



Sustainability Report

2009



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People

	2009	2008	2007	2006
Number of employees				
CSM overall	8,430	8,433	8,432	7,611
Bakery Supplies Europe	3,965	4,101	4,023	3,779
Bakery Supplies North America	3,451	3,311	3,329	2,803
Purac	965	972	1,032	989
Holding	49	49	48	40
Employees per region/country				
Netherlands	9.4%	7.4%	8.7%	12.5%
Rest of Europe	46.0%	47.5%	45.7%	46.3%
North America	40.9%	41.0%	41.9%	38.4%
Rest of world	3.7%	4.1%	3.7%	2.8%
Female/male ratio	female	male	female	male
	31.7%	68.3%	30.8%	69.2%
Average age	female	male	female	male
	40.6	42.4	39.7	41.8
Average years of employment	female	male	female	male
	7.7	9.9	7.7	9.8
Absenteeism ratio (>one day)	2.70%	2.30%	2.70%	3.22%
Average investment in training/education, in euros per employee (excluding corporate management training program)	€ 486	€ 326	€ 458	€ 438

Profit

millions of euros

Net sales	2,556	2,599	2,486	2,421
Net sales by division				
Bakery Supplies Europe	1,013	1,181	1,059	1,042
Bakery Supplies North America	1,187	1,092	1,116	1,084
Purac	355	326	310	295
Net sales by region				
Netherlands	100	154	134	123
Rest of Europe	1,018	1,066	1,042	991
North America	1,299	1,294	1,230	1,234
Other countries	139	86	80	73
EBITA before exceptional items	151	133	154	157
EBITA	151	113	65	124
Operating result	143	107	60	122
Result after taxes from continuing operations		90	56	64
Result after taxes	87	90	203	105
Equity	998	942	958	845
Market capitalization (as at 31 December)	1,192	711	1,428	1,924

Planet

	2009	2008	2007	2006
OpCos per division				
CSM overall	39	40	42	41
BSEU + Headquarters	17	17	16	17
BSNA	16	16	18	17
Purac	6	7	8	7
Production size				
Production volumes in tons (x1000)	1,364	1,481	1,483	1,437
Environmental management				
Certified Environmental Management System	ISO other 3 4	ISO other 3 3	ISO other 5 2	ISO other 5 4
Environmental nuisance complaints	noise smell traffic 9 23 0	noise smell traffic 6 5 0	noise smell traffic 12 2 0	noise smell traffic 15 6 0
Energy index (GJ/Ton product) Relative figure	2.27	2.66	2.55	2.64
Emissions				
Total CO ₂ -equivalents in kilotons	255	304	282	288
Ton CO ₂ -equivalents per ton production volume	0.187	0.205	0.190	0.201
Other air emissions (tons), absolute figure				
	NOx SOx dust other 75 0 18 31	NOx SOx dust other 114 2 29 46	NOx SOx dust other 118 2 40 83	NOx SOx dust other 111 11 39 106
Production				
Used water				
Absolute (1000 m ³)	24,187	29,637	31,597	30,575
Relative (m ³ /Ton production)	18.0	20.0	21.3	21.3
Returned water treated				
Absolute (1000 m ³)	2,600	3,167	3,182	3,098
Relative (m ³ / Ton production)	2.0	2.1	2.1	2.2
Returned water untreated/cooling water				
Absolute (1000 m ³)	20,762	25,344	24,479	27,117
Relative (m ³ / Ton production)	15.3	17.1	18.5	18.9
Waste				
Hazardous waste (Tons)	331	422	307	244
Non-hazardous waste (Tons)	44,721	84,699	78,984	47,836
By-products				
Useful by-products (Tons)	287,414	293,965	252,223	264,617

Explanation of abbreviations:
 BSEU: Bakery Supplies Europe
 BSNA: Bakery Supplies North America
 CO₂: Carbon dioxide

FTE: Full Time Equivalent
ISO: International Standards Organization; develops and publishes internationally accepted standards
NOx: Nitrogen oxide
SOx: Sulfur oxide

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We welcome your feedback at sustainability@csmglobal.com.

1 CEO Statement

Developments 2009

The global economic crisis continued throughout 2009. Thanks to all the measures taken in previous years, CSM was fit to tackle the challenges and respond very effectively, whilst remaining focused on our strategy.

Our strategy is a function of what we as a company consider our reason for being: to improve the quality and sustainability of life. Doing business in a sustainable way is embedded in our long term strategy. We are convinced that this is the only approach that can deliver sustainable value, in the short and long term. In our field of business, we see a number of issues and concerns that impact the environment and society. We must all play our part in a way that is aligned to our strategy, business model and sphere of influence at the same time.

Health and nutrition have become leading themes today. Obesity and lack of essential nutrients are serious health threats and at the same time a daily reality for a large part of the world population. Both Bakery Supplies and Purac are well positioned to contribute to a more balanced and safe food supply. Our innovation programs at Bakery Supplies have been aimed at removing less healthy components (such as trans fatty acids) and lowering the content of certain ingredients (like salt), but also at further improving the nutritional profile of products and addressing the energy density of (indulgent) products. Purac's food preservation business focuses on food safety and shelf life extension.

Another key theme in our business is the drive for carbon footprint reduction and decreasing dependency on fossil fuels. Purac is a leading player in the field of green chemicals, made from renewable resources, such as lactic acid and lactic acid derivatives. Purac is well positioned to contribute to a new generation of so-called bio-based chemicals with lactic acid as a potentially important chemical platform to replace fossil fuel based chemicals. In 2009 Purac has made great progress in developing products, technologies and applications for bio-based Poly Lactic Acid (PLA). In order to continue driving global leadership in this field, significant efforts have been made to develop a technology for the production of lactic acid with a negative carbon footprint.

Outlook 2010

CSM is committed to consistently delivering incremental improvements in our main areas that drive our sustainability goals.

With our healthy financial position, we are well positioned to drive our business strategy forward. Our Bakery Supplies business will maintain its leading market position, both in terms of innovative products and services by anticipating consumer and industry trends. We will remain focused on health and nutrition using innovation programs. We will advance our product portfolio further in the field of removing less healthy components, improving the nutritional profile and addressing the energy density of products.

Our Purac business will benefit from the global trend towards sustainable green products by advancing our portfolio of applications and technologies and leveraging our partnerships in both preservation and bio-plastics. We will keep investing in knowledge and technologies to boost the sustainability performance of our value chain partners. Examples include the promotion of our major bio-plastics proposition and bolstering our position as the leading player in this market, which in turn will contribute to carbon footprint reduction of our customers. Obviously, we are committed to lowering our own carbon footprint as well, to which our continued focus on operational excellence is a clear contributor. Our ongoing operational excellence programs are aimed at improving efficiencies, while simultaneously delivering on sustainability KPI's.

Shaping our sustainable future is an ongoing process. We continue to enhance our sustainability goals within our strategic framework as we are convinced this is the way to create sustainable value.



Gerard Hoetmer, *Chief Executive Officer*

Vision

As a company, we aspire to improve the quality and sustainability of life. We support this by helping to create a society where people can make a conscious choice for safe, healthy, nutritious and delicious food, and we are passionate about providing the very best products, technologies and services to our customers.

CSM's Mission and Strategy

We aim to make our customers successful by creating unique experiences through the best products, technologies and services. We combine product and service to provide an effective solution based on our intimate knowledge of customer requirements. This means going beyond understanding our customers; we also need to understand their customers. This understanding impacts everything we do with and for our customers, from product development to flexibility of supply.

CSM's strategy is geared towards retaining or attaining **leadership** in the markets in which we operate and ensuring **sustainable and profitable growth** of the company with **returns above market average**. We have run an extensive restructuring program, finalized in 2008, optimizing our organization for growth. We will continue our focus on maintaining and

improving upon an **efficient and effective organization**. At the same time we will **deliver on growth**:

- focus on value through efficiency and cost reductions;
- drive sales growth, both organically and through acquisitions.

This strategy is based on the **unique scale** that we have, giving us a **competitive edge** in:

- our ability to service worldwide operating customers;
- making serious investments in innovation and consumer insights;
- attracting top talent;
- negotiating optimal conditions in relations with suppliers.

Bakery Supplies

Bakery Supplies produces and distributes an extensive range of premium quality bakery products and ingredients for artisan and industrial bakeries, as well as for in-store and out-of-home markets, mainly in Europe and North America. The market for bakery supplies is relatively stable, with growth in line with GDP (Gross Domestic Product) in developed markets, and higher growth rates in developing countries. We aim to further strengthen our leading position through above market organic growth and by acquiring companies that will bolster our market positions and give us access to new geographies or markets.

Organic growth will be realized by:

- continuously developing new products that match the needs of our customers and end-consumers;
- supporting our customers in all aspects of their business enabling them to be winners and thereby creating loyalty;
- focusing on those growing market segments, in terms of product and sales channels, which are optimally aligned with our distinctive capabilities of being global, innovative, and service oriented;
- entering new geographies, partly by embarking on international expansion of our existing customer relationships.

Purac

Purac is predominantly active in preservation, mineral fortification and green chemicals for the food, health care, chemical and polymer industries. Its role is to create worldwide niche positions in these markets by offering solutions based on our natural fermentation capabilities. Natural fermentation of carbohydrates such as sugar, corn and tapioca delivers lactic acid, one of Purac's main products. Our solutions, particularly in green chemicals, are replacing fossil fuel based products.

Innovation is at the heart of the products and services we offer. Purac's strategy is to further **drive growth** through continued investments in the creation of new products and related production capacity. Intimate cooperation with our main customers through **partnerships** is key to increasing the success rate of our innovations and the speed with which our innovations are absorbed by the market.

Performance Objective

It is our objective to realize above average returns, defined as Return on Capital Employed (ROCE) of at least 12%.

KPI's

We strongly believe that we will be able to realize above average returns and meet our leading financial KPIs, including ROCE, ROS, and net debt / EBITDA.

2 CSM and Sustainability

2.1 Introduction

CSM is a global leader in two large business-to-business markets: Bakery Supplies is a leading global supplier of bakery products and ingredients, and Purac is a leading player in food preservation, green chemicals and bio-plastics components produced from lactic acid (derivatives) and other fermentation based products.

Sustainability is part of what we as a company consider our reason for being: to improve the quality and sustainability of life. CSM strives to be a company that consciously balances and embeds the three dimensions of sustainability - People, Planet and Profit - in its corporate strategy to contribute to long-term profitability and sustainable development. This is reflected in our Bakery Supplies product portfolio, which we align with health and nutritional recommendations and guidelines, with a strong link to our innovation strategy. Innovation at Bakery Supplies is geared, amongst others, towards improving nutrient profiles, including systematically removing less healthy components (such as trans fatty acids), lowering the content of certain ingredients (like salt), and balancing the energy density of (indulgent) products. Purac's strategy is also clearly linked to sustainability as it is a leading player in green chemicals made from renewable resources, aimed at the reduction of CO₂ emissions and a lower dependency on fossil fuel.

We believe that people are the core of our business. In everything we do we strive for a high employee engagement. We also strive to engage our external stakeholders, including our customers, suppliers, and shareholders. More and more frequently we discuss sustainability issues and seek common ground on these.

2.2 Developments 2009

Despite the economic crisis, we improved EBITA by 13.1% to € 150.6 million, reflecting our organization's ability to manage the recessionary environment successfully. The effects of lower sales volumes have been compensated by cost savings, recovery of margins through lower cost of raw materials, and continued improvements in operational efficiencies.

We produced less volume last year due partly to a structural reduction of our stock levels, resulting in an improvement of all (planet related) parameters linked to production volume. We realized additional improvements in energy usage and CO₂ emissions by energy saving projects and increased focus.

We managed to avoid large-scale restructuring and respond to the economic situation by making better use of our teams, reducing external hiring, and scrutinizing costs even more than usually to keep the organization healthy and competitive. We continued to invest in training and development of our people to strengthen the organization.

2.3 Organizational Embedding

The responsibilities for sustainability issues are aligned with CSM's organizational and hierarchical structure. Senior management of operating companies, business units and market units are responsible for the social and environmental performance of their organizational entities. First line management is aware of CSM requirements and is encouraged to comply while living the CSM core values. The Board of Management has overall responsibility for sustainability issues.

Operating in bakery products and ingredients, food preservatives and green chemicals, CSM provides a balanced presentation of the development of its sustainability performance related to operations under its full control and under shared responsibility. The company has defined Key Performance Indicators (KPIs) to measure the impact of sustainability actions on its operations.

In 2009, CSM fine-tuned its operations focusing on customer service, "customer intimacy", and cost efficiency. As a consequence, the drive to enhance sustainability in operational areas encompassed external partners in the supply chain. CSM continued to implement sustainable solutions in our supply chain and operations. Best practice and knowledge sharing was enhanced by creating teams, focused on finding solutions to specific issues.

Reviews of the sustainability reporting systems have been completed and translated into an improved data collection/questionnaire system for sustainability data on a frequent basis. This will allow tracking and managing sustainability issues and projects as part of the standard management agenda. We started at Bakery Supplies Europe (BSEU) to formulate, implement and audit CSM requirements for supply chain as part of total Quality management. These requirements define CSM's framework for Quality, Good Manufacturing Practices (GMP), Food safety (HACCP), and Safety. Together with other policies on ethics, use of genetically modified materials et cetera, they form the standard to which CSM adheres internally, but we also started to ask mandatory compliance from external suppliers.

Organizational Principles

CSM maintains its pragmatic and hands-on management style and structure. Operating companies, business units and market units are responsible for operations. The Board of Management and senior line and staff management drive the decision-making processes and, consequently, further development and optimization. Synergies, efficiency, transparency and policies are managed and guided centrally, at corporate level.

Food safety programs (HACCP, BRC (British Retail Consortium)) and good working practices (cGMP) are obligatory throughout CSM. The company actively manages and measures compliance through a combination of internal and (independent) external audit systems.

Sustainability Reporting

CSM has reviewed its sustainability reporting process to improve CSM's performance indicator reporting cycle. CSM selected the key indicators that are most relevant to CSM businesses from the full set of eighty sustainability indicators. The limited set of measurements allows us to monitor and report data more frequently than in the past.

From 2010 onwards we will track sustainability indicators quarterly. This will improve the reliability and transparency of the data, but will also enhance the link to the more frequently tracked operational performance indicators. We aim to integrate into one set of data that will allow us to monitor and manage performance to set targets continuously. We expect to enter the next level of awareness of sustainability issues by actively using the data as part of our regular management review process.

Code of Conduct

CSM has a Code of Conduct to safeguard compliance with laws and regulations in the countries where CSM operates. Moreover, we adhere to the OECD Guidelines for Multinational Enterprises, which is specifically important in countries where proper and decent working conditions and respect for human rights are not necessarily guaranteed by national legislation or the enforcement regime. CSM conducts its business with fairness, honesty, integrity and respect for the interests of stakeholders in a wide variety of social, political and economic environments. This concerns CSM employees individually as well as the organization as a whole. The complete text of the Code of Conduct is available on the CSM website, www.csmglobal.com.

Corporate Governance

CSM endorses the importance of good corporate governance and the principles of the Dutch corporate governance code ("the Code"). Corporate management bears overall responsibility for balancing the interests of stakeholders mostly with the aim of maintaining continuity of the company. At the same time, CSM aims to create value for its shareholders in the longer term. CSM is committed to embedding the Code firmly in the company, thereby according a central place to the core concepts of good business practices, integrity, openness, and transparent and well-supervised management.

In accordance with the Code, CSM devotes a section of its annual report to describing the main lines of the corporate governance structure at the company and its adherence to the corporate governance code, whereby any departures from best practices are explained. Important changes in the corporate governance structure at CSM are presented to the General Shareholders' Meeting for discussion. The corporate governance policy of CSM, including the accompanying regulations and reports, is published on the CSM website. The Annual Report 2009 also reports on corporate governance.

2.4 Stakeholder Engagement

As a responsible member of society, CSM wants to maintain an open and honest dialogue with all its stakeholders who are interested in the company and its business operations and actively participates in several platforms.

CSM actively seeks common ground with its stakeholders to consistently integrate sustainability into its business solutions. Successful entrepreneurship builds upon a sustainable long-term perspective. Sustainability should serve as a binding factor for CSM employees and other stakeholders all over the world. Sustainable and profitable growth delivers the benefits CSM aims to provide to its stakeholders. CSM strives for long-term business development and maintaining continuity.

Shareholders: Investor Relations

CSM manages an ongoing investor relations program to ensure that all potential investors and analysts have access to the latest information on company developments. It attaches great value to good relations with its shareholders. In addition to group presentations, our investor relations program includes one-on-one meetings with the Investor Relations Manager and the Board of Management. The CSM website (www.csmglobal.com) contains a specific Investor Relations section where the CSM guidelines for investor relations are published.

General Shareholders' Meeting 2009

At the annual General Shareholders' Meeting in April 2009, the Dutch Association of Investors for Sustainable Development (VBDO) asked questions about CSM's policy on sustainable issues related to the Code of Conduct, suppliers, quantifiable sustainability targets, and the relation between the remuneration of the Board of Management and sustainability. Concerning quantifiable targets, CSM stated that it mainly focuses on three areas: carbon footprint, health & nutrition initiatives, and ongoing improvement of work environment and employee development. As far as the Code of Conduct is concerned, CSM works with suppliers who share the same principles as CSM. This is measured by audits and surveys that address the same elements as the Code of Conduct.

Employees

At its regular meeting in June 2009 the European Works Council (EWC) discussed the results for 2008 and developments within CSM, its divisions and markets. Special attention was paid to innovation at CSM in general and Bakery Supplies Europe in particular.

Consumers and Customers

- Side letters and guidelines: contracts with large customers contain side letters on sustainability or ethical issues to ensure that their suppliers (including CSM) are adhering to codes and guidelines they want to apply in the supply chain. CSM endorses these initiatives and is preparing similar initiatives for its own suppliers and supply chain.
- Food portal: CSM supports the Dutch website www.meerweten-over-eten.nl (English translation: find out more about food), dedicated to education on food. The website provides consumers with information about sustainability related to food and the food chain.

Government, Business Partners and Science

- Top Institute Food & Nutrition (TIFN) is a joint initiative of the Dutch government, the food industry, universities and research institutes. TIFN is part of the "Food Valley" initiative to strengthen the innovative and competitive capabilities of the food industry. It conducts long-term strategic and fundamental research into the development of innovative, new healthy food. CSM participates in TIFN together with four other industrial partners: DSM, Unilever, Vion, and Friesland-Campina. CSM CEO Gerard Hoetmer is a member of the TIFN Board, which has executive responsibility and decision-making authority for the Institute. Purac's VP of Innovation represents CSM in the Program Council which advises the Board on

program strategies within the scope of the financial plan. Research is organized on a project basis and performed at various locations of the participating organizations.

- ICOS Cleantech Fund I is a venture fund investing in early technology start-ups based in the Netherlands. New technologies need to promote sustainability of human beings and their environment (sustainability life cycle technologies). CSM is actively participating in the fund's Investment Board, together with ICOS Capital (the fund manager) and IMTECH, to gain insight in new ideas developing in the Dutch market and to help increase the success rate of the fund.
- Fedima, the Federation of the European Union Manufacturers and Suppliers of Ingredients to the Bakery, Confectionery and Patisserie Industries, has recently started a working group on sustainability co-chaired by CSM. Under the Charter of Fedima, it is the task of the group to provide active guidance and support in sustainability matters to its member organizations and companies. CO₂ labeling, verification and taxation systems are high on the agenda.
- Purac is a partner in BE-Basic. BE-Basic supports the development of clean, robust and competitive bio-based chemicals, materials and energy industries, including responsible monitoring and control of healthy soil and water environments, on the basis of advanced genomics technologies and bioprocess engineering. BE-Basic unifies the capabilities of Dutch and international world-class universities, institutes and advanced industries of various scales.
- CSM is a member of the International Life Sciences Institute (ILSI), founded in 1978. In 2009, we actively participated in the Expert Group "Guidelines for Human Intervention Studies to support Functional Foods" as part of the Task Force Functional Foods of ILSI Europe. We have taken part in the organization of the workshop "Beyond PASSCLAIM - Guidance to substantiate health claims on foods", where international academic, industrial and governmental experts discussed how to construct health claims on food.
- Partnerships supporting Bakery Supplies North America (BSNA) include Kurata Thermodynamics Laboratory of the University of Kansas and United States Compliance Corporation. These distinct programs develop site specific hazard and risk assessments to avoid internal and external safety threats.

- The Roundtable on Sustainable Palm Oil (RSPO) is an association of organizations operating in and around the palm oil supply chain to promote the growth and use of sustainable palm oil through cooperation within the supply chain and open dialogue with its stakeholders. The RSPO is acting as a forum for the political pressure needed to create long lasting change to enhance sustainable growing practices in the palm oil sector. During 2009 CSM has been an active participant in a coalition which was established by many palm oil users in Europe. This coalition has set clear public targets and aims to privilege suppliers who commit to a moratorium on deforestation. CSM is supporting the mission and objectives of the coalition, and has made its first purchase of RSPO certified palm oil during the year under review.

Community

- DuVo (“Duurzame Voedingsmiddelenketen” – sustainable food products chain) unites organizations from all levels in the food chain, to promote sustainability in the supply chain. CSM is an active member of the DuVo foundation. DuVo keeps stakeholders informed of the results of its efforts by organizing dialogue meetings and by publishing articles and booklets about specific aspects of its activities. In 2009 DuVo

worked on a selected number of activities in order to help drive sustainability policies, implementation and improvement. It also published a study: “Consumers and the food industry – To feed trust.” The study analyzes the main reasons for erosion of trust consumers have in the food industry and provides guidance on how to restore and improve trust and confidence of the public in the food industry. An initiative was started for an approach to sustainable procurement of food products and food ingredients. This approach can be adopted by individual companies or platforms of companies. It was also translated into a recommendation and support for governmental initiatives on (EU) food product / ingredient procurement.

- Partnership for Prosperity (P4P) seeks a significant step-up in synergetic activity amongst leading Dutch organizations and institutions from the private and public sectors and from civil society with a view to exert a measurable influence and impact on the achievement of the Millennium Development Goal 1 of the United Nations: “To eradicate extreme hunger and poverty” by 2015. CSM has joined the P4P initiative that was founded last year by major Dutch companies. Strategy and approach of P4P were presented at the World Economic Forum in Davos in 2010.

3 People

3.1 Introduction

The global economic crisis made 2009 one of the most challenging years in living memory for companies, employers, employees and their families alike. While CSM has not been spared from the turmoil, the 2006-2009 reorganizations meant that the company was in relatively good shape to weather the storm. We were able to avoid large-scale restructuring and respond to the economic situation by making better use of our teams, reducing external hiring, and scrutinizing costs even more than usually to keep the organization healthy and competitive. As a consequence, our people could focus on their jobs and help CSM emerge from the crisis as a stronger business and team. At the same time we continued to invest in training and development of our people to strengthen the organization.

People Strategy

People are at the core of our business. CSM people talk business with over 150,000 customers every year. In many cases these discussions are based on long standing relationships where we consistently bring value by the 8,500 colleagues in the CSM organization. Irrespective of whether our colleagues are in sales, marketing, research & development, supply chain or otherwise servicing our customers, all of them are professionals who are passionate about their work and what CSM stands for. Whether our customers are looking for an existing product or a new one, together we will find the best solution for them. That is what we call partnership.

As we aspire to be the leading player in selected parts of the competition arena, we continued to invest significantly in CSM people in 2009. To retain this leadership position it is critical to develop our people by means of formal and on the job training, exciting projects, international experience and exposure. CSM managers learn how to lead and not just manage. In 2010 we will continue to expand our leadership development and training programs.

Attracting high potentials is how CSM builds its talent base from the bottom up. Our trainee program in Europe has now reached the next stage of maturity offering young graduates the opportunity to work in different positions in our business. They also get the opportunity to go abroad for six months to develop international skills and experience what it is like to work and live in a different environment and culture.

More than ever before, we provide employees with the opportunity to work on larger scale projects. Some of these projects also mean going abroad for a shorter or longer period.

This allows us to deploy skills and capabilities where we need them, while providing broader experience to our people. Given the interdependent structure of CSM, we need diverse management that is well connected and takes an international approach. Examples of projects in 2009 included the roll-out of SAP in various countries, the start-up of our new bakery business in Turkey, and research & development exchanges between the US and European innovation centers.

This makes CSM a more attractive employer, creating a sustainable competitive edge. In today's talent market it is not enough to make promises. What really distinguishes us is the ability to offer a varied and challenging career. As a medium-sized multinational, we are facing the same challenges as much larger companies but without the bureaucracy, big head offices, or a vast army of resources. This creates space for those who have a passion to succeed and the entrepreneurial drive to find commercial opportunities.

Corporate Values

We understand that doing business in the right way means showing respect, appreciation and a cooperative spirit to everyone we work with. As a company, it is our goal to improve the quality and sustainability of life. We do this by helping to create a society where people can make a conscious choice for safe, healthy, nutritious and delicious food. We are passionate about providing the very best products, technologies and services to our customers to help them succeed.

2009 saw the global launch of the CSM values Passion, Partnership and Performance, which are applicable to all our employees. Values are hardly new to CSM: after all, in many countries we have been applying local values for many years. However, we felt that we needed to connect these local values and merge them with the CSM values in the same way that we are connecting our people in different positions and countries. The CSM values guide the implementation of the CSM strategy and help us on a daily basis to bring our best thinking and value to our customers. The CSM values were well received by our people and we started various initiatives to make them even more meaningful. In this respect our values are not only a source of business, they also are a source of engagement and pride for all CSM people.

CSM is committed to doing business in a responsible and ethical way. Examples include our new regional quality organization to further improve the quality of our products, the choice we offer to our customers to have different product specifications, or the working environment for all CSM people.

Important principles in CSM’s social and people policy are:

- to provide safe and healthy working conditions;
- to recruit, develop and promote employees on the basis of the talents and skills required for the job;
- to offer a varied and challenging career;
- to encourage and support individual and team initiatives to further improve the results, reputation and growth potential of CSM;
- to strive for performance excellence and related rewards.

We monitor adherence to these principles and constantly adapt our approaches. Through formal and informal channels we ensure CSM management stays strongly connected with staff at all levels. Through employee meetings, focus groups and news letters we strive to maintain close relationships and an ongoing dialogue with our people. Board members and senior managers regularly visit the various CSM facilities to support the dialogue between management and staff.

In 2009 all Works Councils in Europe and local employee representatives have again played a key role in supporting the business by participating in dialogues for example on how to respond to the crisis and support the stronger CSM organization. These dialogues have clearly added value to both our people and our customers.

Partnering with the Business

Despite the economic challenges of 2009, we continued our customer intimacy strategy, developing new products and solutions and, at the same time, aiming for geographic expansion. The CSM Human Resources function continued to develop and tailor our people strategies in support of our business. These strategies are underpinned by CSM management development and local training and are linked to both short and long term objectives to measure success and pay for performance.

Figure A **Regional distribution Employees**

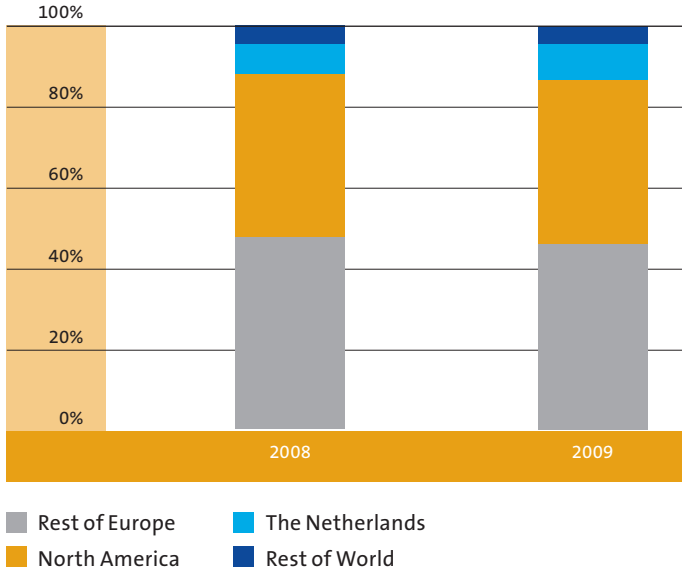


Figure B **Total population per division**

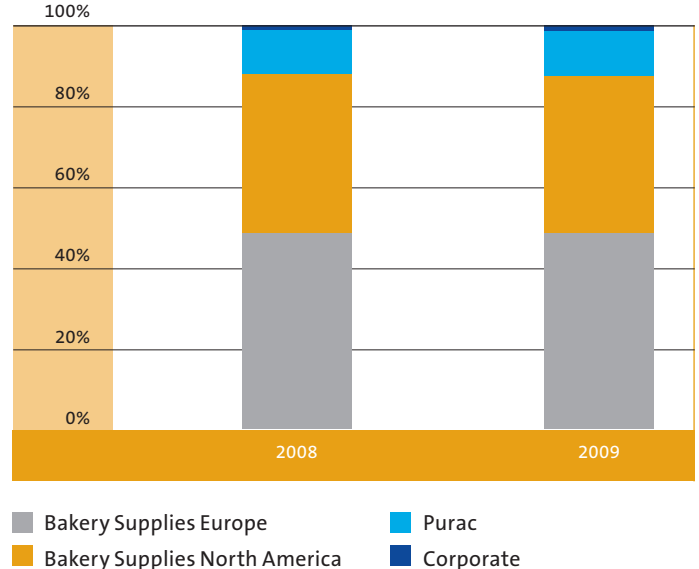


Figure C Female/Male Ratio

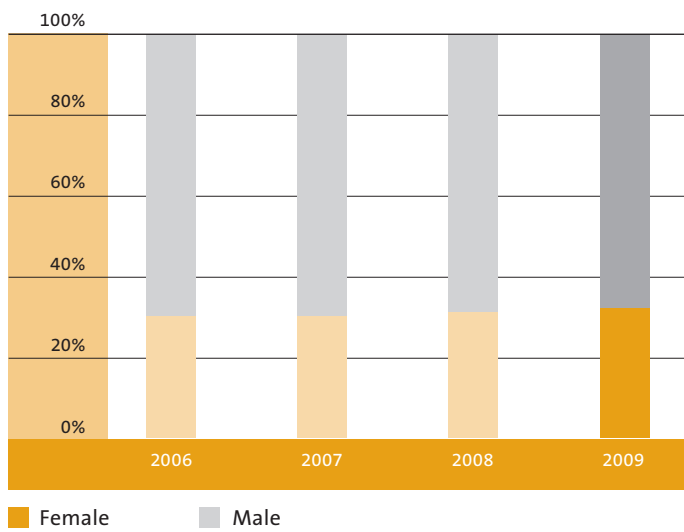


Figure D Age distribution per division

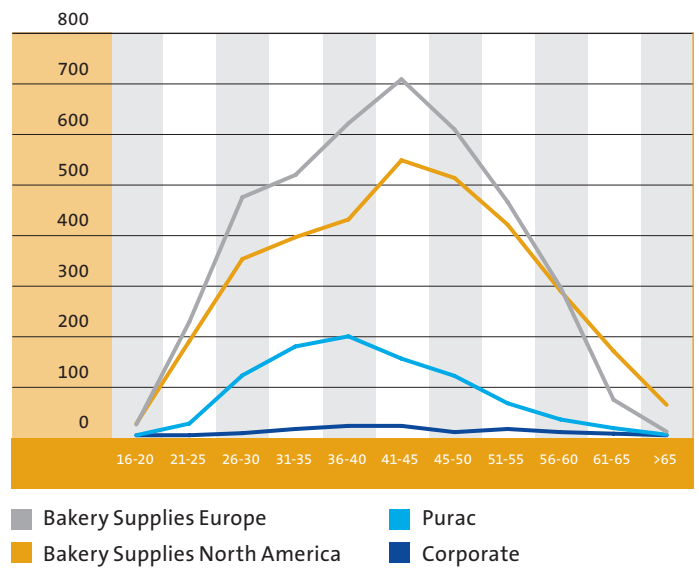


Figure E Average years of employment

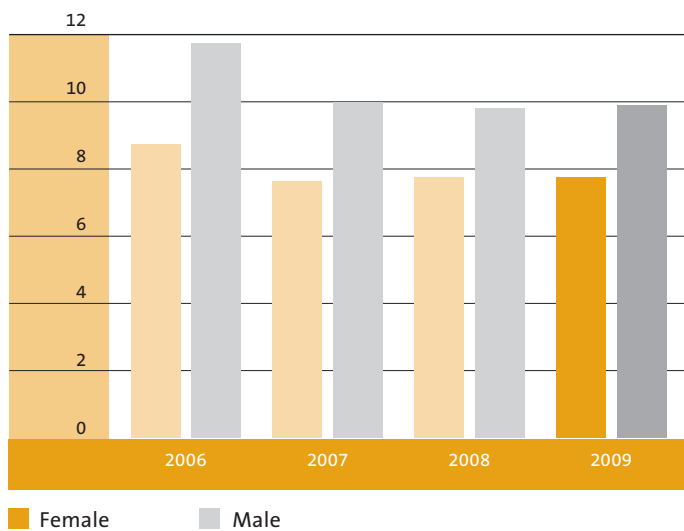


Figure F Absenteeism (>1day)

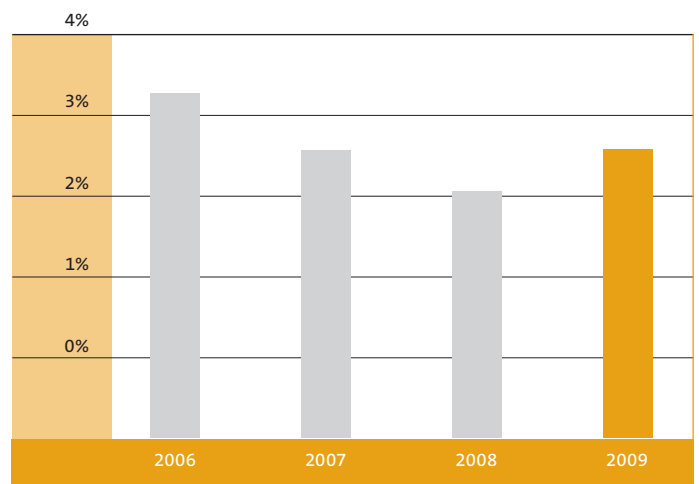
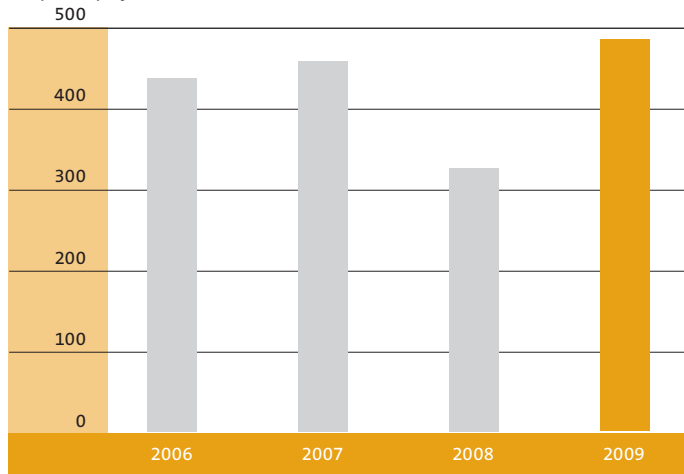


Figure G Average investment in Training and Education

in € per employee



Core Values Workshop



Situation

CSM grew to its current size by acquiring many independent companies around the world - each with its own name, culture and history. In order to create a unified company, CSM recently merged all these businesses together under its central CSM brand. Re-branding is more than just about a name change, however. It also requires a shift in company culture. CSM chose to redefine its purpose and vision internally in terms of a compass, where the company is heading to, and identified a central set of three core values that represent its business targets: Passion, Partnership and Performance. These values were introduced to all employees in 2009.

Goal

To introduce CSM's mission, vision and three core values to all employees in order to become one CSM with one culture.

Approach

Bakery Supplies North America

To launch the values we started by organizing a North American conference. The presidents, forming the North American Management Team were fully aware of the importance of embedding the values. They operated as a united front to lead the value implementation, merging the local values into the CSM ones. Each of the operating companies set up an implementation plan, including the organization of town hall and employee meetings, the incorporation of the values in development programs and the integration in our core processes.

Bakery Supplies Europe

We wanted to be absolutely sure that CSM's compass and three core values were understood by everyone, so we organized a series of workshops and town hall meetings at

various levels in the organization for all Bakery Supplies Europe employees. Here, managers and HR introduced the compass and values, and everyone worked actively together to fully understand them. Welcoming feedback on the values and perception of the company, we used it as input for the following workshops. So doing, everyone created their own interpretation of the culture and values for their country, truly making it their own.

Purac

Over 90% of Purac's employees attended the half-day workshops which were organized at 10 Purac locations around the world; the start of the journey to embed the values into the company's culture. After the kick-off by a Purac Board Member, we interactively discussed our perceptions on passion, performance and partnership in smaller group sessions, encouraging feedback in an open atmosphere. We then worked on how to apply the core values in our daily work.

Outcome

While understanding is difficult to measure and a new company culture and related behaviors take time to take effect, we believe everyone in our company is starting to work in line with our core values. Despite all its cultures and complicated history, CSM now has one common language. It is exhibited every day in many ways – big and small – in people's words and behaviors. Whereas people used to put their country or local factory first, they are now putting CSM first and thinking in terms of what would be best for CSM.

People are also starting to think more in terms of where there are similarities instead of where there are differences. When encountering a new issue, managers discuss it with their global counterparts to solve it more quickly.

3.2 Employment Numbers

In 2009 we employed 8,430 FTEs, or 8,555 headcount, up 1.5% versus 2008. The data in the following sections is all based on headcount data.

The worldwide spread of employees in 2009 (Figure A) shows that the majority of employees, approx. 46% of the population are located in the rest of Europe; North America represents approx. 41%.

Figure B shows the total population by division. Bakery Supplies Europe employs 4,130 people, followed by Bakery Supplies North America which employs 3,381 people. Purac has a workforce of 950 worldwide.

3.3 Diversity

Males represent approx. 68%, females approx. 32% of the total population, as is shown in Figure C.

The majority of all people working at CSM are employed on the basis of a full-time contract (95%). Approx. 5% of all employees work on a part-time basis, the majority of which is female (75%).

Figure D contains data on years of employment and age. On average, 2009 saw the largest population in age group 41-45, as opposed to Purac which has a younger staff build-up with the majority of employees in age group 36-40. The average age of a CSM employee is 41. The average age within CSM is for males 42 and for females slightly lower at 41.

3.4 Years of Employment

In 2009, in terms of years of employment, most CSM employees fell under the group of 0-5 years, with 48% of males and 55% of females. Figure E shows average years of employment

amounting to 9.2, with males staying longer (9.9 years) than females (7.7 years).

3.5 Absenteeism

This year CSM remained focused on health and safety programs and increased its communication around these issues. Examples include safety training for employees, focusing on physical safety and employees' wellbeing and welfare, and procedures to maintain a healthy and safe working environment. (Figure F)

3.6 Lost Time Incidents Frequency Rate

A reduction of the lost time incidents frequency rate (LTIFR) by paying attention to and preventing accidents remains an important item on the agenda. We have taken several initiatives in 2009 (for example, see the case "Improved Safety at Purac") and will continue our efforts and focus in 2010.

3.7 Employee Development

Developing our employees is key for CSM: we want our employees to continuously grow in their current roles and responsibilities and develop their potential, skills and competences. This is reflected in many different initiatives and aspects of our business. We have invested over € 4 million in our employees worldwide, resulting in an average investment per employee of € 486 (equals 16 hours) compared to € 326 in 2008 (see Figure G).

Last year we rolled out our new corporate values through a training program across the organization.

Another theme that remains important is the continuous development of our leadership capabilities, within departments and across the organization.



Improved safety at Purac

Situation

At Purac, we practice that no job is so important or urgent that it can't be done safely. We want every employee and contractor to return home in the same way they arrived. While Purac has always taken the safety and security of its workers seriously, its accident rate was too high. In 2006, our Lost Time Incidents Frequency Rate (LTIFR) was 9.8 for Purac employees and 26.8 for contractors.

Goal

To reduce the number of accidents at Purac, with more stringent targets each year, bringing us ultimately to a level of zero.

Approach

In September 2006 we adopted a Zero Accident Culture to foster a mentality that makes the impossible possible: zero accidents. We did so in three steps.

- 1 We applied OHSAS 18001, an occupational health and safety tool (which allows for certification) that is used industry wide, to put a firm foundation of safety processes and practices in place.
- 2 We implemented the "disciplined discipline", which involves the four Ps. Outline safety Policies, create

Procedures and Processes to make things happen, and align your Practices with them. Be disciplined in this and play by the rules.

- 3 We made safety part of our behavior, to make everyone aware of its importance and keep it top-of-mind. We talk about safety first in every meeting and discussion and in reporting moments. It is part of our operational performance reports, such as quarterly plant reviews, allowing us to benchmark. Safety is part of our training practice and we focus on safe behavior in the workplace by internalizing safe practices like putting on gloves and placing equipment in the right place. We conduct safety audits every year. If an accident does happen, we do a root cause analysis and put preventative measures in place.

Outcome

In April 2009 we reached a level of no accidents for 12 consecutive months, though a couple of minor lost time injuries incurred later in the year. Consequently, we ended up at an LTIFR of 2.5 by the end of 2009 for both Purac employees and contractors; a total reduction of accidents by 75% for Purac employees and 93% for contractors compared to 2006. Moreover, the accidents in 2009 were much less severe than prior years, with mostly strains and sprains.

4 Planet

4.1 Introduction

As a producer of bakery supplies, food ingredients and green chemicals, CSM is aware of the environmental impact of its business operations. Consequently, this chapter addresses CSM's performance in terms of environmental impact of its operations.

CSM requires all of its operating companies to comply with national, local, regional, and all other applicable laws. Over and above this, the operating companies are to act as responsible members of the community and to prevent, where possible, all sorts of nuisance to the community like emissions and logistic hindrance. CSM stimulates the development of sustainable products and technologies, aiming for continuity. The company promotes an active role and participation in environmental protection initiatives. Creation of, and participation in, local environmental and sustainability initiatives are encouraged.

CSM is committed to protecting the present and future needs of its stakeholders, by conducting business in a safe and sustainable manner. The company maintains management systems, designed to ensure continued environmental, safety and health (ESH) compliance and to support continuous performance improvement. CSM conducts regular audits to monitor ESH compliance and performance at its businesses worldwide. The commitment to the protection of human health and to the prevention or reduction of pollution, as well as the integration of fundamental principles of resource conservation into business processes, facilities, operations, and products are fundamental. This is anchored in CSM's mission statement.

CSM works with its business partners towards sustainable and responsible ESH practices amongst its suppliers, contractors, and

customers. CSM strives for open communication and dialogue on workplace, health, safety, and environmental issues with our stakeholders and responds to their ESH concerns and suggestions.

4.2 General Developments in 2009

Overall, due in part to a reduction of stock levels, CSM produced 8% less on a consolidated volume basis. The largest reduction was seen at Purac (16%), followed by both Bakery Supplies Europe and Bakery Supplies North America (5%). Purac uses more energy and (cooling) water per ton of product, therefore this change has an amplified effect on related figures.

As a result of restructuring activities the number of plants reduced from 40 to 39. In order to manage sustainability performance, CSM encourages the implementation of environmental and health and safety management systems, such as ISO 14001 or a comparable norm for operating companies used to minimize environmental impact. Purac implemented the OSHAS 18001 health and safety management system.

All 39 facilities have the appropriate licenses. The number of formal notices which were received from authorities increased from 10 in 2008 to 12 in 2009 (1 extra in Purac, 1 extra in Bakery Supplies North America).

Striving for better efficiencies by continuously improving technologies, operations and awareness will remain one of our cornerstones to improve our base. We will also enhance our goals and formulate more specific improvement and reduction programs to reach those goals.

Sensibly Indulgent bakery products



Situation

The demand for healthier products is growing. In the US obesity rates are high and in some states new legislation requires posting calorie counts on restaurant menus and many states ban trans fats in bakery products. Consumers are more aware of the risk of food with a high caloric density. On the other hand, the desire for indulgent products continues to be very strong. Therefore consumers are searching for healthier versions of their favorite treats - wishing they could literally have their cake and eat it too. In the US, CSM's subsidiary H.C. Brill is the market leader in icings with the best icing development technical expertise and decided to develop a new product to meet consumer demand.

Goal

To provide consumers with a healthier bakery product without reducing taste experience and indulgence.

Approach

In partnership, outside the company with retailers and suppliers and inside the company between R&D and Marketing, H.C. Brill created the right tools and sales environment for success. We came up with the idea of an iced product that's healthier for you: a cake with a low fat buttercream icing that remains light and fluffy, following the

criteria 0 g transfats, no hydrogenated or partially hydrogenated fats, no high fructose corn syrup, reduced calories (no more than 200 calories per serving), a maximum of 400 mg sodium, and a maximum of 200 mg cholesterol.

The project was a big technological challenge; it required an advanced understanding of both fats technology and the shortening base. Several rounds of research were required to understand consumer needs fully and to get the product right. We sought consumer feedback to optimize the mouth feel, to perfect flavor profiles, and ultimately to decide which flavors to launch first.

Outcome

With the passion and partnership displayed by our teams, our suppliers and our customers, H.C. Brill successfully introduced a line of healthier cupcakes and branded them Sensibly Indulgent. Our goal is to expand the line to include cookies, cakes and muffins, all focused on a reduced calorie and low fat positioning in line with FDA guidelines.

They say the proof of the pudding is in the eating: our sample prototype (80 g serving size) has 200 calories with 5 g of fat (2 g saturated fat), while a typical Brill slice of iced cake has 320 calories and 16 g of fat (4g saturated fat).

4.3 Developments from a Division Perspective

Bakery Supplies North America

In partnership with our customers, suppliers and vendors, Bakery Supplies North America works to make a positive impact in our local communities with our sustainability efforts. As we become more proficient in our review of the GRI data collection process for energy, it became evident that our efforts in collecting correct data are critical to the outcome of our sustainability efforts.

We see it as an achievement in 2009 that Bakery Supplies North America did not receive a single external complaint from authorities or neighbors for smell, odors, noise or traffic. From an internal perspective, our focus remains on personnel safety where our staff continues to drive process, environmental and people safety.

From an energy consumption standpoint, 2009 brought about a significant shift in our product portfolio. Our increase of volume, especially in baked goods, created a change in our energy profile as the process became more energy intensive. We therefore took an aggressive approach in our capital investments designed to reduce energy consumption. The projects incorporated improved lighting utilizing high efficiency, motion detection florescent lights; steam boiler replacement utilizing modern stack gas conservation systems; installation of hot oil heating system with improved efficiencies by 30%; and ice bank replacements that provided consistent electrical demand. These investments resulted in a sustainable reduction of 20,600 GJ, which amounts to 2.5% of the total energy consumption in BSNA.

Bakery Supplies Europe

Bakery Supplies Europe reduced its overall energy consumption by 7.9%, to 678,153 GJ. Half of it (4%) is related to a reduction in the production volume. Another half (4%) was due to energy usage awareness and energy saving projects. Local initiatives were taken to change and improve existing equipment to reduce energy losses. We also installed more efficient heaters, boilers, chillers, compressors and power supplies.

Two highlights:

In Merksem, Belgium, we installed a Combined Heat and Power (CHP) system. The CHP system generates electricity using natural gas, and at the same time heats up water for the plant processes. The result is a saving of 10,800 GJ of primary energy due to better efficiency in generating hot water and electricity. This is 1.5% of the total divisional energy consumption.

At Kate's Cakes we report energy savings in both electricity (5%) and natural gas usage (6%), due to a combination of activities. First by organizing a "Turn it off" awareness campaign engaging staff in shutting off lighting and central heating in the evening, computers, monitors, and other devices when they are not in use. This led to a second initiative, to scheduled shut down of baking ovens when not in use. Thirdly, to lower emissions by reducing refrigerator compressor load, due to a change of the temperature of our main freezers from -23°C to -20°C. Total reduction in this factory is 6,000 GJ (1% of total divisional energy consumption). We expect to roll this out in other existing plants when applicable.

Other initiatives in Delmenhorst and Goes counted for another reduction of 10,000 GJ (1.5% of total divisional energy consumption).

We saw an increase in environmental complaints of 6 in 2008 to 9 in 2009, mostly noise complaints of a plant with a community close by. Although a lot of complaints can be categorized as minimum disturbances, we investigate all complaints in detail and make sure we take the right measures.

Purac

Sustainability parameters linked to production volume have improved last year. We achieved a reduction of inventory by integrating Purac Thailand and optimizing the worldwide supply chain. We improved our specific energy usage, with a total reduction of about 15% compared to 2008, due to lower lactic acid volumes in the total production portfolio. Besides this we executed a project aimed at structural energy savings in Brazil. This resulted in a significant energy reduction of 36,000 GJ in 2009. Expressed in a percentage, this represents 10% reduction in energy consumption for the Campos plant. On divisional level this equals to 1.8% reduction of the energy consumption.

The total number of public complaints rose from 3 to 23. Twenty-two of these complaints are odor complaints related to the waste water treatment facility of the Thailand plant. Local communities are living close by the plant and although the facility functions according to expectation, normal waste water odor is a nuisance. Purac Thailand took the complaints seriously and invested in measures that radically reduce odor. In the Netherlands we received two citations for late reporting of accidental environmental spills to surface water.



Replacing Less Healthy Fats

Situation

Trans fats and saturated fats are linked to higher levels of cholesterol in the body and heart disease. In fact, trans fats are now known to be the least healthy of the fatty materials. New legislation in several States in the US has set limitations on trans fats: 1 gram per serving. Denmark, Switzerland and Austria have led the way in Europe, by setting limits on trans fats too: 2% on a product basis.

Trans fats are known to perform very well in bakery products, offering many benefits, including higher plasticity. Therefore replacing a trans fat containing oil with a non trans fat containing oil can be quite difficult. CSM is the largest industrial fats producer in Europe, with an extensive margarine portfolio and a huge range of other products in its bakery portfolio that contain fat. For CSM there is a responsibility to ensure that our products are as healthy as they can be.

Goal

To reduce trans fats to levels of below 2%, and to do so without increasing the total levels of trans plus saturated fats, and maintaining the performance of the product.

Approach

We displayed quite an ambition in our approach to reduce trans fat. Of course, we could not do so in isolation. We partnered with suppliers, such as major oil companies, to ensure that the alternative materials we buy work for trans fat free products. We explored how to use those components together in the best way and how to process them, and worked closely with our customers to ensure that the new products perform well in their processes too.

Outcome

A large part of CSM's portfolio now contains low trans fat products. In the last years, we have made a significant flip in terms of the volume of products we sell that are essentially trans fat free. For example, all donuts produced by CSM are now fried in non-hydrogenated zero trans fat oil. We are proud that our trans fat free products continue to deliver the performance that our customers have come to expect of us.

4.4 Developments from a KPI Perspective

Energy

CSM reports its CO₂ equivalents and energy consumption in accordance with the Greenhouse Gas protocol. In 2009 we reviewed our systems to collect data from the different units and plants. To align the data we made some corrections in the overall energy index of 2007 and 2008, resulting in the development shown in the table below. The energy index is the total energy consumption in GJ divided by total production volume.

Year	Energy index GJ/ton	Energy use
2007	2.55	3,718,711 GJ
2008	2.66	3,944,205 GJ
2009	2.27	3,102,322 GJ

A breakdown by division shows that Purac keeps improving the energy index over the last years as a result of a shift in product mix and more efficient processes. Bakery Supplies Europe and North America are stable to slightly better in their energy index. Due to the continuing improvements at Purac (its energy index decreased by 37% in the past 5 years) and the higher impact of changing volumes in Purac, the energy index change is relatively high.

Emissions

The decrease in CO₂ emissions is explained by a reduction in production volume, combined with initiatives to save energy. CSM reports greenhouse gas emissions in carbon dioxide (CO₂) equivalents (Figure J). This includes direct CO₂ emissions from fuel burning for generating process heat and indirect CO₂ emissions from purchased electricity consumption. Greenhouse gases from operations such as fermentation are also included. CO₂ emissions related to outsourced production and transportation are not reported yet.

Other greenhouse gases mainly consist of nitrous oxide generated by burning natural gas for process steam production. Data on emissions of cooling media from cooling and freezing installations is not collected.

In the category dust emissions and other emissions we saw a decrease mainly due to increased awareness. Dust emissions reduced from 29 tons in 2008 to 18 tons in 2009, others from 46 tons (2008) to 31 tons (2009).

Transportation

Measuring the full picture of transportation is complicated. In 2009 we started to take the first steps to an approach, but results are not being expected before 2011.

Packaging

Bakery Supplies Europe reduced packaging consumption by 86 kTons (equals 0.5% based on same production volume) through a focused approach to reduce thickness of plastic bags, PE-wrappers, carton and pails, without a negative effect on the product application or the quality of packaging. In some cases we changed packaging material to recyclable materials. We took various initiatives to reduce the amount of cardboard outers for our industrial customers that we expect to have a similar effect in 2010.

The efforts to reduce packaging material consumption will be continued. We will further move towards more environmentally-friendly materials (recyclable, biodegradable). We expect to set a target based on a feasibility study. Key element is to maintain product quality and customer satisfaction, to meet our own target as well as customer requirements based on their sustainability commitments.

Water

Purac reduced its water consumption by 21% compared to 2008. Part is due to reduced volume, but most of it is related to the move of lactic acid production from the Netherlands to the Thailand facility, with higher efficiencies.

Waste

Waste data is split into non-hazardous waste and hazardous waste. Non-hazardous waste is material such as cardboard, paper, plastics, and general trash. Hazardous waste is any material that is dangerous or potentially harmful to human health or to the environment such as liquids, solids, contained gases, or sludge.

The non-hazardous waste volume decreased by 40 kTons in 2009, mainly as a result of the changed destination of gypsum produced in the lactic acid process. More of this gypsum volume had an interesting sustainable use in agriculture, as fertilizer for land application.

The hazardous waste volume decreased by 22% from 422 Tons to 332 Tons. This is mainly caused by a shift in production volumes in several Purac plants, for example the move of lactic acid production from the Netherlands to Thailand.

Figure H Environmental Nuisance Complaints

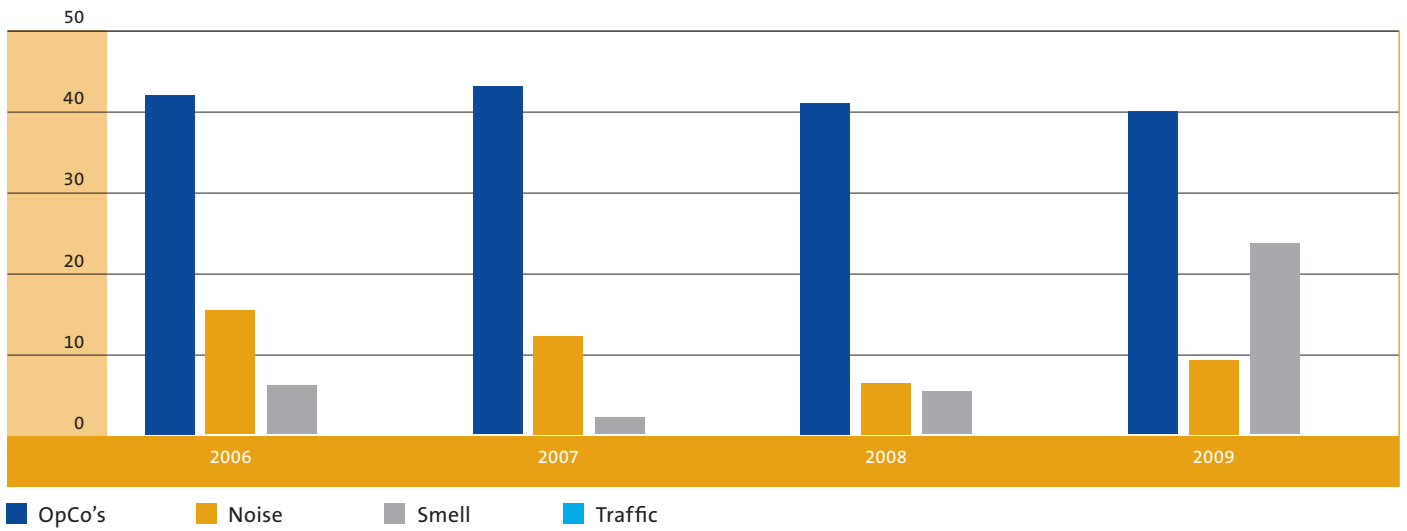


Figure I Energy Index (GJ/Ton product)

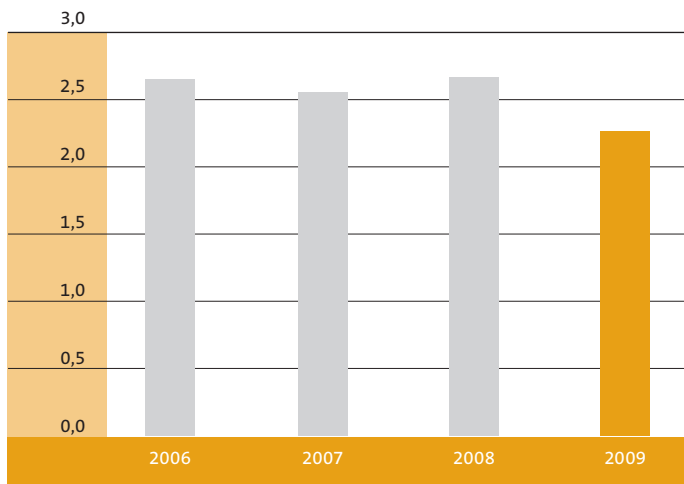


Figure J Total Greenhouse Gas Emissions (Tons CO₂ equivalent)

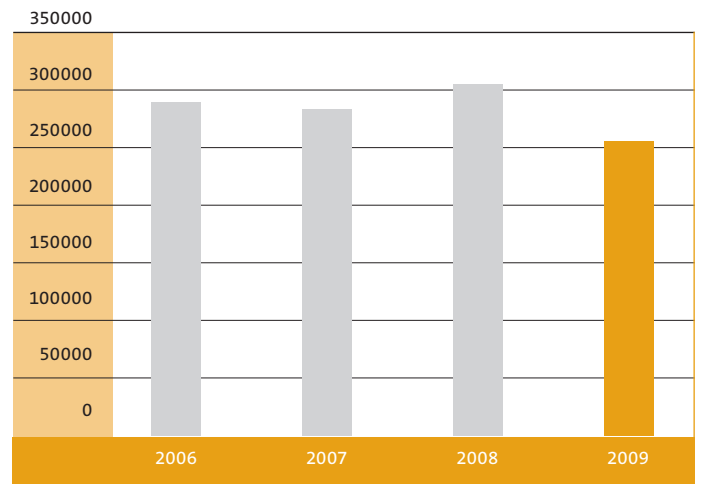


Figure K Air Emissions (Tons)

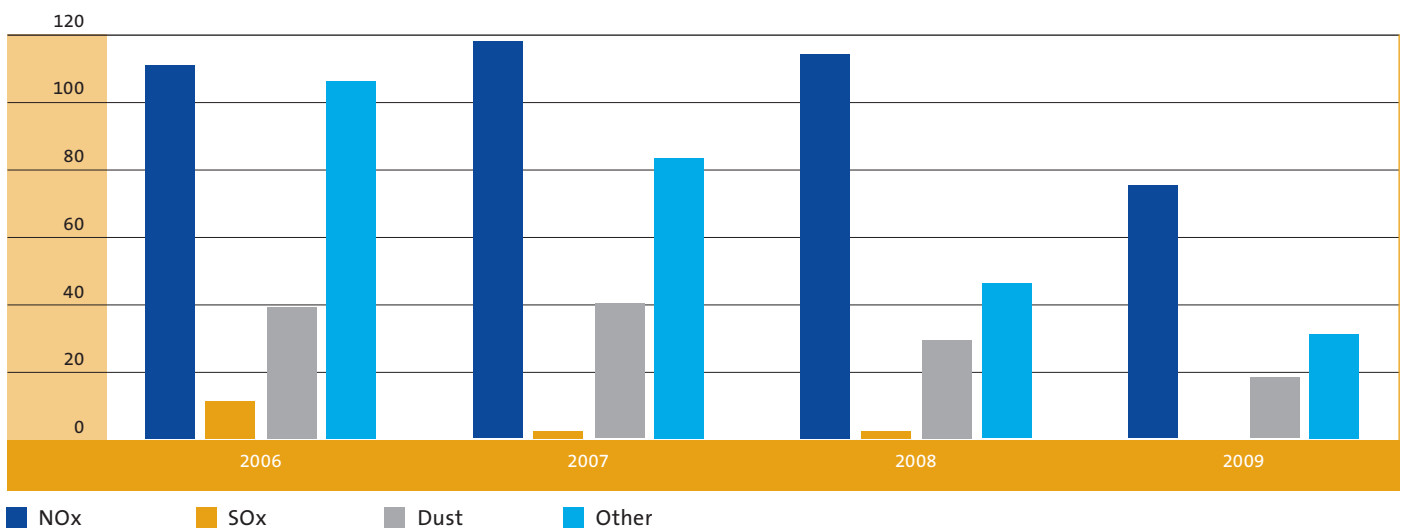


Figure L Used Water (1000m³)

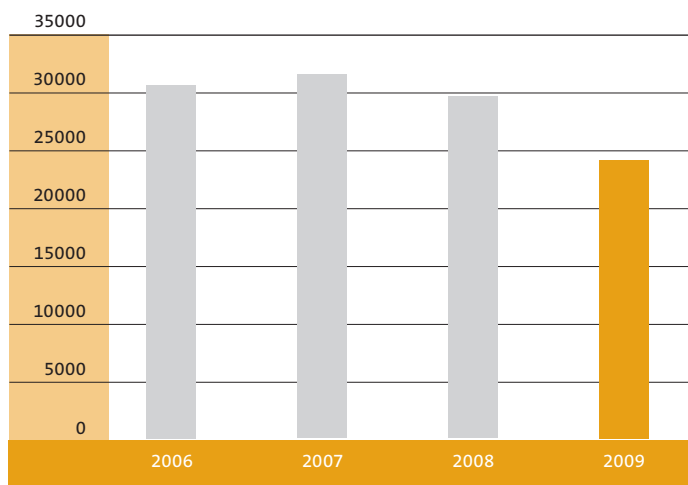


Figure M Returned Water treated (1000m³)

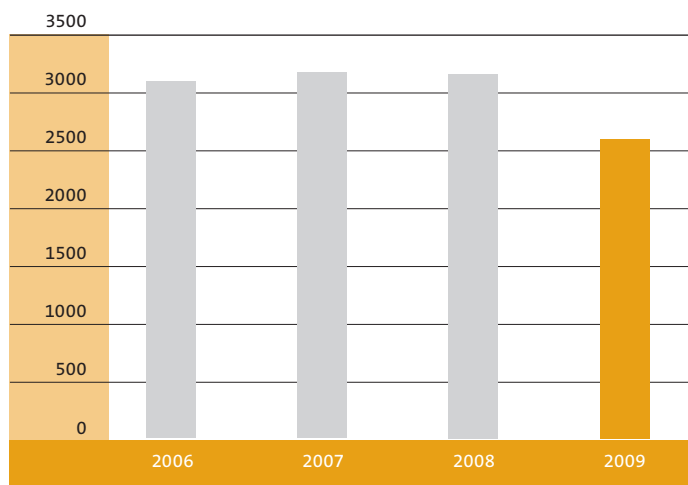


Figure N Returned Water non treated (1000m³)

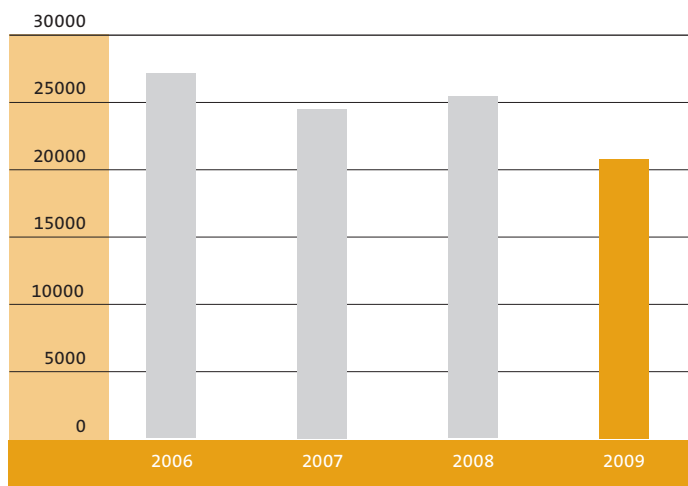


Figure O Useful By-Products (Tons)

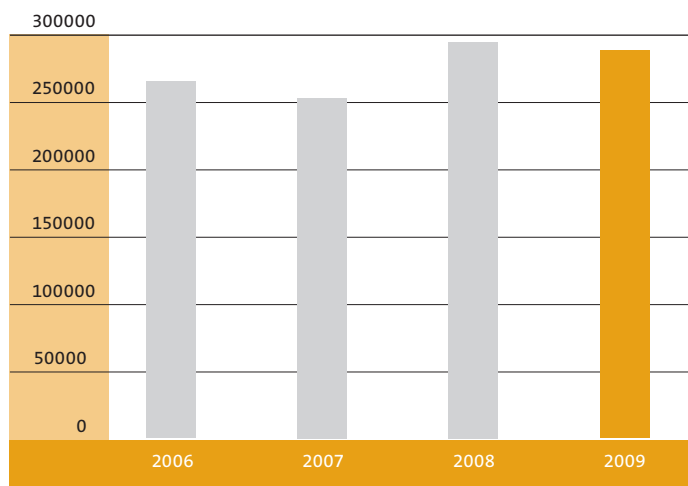


Figure P Hazardous Waste (Tons)

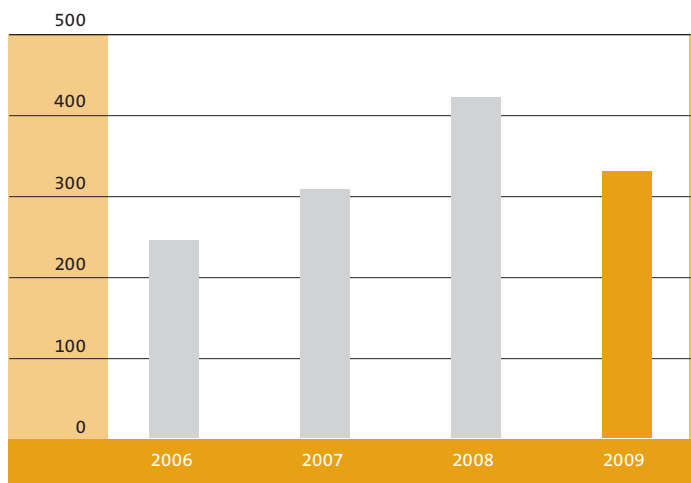
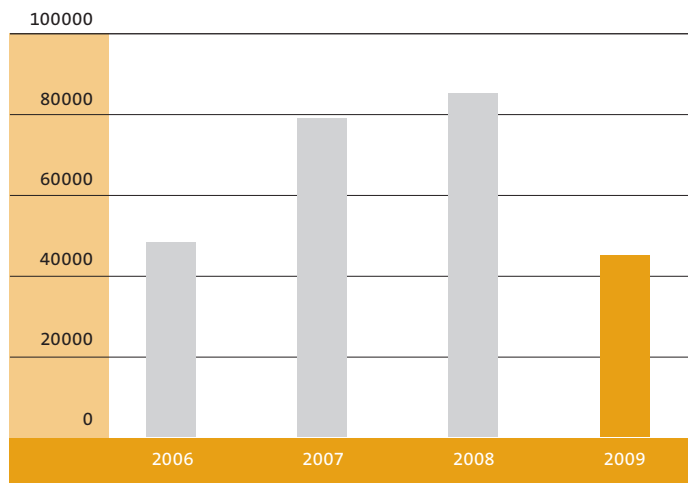


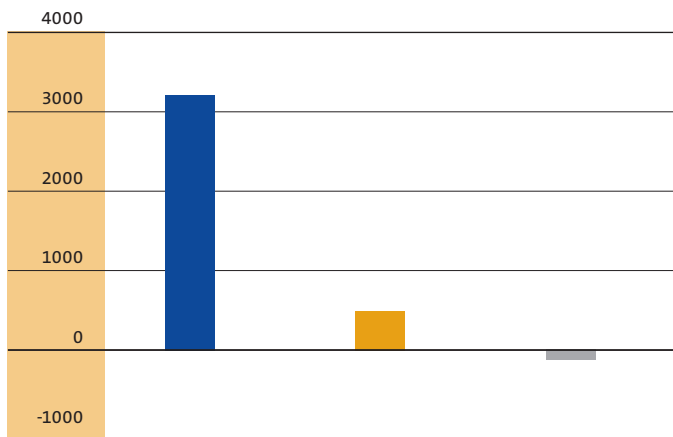
Figure Q Non-Hazardous Waste (Tons)





Biodegradable Plastics from Renewable Resources

kg CO₂ emitted in the production of 1 ton polymer



- PET-PS type polymer (fossil based)
- PURAC-PLA NOW
- PURAC-PLA with new technology

Situation

Most of today's plastics are still produced from fossil fuel based resources. These fossil fuel based materials have a large carbon footprint, including discharge by burning resulting in carbon dioxide (CO₂) release into the atmosphere. In the natural environment, these plastics take an extremely long time to break down into often toxic particles that accumulate into and endanger our habitat.

Purac has a long track record in the production and polymerization of lactic acid, made from renewable resources, such as starches (corn, tapioca) and sugars. This provides the knowledge for the use of lactic acid monomers and polymers for biodegradable plastics, which degrade naturally into water and CO₂.



Goal

To provide the building blocks and enabling technology to produce biodegradable plastics from renewable resources.

Approach

Common agricultural products are processed and fermented by lactic acid bacteria into lactic acid. The Purac innovation center has developed successfully high purity L and D lactic acid (and derivatives). These lactides are the appropriate building blocks for the production of lactic acid based bio-plastics. The lactides are processed into Poly Lactic Acid (PLA) by means of proprietary polymerization technology. Different ratios of L and D lactides produce different types of PLA, for example a PLA variant with high heat resistance that can be used in applications where heat resistance is an important product feature.

Outcome

Bio-plastics substitute fossil fuel based plastics and can significantly reduce the release of CO₂ into the atmosphere. Such reduction will positively impact the predicted climate change. Purac is in the final development stage of producing PLA with a gypsum free technology.

Purac expects the market to grow steadily in the coming years. Several Purac partners, who buy its lactides, have announced that they will build large scale factories to produce PLA based bio-plastics. A plant for the production of PLA based bio-foam is currently under construction in the Netherlands. Purac's current lactide production level is 5,000 Tons per year. Purac is investing in a 75,000 Tons lactide plant adjacent to its 100,000 Tons lactic acid facility in Thailand.

5 Profit

	2009	2008
<i>millions of euros</i>		
Income Statement		
Net sales	2,556	2,599
EBITA before exceptional items	151	133
EBITA	151	113
Operating result	143	107
Result after taxes	87	90
Balance sheet		
Fixed assets	1,330	1,361
Current assets	554	662
Non-interest-bearing current liabilities	386	381
Net debt position ¹	328	528
Provisions	171	172
Equity	998	942
Key data per common share		
Number of issued common shares	64,977,416	62,031,279
Number of common shares with dividend rights	64,828,082	61,868,026
Weighted average number of outstanding common shares [*]	64,816,665	64,795,388
Price as at 31 December	18.38	11.50
Highest price in calendar year	18.68	25.90
Lowest price in calendar year	7.97	9.43
Market capitalization as at 31 December	1,192	711
Earnings in euros ² *	1.27	1.32
Diluted earnings in euros ² *	1.27	1.32
Cash flow from operating activities per common share, in euros ²	4.21	1.48
Other key data		
Cash flow from operating activities	277	99
Depreciation/amortization fixed assets	69	66
Capital expenditure on fixed assets	47	64
Number of employees at closing date	8,430	8,433
Number of issued cumulative preference shares	2,983,794	2,983,794
Equity per share in euros ³	14.71	14.52
Ratios		
ROS % ⁴	5.9	4.4
Result after taxes / net sales %	3.4	3.5
ROCE excluding goodwill % ⁵	18.6	13.7
ROCE including goodwill % ⁶	8.2	6.2
Net debt position/EBITDA ⁷	1.6	2.8
Interest cover ⁸	8.0	7.1
Balance sheet total : equity	1:0.5	1:0.4
Net debt position : equity	1:3.0	1:1.8
Current assets : current liabilities	1:0.6	1:0.5

*previous year is restated for stock dividend

1 Net debt position comprises interest-bearing debts less cash and cash equivalents.

2 Per common share in euros after deduction of dividend on cumulative preference shares.

3 Equity per share is equity divided by the number of shares with dividend rights.

4 ROS % is EBITA divided by net sales x 100.

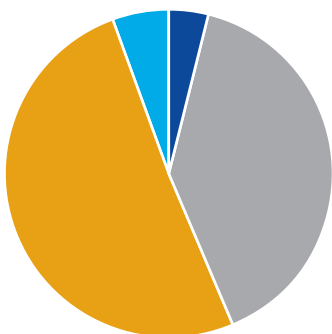
5 ROCE excluding goodwill % is EBITA for the year divided by the average capital employed excluding goodwill x 100.

6 ROCE including goodwill % is EBITA for the year divided by the average capital employed including goodwill x 100. This takes account of all acquisitions since 1978, the year when CSM started its diversification process.

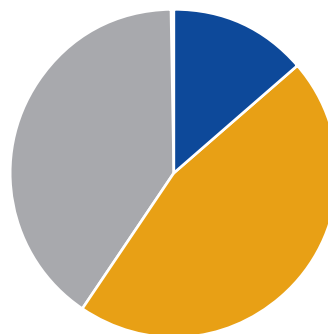
7 EBITDA is 'Earnings Before Interest, Taxes, Depreciation and Amortization' before exceptional items.

8 Interest cover is EBITDA before exceptional items divided by net interest income and charges.

Net sales 2009 by region



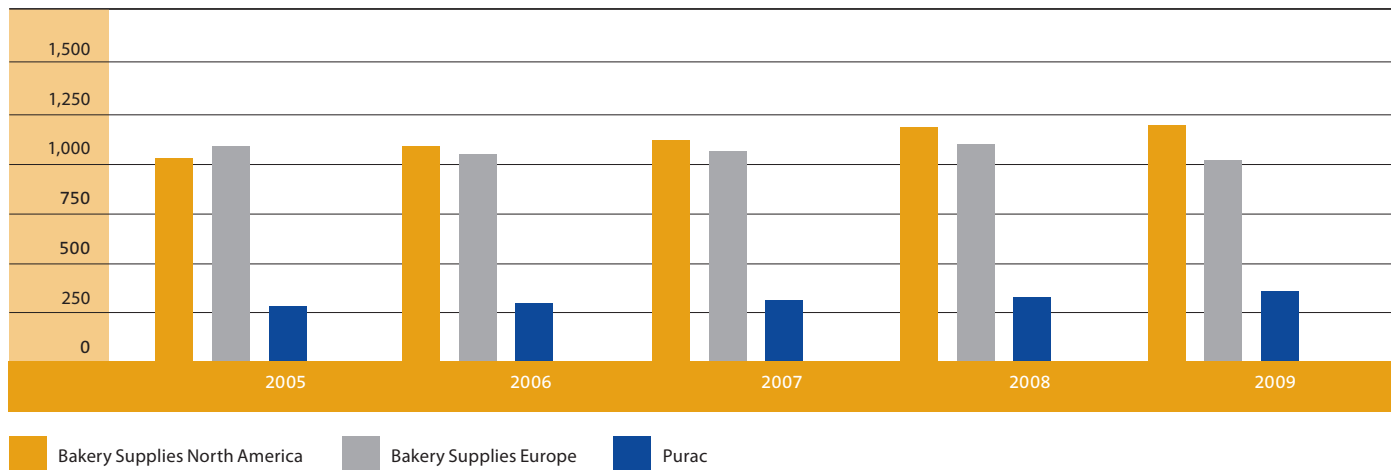
Net sales 2009 by division



- 39.8% Rest of Europe
- 5.4% Other Countries
- 46.5% Bakery Supplies North America
- 13.9% Purac
- 50.9% North America
- 3.9% The Netherlands
- 39.6% Bakery Supplies Europe

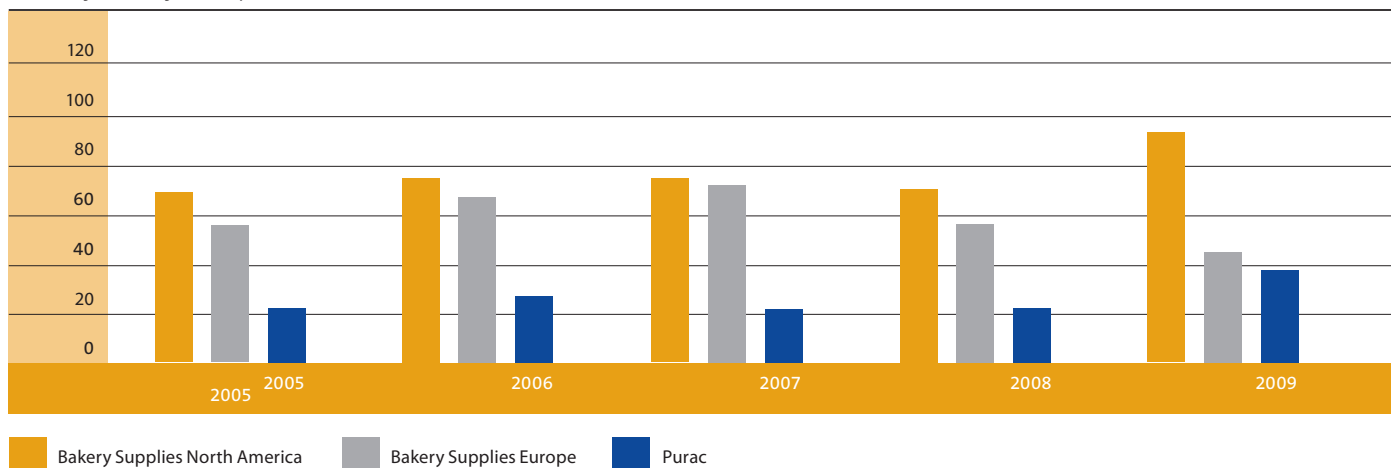
Net sales 2005-2009, bakery and lactic acid activities

millions of euros



EBITA 2005-2009, bakery and lactic acid activities

millions of euros, before exceptional items



5.1 Introduction

CSM improved EBITA substantially despite the recessionary environment. The effects of lower sales volumes have been compensated by cost savings, margin recovery as a result of lower raw material costs, and continued improvements in operational efficiencies.

Driving Operational Excellence

Improving operational efficiency is closely related to sustainability. A key instrument in this is CSM's Operational Excellence program in all its plants. Various methods and tools are being used, including TPM (Total Productive Maintenance, also known as Total Productivity Management) and Lean Management tools. In 2009 we made a start to join the efforts made in the plants in Total Productive Maintenance, Reliable Maintenance and Lean Manufacturing initiatives. Existing initiatives were mainly driven locally, and synergies by sharing knowledge, experience and best practices were still limited. The consolidated effort aims to exploit those synergies by using the available capabilities and knowledge at CSM and to make further improvements in Productivity, Cost (waste included), Quality, Service, Delivery and Morale.

To support, drive and improve CSM's quality performance, we deploy integrated Quality Management on the basis of the same principles. At Bakery Supplies Europe we reviewed our performance measurement systems (linked to GRI indicators), created an internal CSM requirements audit system to check compliance, and we performed "health" checks on manufacturing processes in more detail. At our North American Bakery Supplies business TPM resulted in more efficient lines with lower waste, affecting energy consumption, disposal and usage of packaging materials, amongst others. Purac is our example of state-of-the-art preventive maintenance systems, delivering better plant reliability at reduced maintenance cost. Other benefits include less energy consumption, lower risk of spills, better safety conditions.

Optimizing TPM and taking the programs to the next level is a continuing process to help CSM achieve significant and sustainable results coming from shared goals and teamwork. By following standard operating procedures, disruptions in production processes are minimized. Equipment losses have been reduced significantly in many plants and operating efficiencies have been improved. This improvement process is guided by principles that ensure quality, safety and health of employees, as well as care for the environment.

In 2009 we reviewed the present concepts for Operational Excellence and continuous improvement at CSM. In 2010 we will move towards a wider scope of a truly Operational Excellence approach. We will define a multi-year excellence definition, fit to the CSM strategy. The multi-year definition and targets will be translated back to short term targets for continuous improvement. We strive to be a learning organization: "share and learn" and "learn once, apply many times". More specific targets will be set for operational results and linked to improvements in sustainability parameters.

5.2 Development Divisions 2009

Bakery Supplies North America

It has been a very satisfying year for our North American businesses. Despite volume pressure we were able to recover from the raw material margin pressure that occurred in 2008. Our EBITA as a percentage of sales before exceptional items amounted to 7.9% (2008: 6.0%), due to the recovery at H.C. Brill and the further integration of our activities in the US, on the one hand, and decreased raw material costs and other cost savings, on the other. Our results were negatively impacted by the decline in volume sold. The negative organic sales growth of 4% was affected for 2.7% by the result of lower volumes and for the remaining part due to product mix changes and lower pricing. ROCE improved from 10.7% in 2008 to 13.8% as a result of improved profitability and lower capital employed.

Bakery Supplies Europe

After a first quarter that showed disappointing results, business in Europe picked up in the course of the year. We ended at an EBITA level of € 45.3 million for the year.

The major setback in Europe was a declining volume sold of 5%. In all countries in Europe consumer confidence was weak leading to less consumer spending. In Spain and the UK we saw an above average decline in volumes. Organic sales growth was 5.4% negative, due to 5% lower volumes, price decreases and product mix changes. In the UK we faced higher promotional activities to maintain volumes, which came at the expense of lower prices. Of the total volume decline approximately 1.3% can be attributed to shedding non-profitable co-packing volumes. Volume sold to the out-of-home market grew, while sales to artisan bakers dropped.

On balance, our recovery has benefited from lower raw material prices, along with cost savings, which in turn could partially offset the effects of declining volumes. The weaker British Pound negatively affected EBITA by approx. € 1.2 million. Our ROCE declined from 6.4% in 2008 to 5.2%.



Improved packaging of donuts at CSM UK

Situation

CSM UK has traditionally packed its donuts in non-recyclable plastic trays. The company's donut line is one of the largest in the world, manufacturing some 240,000 donuts an hour. The customers requested a reduction in packaging and the replacement of non-recyclable packaging, in particular. When the company decided to automate its donut manufacturing processes for higher efficiencies, requiring changes in product formats, it used the customers' feedback as a guide to reduce or eliminate non-recyclable packaging.

Goal

To improve efficiency, reduce the cost and labor of donut manufacturing by automation of low skill tasks, while improving the percentage of packaging materials that can be recycled.

Approach

People from different departments within CSM UK exchanged knowledge to align the needs of our company and our customers: sales and marketing, supply chain, quality assurance and production all participated. It soon became

clear that paper packaging has both cost and sustainability benefits, as it is recyclable and less CO₂ is generated in the manufacturing of cardboard trays compared to plastic trays. All showed passion and commitment: from the people who generated ideas, to those who drove them through to their business case, to CSM, providing the finance and giving the go-ahead to develop this project. Also CSM UK's equipment- and packaging suppliers displayed passion, commitment and partnership when working together to come up with the best solutions that married the new automation process with sustainable packaging.

Outcome

CSM UK's donuts are now packed in fully recyclable cardboard trays. This has allowed the company to move from 56% of packaging materials that can be recycled to 91%, based on the overall case weight resulting in savings made on packaging of € 285,000 a year.

The project will be completed in 2010 when the packaging automation is fully implemented, with labor savings of € 170,000 a year.

Purac

Especially the results of the second half of 2009 allowed our EBITA to end at a very satisfactory € 37.9 million. Lower raw material costs and cost savings were beneficial for our results. Organic sales growth amounted to 6.2% and volumes declined by 4.7%. However, if we exclude the effects of the potassium strike, volumes would have been stable. The organic growth was

a result of price increases implemented during 2009 and product mix effects.

Our ROCE improved from 7.6% in 2008 to 12.7% in 2009, as a result of improved profitability and lower capital employed.



Maintenance of Production Units at Purac

Situation

Taking care of our production assets is an important part of keeping our business running effectively, but also of optimizing our asset capacity and economic life time. Purac's previous production maintenance program was not sufficiently geared to this integrated approach.

Goal

To launch a maintenance initiative that would significantly reduce Purac's maintenance costs and improve the reliability, capacity and life time of its factories. One of the initiative's main targets was to bring the cost of maintenance to a level of 1.5% of the replacement asset value, a world class standard.

Approach

Applying predictive maintenance technologies, such as vibration analysis and infrared thermographs that can accurately predict when equipment will fail or when

maintenance is required. Sophisticated maintenance planning and scheduling have allowed us to maximize the efficiency of our maintenance crews, whilst so-called precision maintenance execution techniques improved our effectiveness even more.

Outcome

We have improved our operational equipment effectiveness and reliability, raising the effectiveness from 83% in 2007 to about 90% by the end of 2009. The fact that Purac's factories are now running consistently and reliably has enabled us to pinpoint the hidden capacities in our plants. We now have an uptime (active production time) of 90% in our plants. We want to further improve this to 96% at all Purac factories, and we expect to get there within four years. This program reduced our maintenance costs with more than 35%. And more importantly, better employment of our assets leads to a longer lifetime of our assets, which contributes to our sustainability performance.

6 Scope of the report

CSM uses the Sustainability Reporting Guidelines provided by the Global Reporting Initiative (GRI) to disclose its sustainability performance. The Sustainability Report 2009 refers to the period between 1 January 2009 and 31 December 2009.

Some modest improvements were made to the reporting on the management approach and organizational context of sustainability at CSM, as well as to the explanation of the included sustainability indicators. Also, efforts have been made to put our sustainability performance and challenges in a contextual setting to provide more insight into relevant sustainability issues in CSM operations.

In general, the reporting criteria and the presentation of information are consistent with previous Sustainability Reports. The Sustainability Report 2009 includes performance data of CSM wholly-owned, majority and joint venture operations. It

does not cover any participations. CSM does not yet report on subcontractors, for example suppliers of semi-finished goods and raw materials. The Sustainability Report 2009 covers 39 facilities versus 40 in 2008.

To report on sustainability CSM relies on data gathered annually using People, Planet and Profit questionnaires for each operating company. The data in this report is based on actual measurements, unless stated otherwise. The report contains both absolute and relative figures, so that readers can benchmark CSM's 2009 sustainability performance against its historical performance, regardless of organizational (negative) growth. It aims to present the CSM data as complete and accurate as possible within the set report boundaries. All operational data is validated and screened by CSM senior management.

7 GRI cross reference list

	Page
Strategy and Analysis	
1.1 CEO statement about relevance of sustainability and CSMs strategy	5
1.2 Description of key impacts, risks, and opportunities	Annual report
2.1 Name of the organization	
2.1 Name of the organization	5
2.2 Primary brands, products, and/or services	Annual report
2.3 Operational structure	Annual report
2.4 Location of organization's headquarters	Annual report
2.5 Number of countries and countries with significant operations or specific sustainability issues	Annual report
2.6 Nature of ownership and legal form	Annual report
2.7 Markets served (including geographic breakdown, sectors served, and types of customers)	Annual report
2.8 Scale of the reporting organization	2
2.9 Significant changes during the reporting period regarding size, structure, or ownership	31
2.10 Awards received in the reporting period	No sustainability awards received
Report profile	
3.1 Reporting period (e.g., fiscal/calendar year) for information provided	31
3.2 Date of most recent previous report	April 2009
3.3 Reporting cycle (annual, biennial, etc.)	Annual
3.4 Contact point for questions regarding the report or its contents	4
3.5 Process for defining report content	Not reported
3.6 Boundary of the report	31
3.7 Limitations on the scope or boundary of the report	31
3.8 Reporting basis	31
3.9 Data measurement and deviation from GRI protocols	31
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3.13 Assurance	No assurance
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4.1 Governance structure	Annual report, 8
4.2 Indicate relation between chair of the highest governance body and executive officer	Annual report
4.3 Independence of board members	Annual report
4.4 Shareholder feedback mechanisms	Annual report
4.5 Executive compensation and non-financial goals	Annual report
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	Annual report
4.7 Process for defining qualifications and expertise of board members on SR themes.	Not reported
4.8 Internally developed mission, values and codes of conduct	6, 8
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Annual report
4.10 Evaluation of highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Annual report

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Commitment to external initiatives	
4.11 Precautionary principles	Not reported
4.12 External developed charters, principles or initiatives	8, 9, 10
4.13 External membership	9, 10
Stakeholder engagement	
4.14 List of stakeholder groups engaged by CSM	8 – 10
4.15 Identification and selection of stakeholders	Not reported
4.16 Stakeholder consultation	8 – 10
4.17 Stakeholders' key concern and incorporation in strategy	9
Economic performance indicators	
EC1 Direct economic value generated and distributed	2, 26
EC 2 Financial implications and other risks and opportunities for the organization's activities due to climate change	Not reported
EC 3 Coverage of the organization's defined benefit plan obligations	Not reported
EC 4 Significant financial assistance received from government	Not reported
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Not reported
EC 7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Not reported
EC 8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Not reported
Environmental performance indicators	
EN 1 Materials used by weight or volume	Not reported
EN 2 Percentage of materials used that are recycled input materials	Not reported
EN 3 Direct energy consumption by primary energy source	3, 21
EN 4 Indirect energy consumption by primary source	3, 21
EN 8 Total water withdrawal by source	3, 21
EN 11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not reported
EN 12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not reported
EN 16 Total direct and indirect greenhouse gas emissions by weight	22
EN 17 Other relevant indirect greenhouse gas emissions by weight	Not reported
EN 19 Emissions of ozone-depleting substances by weight	Not reported
EN 20 NO _x , SO _x , and other significant air emissions by type and weight	22
EN 21 Total water discharge by quality and destination	3, 21
EN 22 Total weight of waste by type and disposal method	21
EN 23 Total number and volume of significant spills	Not reported
EN 26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	19, 20, 24
EN 27 Percentage of products sold and their packaging materials that are reclaimed by category	Not reported
EN 28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not reported

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Labour practices and decent work performance indicators	
LA 1 Total workforce by employment type, employment contract, and region	15
LA 2 Total number and rate of employee turnover by age group, gender, and region	15
LA 4 Percentage of employees covered by collective bargaining agreements	Not reported
LA 5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Not reported
LA 7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	15, 16
LA 8 Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Not reported
LA 10 Average hours of training per year per employee by employee category	15
LA 13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Not reported
LA 14 Ratio of basic salary of men to women by employee category	Not reported
Human Rights performance indicators	
HR 1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Not reported
HR 2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Not reported
HR 4 Total number of incidents of discrimination and actions taken	Not reported
HR 5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Not reported
HR 6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	Not reported
HR 7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	Not reported
Society performance indicators	
SO 1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Not reported
SO 2 Percentage and total number of business units analyzed for risks related to corruption	Not reported
SO 3 Percentage of employees trained in organization's anti-corruption policies and procedures	Not reported
SO 4 Actions taken in response to incidents of corruption	Not reported
SO 5 Public policy positions and participation in public policy development and lobbying	Not reported
SO 8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not reported
Product responsibility performance indicators	
PR 1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	18,20
PR 3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not reported
PR 6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Not reported
PR 9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not reported

Colophon

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