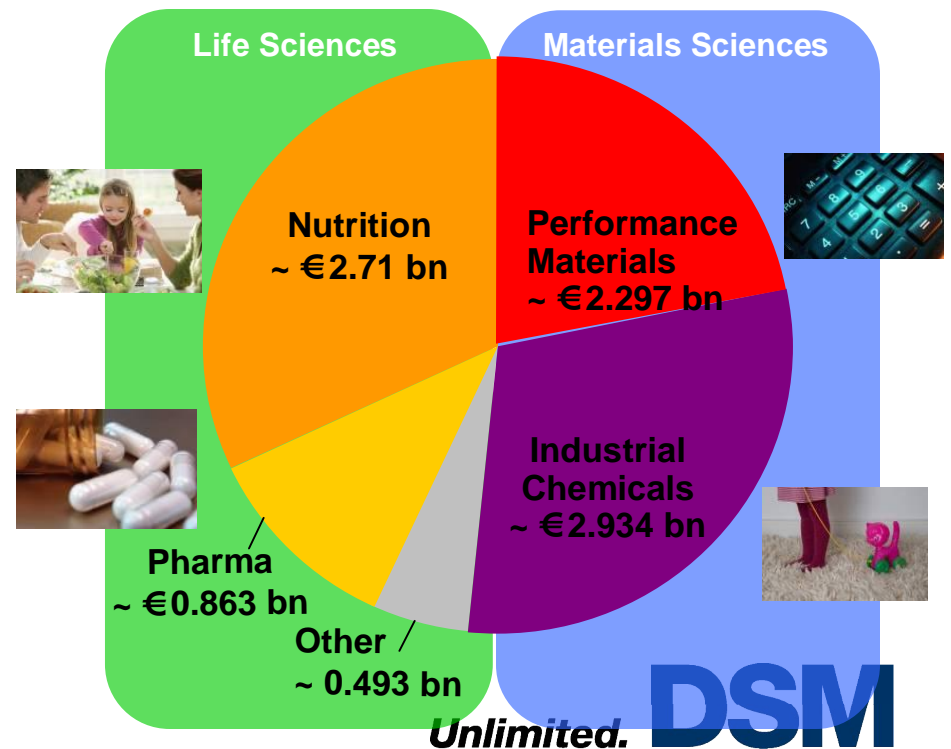
Director-Technical Marketing DSM North America

Globally active 'multi-specialty' chemical company

- *Global leadership* (~75% of product portfolio)
- *Innovation driven* (€ 372 million R&D spend)
- *Financially sound* (solid balance sheet)

Key data 2008

Sales : € 9,297 million
EBIT: € 903 million
Employees: 23,591
Locations: ~ 250 (5 continents)
Investments: ~ 500 mio €
> 12,000 trademarks & 4,600 patents



DSM assists our customers in their vendor qualification by:

- Providing an information sheet on our manufacturing sites. (Contains answers to frequently asked questions).
 - Corporate information
 - Site information (i.e. from quality systems and standards to water and air quality information)
- Providing answers & filling out quality questionnaires which focuses on DSM's Quality systems.
 - Procedures on manufacturing operations
 - Change control procedures
 - Training of personnel
 - Handling of Out-of-Specification results and failures
 - Distribution records
 - Recall procedures and capabilities
 - Product complaint handling

DSM and Supplier Qualification

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- Providing standard documentation on our ingredients.
 - Product composition
 - Specifications and testing methods
 - General product data sheet
 - Stability Data
 - MSDS
 - Residual solvent data
 - GMO and BSE statements
 - Allergen statements
 - Kosher and Halal statements
- Allowing audits of our manufacturing sites by approved customers.
 - Cost consideration

- Costs of audits:
 - Quality Management estimates DSM's audit cost to be \$20,000 per audit event.
 - A barrier exist due to small sales volumes for some customers.
 - A business case analysis is performed to justify the expenditure.
 - If the business case does not justify the audit, the customer has the option to pay a audit fee.
- DSM benefits from 3rd party audits by:
 - Consolidation of audits and removal of barriers for smaller companies.
 - Cost dilution
 - Consistency of what is reviewed
 - Potential quality branding opportunity

DSM: 3rd Party Audit Process

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- Needs to be International in Scope (most sourcing is outside USA).
- Needs to have broad industry acceptance of 3rd party audit system.
- Needs to have Congressional or FDA support
- Need to have Certification of auditors
 - Will there be a program where the FDA certifies the auditors?
 - FDA has not routinely audited Food Ingredient suppliers
- Must have a legal mandate (mandatory)
 - DS vs. Food standards

Bottom line: Without backing of the FDA or a degree of exclusivity offered by manufacturers the program will not gain wide market acceptance.

Thank You

Unlimited. **DSM**