

Draft Q&A

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DSM-VDL JV - Dutch PPE Solutions

General

Q: What is the main goal of the JV?

A: Dutch PPE Solutions will help to meet the urgent need for large-scale production of personal protective equipment on Dutch soil to be less dependent on supply from abroad. The COVID-19 pandemic has resulted in an unprecedented surge in demand for PPE and a materials and machinery scarcity.

Q: What's the current and future production capacity of the JV?

A: The JV will manufacture mbPP for millions of facemasks per month, facemask production will be scaled up based on market orders and demand expectations

Q: Who are the customers for the PPE/facemasks from the JV?

A: The JV meets the urgent ongoing demand for facemasks and critical filter material that protect healthcare workers against covid-19. The range of facemask will be extended gradually with facemasks for professionals in other countries and other sectors such as public transport, schools and educational institutes and private companies.

Q: What does responsible pricing mean?

A Reasonable margins are justified and needed to make a return on our (significant) investments but definitely no profiteering in a crisis by extortionate prices.

Q; Why did VDL and DSM join forces in a field/market that is a new area for both companies?

A: DSM and VDL feel a responsibility to create a reliable, sustainable, high-quality supply chain of Personal Protection Equipment in the Netherlands, making the country less dependent on critical supplies from abroad

Q: What's the expected revenue coming from the JV? Expected market/volumes/profit?

A: Commercially sensitive financial details will not be disclosed.

Q; When does the JV expect break-even?

A: Commercially sensitive financial details will not be disclosed.

Dutch government

Q: Does the Dutch government have a role in the JV?

A: The Dutch government does not have a role in the JV. The JV is commercial enterprise.

Q: Has the Dutch government committed to purchasing PPE/facemasks of the JV?

A: The Dutch government has not committed to buy from the JV. Of course we hope the government may at some point decide to order facemasks from the JV, most likely applying typical tender offer procedures.

Q: Is the Dutch government involved in the JV, e.g. incentives, loans or guarantees?

A: The Dutch government, while very supported of what the DSM and VDL have committed to on Dutch soil, is not involved in the JV. The JV is a commercial enterprise and will certainly pitch to the Dutch government if the government decides to source more facemasks for the Dutch healthcare system.

Q: Does the JV guarantee supplying facemasks to the Dutch government?

A: No. The JV will of course certainly pitch to the Dutch government if it decides to source more facemasks for the Dutch healthcare system.

DSM and other initiatives re PPE in NL

Q: Is DSM still involved in the facemask 'consortium' with Auping and AFPRO?

A: DSM and in the future the JV will continue to supply AFPRO and Auping with meltblown polypropylene, as we have been doing uninterruptedly since April 2020.

Q: Will DSM continue its commitment to supply the 'consortium' with the critical filter material for the FFPT 2 medical masks?

A: DSM procures and supplies the critical filter material, meltblown polypropylene, and will continue to supply under the existing delivery agreement between AFPRO, Auping and DSM, respectively, to allow these companies to manufacture for the Dutch government.

Q: Is the JV a competitor of the consortium'?

A: the JV by manufacturing and commercializing facemasks does play in the same field as Auping and AFPRO when it comes to new government or private party orders. Regardless, DSM and in the future the JV will continue to supply AFPRO and Auping with meltblown polypropylene, as we have been uninterruptedly since April.

Q: What's the status and production capacity of facemasks by the consortium?

A: Hundreds of thousands per week and now ramping up to a million

Q: Why did DSM decide to engage and invest in the production of PPE/facemasks?

A: DSM and VDL feel a responsibility and recognized the need for a reliable, high quality supply chain on Dutch soil and Western European. The urgency become apparent early 2020 when materials were scarce and dependency on PPE supply from abroad was high. DSM and VDL's focus is on reliability, ease of use, and aims for more sustainability.

Sustainability

Q: What initiatives are foreseen to produce facemasks sustainably and circular?

A: The use of renewable electricity/energy and a local supply chain where possible. After the first-generation facemasks we will be looking into the next generation with for example more recyclability and reusability.

General

Q: How many medical facemasks are being produced globally?

A: Demand for medical facemasks and PPE exceeds the supply globally, sometimes resulting in extortionate prices, especially in crisis time.

DSM

Q: Some people/groups in NL see conspiracies and talk about a conflict of interest in DSM's activities and the way DSM helps NL in the fight against covid-19? What's DSM's stance on these ideas?

A: DSM has done its utmost to help, we feel a responsibility as a purpose led company to help where we can. We are proud that we - all employees of DSM in NL - have been able to do so in times of crisis.

On request of the Dutch government, DSM helped to established supply chains for test swabs, disinfectant and medical masks in the Netherlands in record time to meet the urgent demand of that moment and prevent supply shortage for healthcare workers in the Netherlands.

All these initiatives were not-for-profit. DSM either donated or delivered against cost price and didn't charge for, rather donated, thousands of manhours spent by its employees.

We are now entering a new phase, investing in an infrastructure to create a sustainable, stable commercial business to produce protective equipment on home soil for the long term and make NL and potentially other (European) countries less dependent from other countries.

Q: Does DSM feel it has an advantage compared with other companies to do business in NL and/or with NL government?

A: No, except that our unique materials knowledge (on a global scale), gives us unique strengths to ensure reliable supply against reasonable cost.

Q: is DSM favored in any way?

A: No

Q: Is there a link between the JV and [REDACTED] 5.1.2e [REDACTED] 5 5.1.2e ?

A: No, there's no link between the JV and [REDACTED] 5 5.1.2e .

Q: Is DSM NL president [REDACTED] 5.1.1c involved in the JV in one way or another?

A: The JV is a commercial business for DSM and embedded in the business. [REDACTED] 5.1.1c [REDACTED] 5.1.2e and is not involved in the day-to-day management of the JV. [REDACTED] 5.1.1c just like other colleagues at DSM is proud on what we achieved, through collaboration with other partners - small and large - and the government over the last months in times of crisis. Now we are investing in a sustainable business, to ensure availability of protective equipment on home soil for the long term. VDL and DSM are two Dutch companies that joined forces and invest together to build a sustainable, commercial business to make that happen.

Q: DSM is landlord of the Chemelot site and advocates the benefits and further growth of Chemelot Industrial Park. Why is DSM's mbPP production facility not going to be located on (but in the proximity of) the Chemelot site?

A: The mbPP facility will be built in the direct proximity of the Chemelot Campus, contributing to the unique eco-system at Chemelot. The current location has the right specifications to build and run a mbPP manufacturing facility.

Q: How does this JV initiative relate to the recent announcements in August (Q2 results) about restructuring program and initiatives in DSM's Materials cluster, incl. redundancies?

A; The JV is a new business for DSM, that simultaneously meets a strong need for NL to have critical products manufactured and available on home soil. It's a proof point of our purpose led strategy. DSM is fully committed to NL and wants to further strengthen and grow its business in nutrition, health and sustainable living. DSM has a world leading expertise and vast knowledge in materials and nutrition/biotech science, with strong presence in NL.

Holding statement NL government guarantee.

Note that this holding statement is only to be used when directly asked by external parties/media. DSM is bound to a secrecy agreement with VWS. However, the guarantee can become public through the Minister of VWS responding to parliamentary inquiries or a so called "WOB" procedure. VWS has no intention to publicly and spontaneously share the guarantee. (last paragraph provides the narrative if a direct question is asked by journalists to DSM/Pieter whether or not a financial guarantee has been provided - this holding statement will be cleared with VWS before Sept 4 and to receive confirmation that VWS agrees, under the secrecy clause of the guarantee)

Learning from the immediate urgency/crisis early 2020, the NL government has expressed publicly its desire to establish supply chains on Dutch soil to make NL less dependent from supply for critical equipment from abroad in the fight against covid-19, to create an infrastructure for reliable supply of critical materials on home soil and prevent extortionate prices for scarce equipment.

DSM helped during the crisis to established supply chains for test swabs, disinfectant and medical facemasks in the Netherlands in record time to meet the urgent demand of that moment and prevent supply shortage for healthcare workers in the Netherlands. All DSM initiatives were not-for-profit. DSM either donated or delivered against cost price and didn't charge for the substantial time invested by its employees.

DSM feels a responsibility to help build a sustainable supply chain and business in NL, including investing in manufacturing facilities for critical components (e.g. mbPP for facemasks) that are currently non-existing on home soil. Within weeks after the corona health crises reached NL, DSM decided to invests millions of euros in building the mbPP manufacturing facility. The facility is a first of its kind on Dutch soil and will help to ensure reliable, high quality critical material in times of crisis.

To mitigate short-term investment risks for companies that are willing to invest in building an infrastructure and reliable create supply chains in NL to prevent supply shortage in the future, and after DSM unilaterally decided to invest in the production of mbPP and started negotiations with VDL, the Dutch government issued a financial guarantee that partly mitigates short-term investment risks. DSM does not expect to use the guarantee.