Notes to the Agenda for the Annual General Meeting of Koninklijke DSM N.V. to be held on Friday, April 29, 2016

NOTES TO AGENDA ITEM 2

Annual Report for 2015 by the Managing Board

The Managing Board will comment on the Report by the Managing Board in DSM's Integrated Annual Report for 2015 (see pp. 12 to 63 of the Integrated Annual Report for 2015).
Subsequently, those present at the meeting will be given the opportunity to ask questions or make remarks about the Report by the Managing Board for 2015 and the Report by the Supervisory Board (included in the Integrated Annual Report for 2015 on pp. 102 to 112).

Under this agenda item questions can also be raised, and remarks can be made, on DSM's approach to the implementation of the Dutch Corporate Governance Code, and on the Sustainability Information, which is contained in the Integrated Annual Report for 2015.

NOTES TO AGENDA ITEM 3

Implementation Managing Board Remuneration Policy in 2015

This agenda item provides, pursuant to Section 2:135(5a) of the Dutch Civil Code, for a discussion regarding the implementation in 2015 of the remuneration policy for the Managing Board, as included in the notes to the parent company financial statements in the Integrated Annual Report for 2015, pp. 192 to 197. A short introduction on the implementation of the Managing Board remuneration policy in 2015 will be given by the Chairman of the Remuneration Committee of the Supervisory Board.

NOTES TO AGENDA ITEM 4

Financial Statements for 2015 **Resolution**

On 29 February 2016, the Supervisory Board approved the Financial Statements for 2015 drawn up by the Managing Board. The Financial Statements were published on 1 March 2016 and are now submitted for adoption by the General Meeting (see Article 31, section 2, of the Articles of Association).

Under this agenda item the accountant will give a short explanation on the audit of the Integrated Annual Report 2015 of Koninklijke DSM N.V.

NOTES TO AGENDA ITEM 5

a. Reserve policy and dividend policy

The reserve policy is unchanged compared with last year. The reserve policy is closely linked to the dividend policy. Every year the Managing Board, with the approval of the Supervisory Board, decides which part of the profit is to be appropriated to the reserves. The portion of the profit then remaining and after deduction of the dividend on cumulative preference shares, is at the disposal of the General Meeting.

The dividend that the company pays its shareholders depends on business conditions, the company's financial performance and other relevant factors. DSM aims to provide a stable and preferably rising dividend. The Managing Board, with the approval of the Supervisory Board, may propose that the dividend will be distributed in cash or in ordinary shares of DSM, at the discretion of the shareholder.

b. Adoption of the dividend for 2015 **Resolution**

With the approval of the Supervisory Board, the Managing Board is presenting to the General Meeting for adoption the proposal that the dividend per ordinary share to be paid for 2015 will be €1.65 (see Article 32, section 5 of the Articles of Association). An interim dividend of €0.55 per ordinary share having been paid in August 2015, the final dividend thus amounts to €1.10 per ordinary share.
At the discretion of the shareholder, the final dividend will be made available in cash or, under the conditions set out below, in ordinary shares of DSM. The period in which this choice can be made is from 5 May 2016 to 18 May 2016 (3.00 pm CET). To the extent the final dividend is paid out in shares, these shares will be primarily transferred out of the own shares DSM holds in stock. Should the total number of own shares not be sufficient, own shares will be acquired. The stock dividend is paid up from the tax-exempt share premium reserve and thus free from withholding tax in the Netherlands. Where shareholders have opted to receive their dividend in shares, the corresponding cash value of €1.10 per share will be deducted from the profit attributable to shareholders and added to the reserves.

In order to avoid negative tax consequences for DSM, a maximum of 40% of the total dividend amount is available for stock dividend. If shareholders in total wish to receive in aggregate a distribution in shares which exceeds this maximum percentage of the total dividend, those shareholders who have opted for distribution in the form of shares will receive their stock dividend on a pro rata basis, with the remainder being distributed in cash.

The conversion rate of the stock dividend to that of the cash dividend will be determined on 19 May 2016, after close of trading on Euronext Amsterdam ('Euronext'), based on the Volume Weighted Average Price ('VWAP') of all DSM shares traded on Euronext over a period of five trading days from 12 May 2016 up to and including 18 May 2016. The value of the stock dividend, based on this VWAP, will - subject to rounding - be equal to the cash dividend. There will be no trading in stock dividend rights.

The ex-dividend date will be 3 May 2016, the record date 4 May 2016 and the dividend will be payable as from 24 May 2016.

NOTES TO AGENDA ITEM 6

a. Release from liability of the members of the Managing Board **Resolution**

It is proposed that the members of the Managing Board be released from liability in respect of their managerial activities (see Article 31, section 3, of the Articles of Association).

b. Release from liability of the members of the Supervisory Board **Resolution**

It is proposed that the members of the Supervisory Board be released from liability in respect of their supervisory role (see Article 31, section 3, of the Articles of Association).

NOTES TO AGENDA ITEM 7

a. Reappointment of Eileen Kennedy as a member of the Supervisory Board **Resolution**

According to the rotation schedule, Mrs. Kennedy's first four-year term expires in 2016. She is available for reappointment.

In accordance with Article 24, section 2, of the Articles of Association, the Supervisory Board nominates Mrs. Kennedy for reappointment as a member of the Supervisory Board of DSM on the basis of her broad and in-depth nutrition knowledge and her qualities as a Supervisory Board member as demonstrated during her past period as a member of DSM's Supervisory Board. Mrs. Kennedy is an independent member of the Supervisory Board within the meaning of the Dutch Corporate Governance Code and Article 1.4 of the Supervisory Board Regulations.

It is proposed that the Meeting reappoints Mrs. Kennedy as a member of the Supervisory Board of DSM in accordance with the nomination of the Supervisory Board for a period of four years with effect from 29 April 2016, ending by close of the AGM to be held in 2020.

Mrs. Eileen Kennedy was born in 1947 and is an American national. She is a nutritionist and holds a Doctor of Science degree from Harvard University, School of Public Health, Nutrition Department (Boston, USA). Mrs. Kennedy is Professor of Nutrition at the Friedman School of Nutrition Science and Policy at Tufts University in Boston (USA) and Former Dean. Prior positions include Global Executive Director of the International Life Sciences Institute (Washington D.C., USA) and Under Secretary for Research, Education and Economics at the US Department of Agriculture. She has been a member of the United Nations Advisory Group on Nutrition and co-chaired the US National Nutrition Summit 2000.

Mrs. Kennedy is a member of the Steering Committee of the High Level Panel of Experts on Food Security and Nutrition of the United Nations Food and Agriculture Organization.

Mrs. Kennedy holds no DSM shares.

b. Reappointment of Victoria Haynes as a member of the Supervisory Board **Resolution**

According to the rotation schedule, Mrs. Haynes' first four year term expires in 2016. She is available for reappointment.

In accordance with Article 24, section 2, of the Articles of Association, the Supervisory Board nominates Mrs. Haynes for reappointment as a member of the Supervisory Board of DSM on the basis of her broad and in-depth applied technological knowledge in the fields of materials sciences, life sciences and biotechnology, her international business experience and her qualities as a Supervisory Board member as demonstrated during her past period as a member of DSM's Supervisory Board. Mrs. Haynes is an independent member of the Supervisory Board within the meaning of the Dutch Corporate Governance Code and Article 1.4 of the Supervisory Board Regulations.

It is proposed that the Meeting reappoints Mrs. Haynes as a member of the Supervisory Board of DSM in accordance with the nomination of the Supervisory Board for a period of four years with effect from 29 April 2016, ending by close of the AGM to be held in 2020.

Mrs. Victoria Haynes was born in 1947 and is an American national. She holds a PhD in Physical Organic Chemistry from Boston University (USA). Mrs. Haynes was the President and CEO of the Research Triangle Institute (RTI), an integrated multidisciplinary organization conducting research and providing services for the government, industry and universities in the areas of health, environment and education. Before that she was CTO and Vice President of the Technology Group of BFGoodrich Company.

Mrs. Haynes is a non-executive member of the Board of Directors of PPG, Nucor and Axiall, and a member of the U.S. National Academy of Engineering.

Mrs. Haynes holds 300 DSM shares.

c. Appointment of Pradeep Pant as a member of the Supervisory Board **Resolution**

In accordance with Article 24, section 2, of the Articles of the Association, the Supervisory Board nominates Mr. Pant for appointment as a member of the Supervisory Board of DSM. With his extensive knowledge and experience of bringing products and services to market across territories, in particular in the Asia-Pacific region, he will contribute to key areas of DSM's development as well as to the further internationalization of the company and its boards. Mr. Pant is an independent member of the Supervisory Board within the meaning of the Dutch Corporate Governance Code and Article 1.4 of the Supervisory Board Regulations.

It is proposed that the Meeting appoints Mr. Pant as a member of the Supervisory Board in accordance with the nomination of the Supervisory Board for a period of four years with effect from 29 April 2016, ending by close of the AGM to be held in 2020.

Mr. Pradeep Pant was born in 1953 and is a Singaporean national. He holds a Master of Management Studies degree from Mumbai University as well as a Bachelor of Arts with honors in Economics from the University of Delhi (India). Mr. Pant has over 37 years of experience leading brands and businesses in the Fast Mover Consumer Goods sector in both mature and emerging markets. He is a former Executive Vice President and President, Asia-Pacific, Eastern Europe, Middle East and Africa of Mondelēz International, where he oversaw the integration of major acquisitions as well as the successful transition from Kraft Foods to Mondelēz in 2012. Prior to this, Mr. Pant was regional Managing Director Asia, Africa and Middle East for the leading multinational dairy company Fonterra, before which he had a 19-year career at the Gillette Corporation spanning marketing, sales and general management across global emerging markets.

Mr. Pant is an Honorary Council Member of Food Industry Asia and an Advisory Board Member of the Lee Kong Chian School of Business at Singapore Management University. He is an Independent Director (non-executive) in the Statutory Boards of Max BUPA Health Insurance Co Ltd. (India), Antara Senior Living Ltd. (India) and Antara Purukul Senior Living Ltd. (India); all three companies not being listed. Mr. Pant is the owner and president of Pant Consulting Pte. Ltd.

Mr. Pant holds no DSM shares.

NOTES TO AGENDA ITEM 8

Remuneration of the Supervisory Board **Resolution**

Periodically the remuneration of the Supervisory Board is reviewed in order to assess whether it is still in line with market levels. The last increase of the fees of the Supervisory Board members was decided upon in the Annual General Meeting of Shareholders of 2012. A benchmark at the beginning of 2016 confirmed that the current fees (general and some committee fees as well as the international travel allowance) are relatively low compared to peers. An increase of the fees and the international travel allowance is desirable in order for DSM to be able to retain and attract highly qualified international Supervisory Board members.

The proposal is as follows:

Supervisory Board (SB) membership	Actual 2015 Remuneration per year	Proposed Remuneration per year
Chairman SB	€ 70.000	€ 85.000
Other members SB	€ 50.000	€ 60.000
Chairman SB Audit Committee	€ 12.500	€ 15.000
Member SB Audit Committee	€ 10.000	€ 10.000
Chairman SB Nomination, Remuneration and Sustainability Committee	€ 7.500	€ 10.000
Member SB Nomination, Remuneration and Sustainability Committee	€ 5.000	€ 7.000
International travel allowance*	€ 3.000	€ 4.000

* The international travel allowance to be granted for each meeting outside the residence continent of the relevant Supervisory Board member.

NOTES TO AGENDA ITEM 9

<u>Powers of the Managing Board</u>
In order to be able to: finance acquisitions in whole or in part through the issuance of shares, if necessary; service the option rights of DSM managers and employees; and make (interim) dividends available in the form of ordinary shares, it is desirable for the Managing Board to have restricted authority to issue ordinary shares and to grant options on ordinary shares.

In accordance with Articles 10 and 11 of the Articles of Association, the General Meeting, by virtue of the resolution adopted on 30 April 2015, has extended the period during which the Managing Board is authorized to issue shares and to limit or exclude the preferential right when issuing ordinary shares by 18 months. This authorization will therefore end on 30 October 2016 if it is not extended. The duration of the extension of this authorization is restricted by Dutch law to a maximum of five years. However, as in previous years, it is proposed that the authorization be extended to a date 18 months from the date of this General Meeting.

Resolutions whereby the Managing Board exercises these powers to issue ordinary shares and to limit or exclude the preferential right when issuing ordinary shares, are subject to approval by the Supervisory Board.

a. Extension of the period during which the Managing Board is authorized to issue ordinary shares **Resolution**

A proposal is submitted to the General Meeting to extend the period during which the Managing Board is authorized to issue ordinary shares, which includes the granting of rights for the taking up of ordinary shares as provided for in Article 10 of the Articles of Association, to a date 18 months from the date of this General Meeting (i.e. up to and including 29 October 2017), on the understanding that this authorization of the Managing Board is limited to a number of ordinary shares with a nominal value amounting to 10% of the issued capital at the time of issue, and to an additional 10% of the issued capital at the time of issue, if the issue takes place within the context of a merger or acquisition within the scope of DSM's strategy as published on DSM's website. The issue price will be determined by the

Managing Board and shall as much as possible be calculated on the basis of the trading prices of ordinary shares on the Euronext Amsterdam Exchange.

b. Extension of the period during which the Managing Board is authorized to limit or exclude the preferential right when issuing ordinary shares **Resolution**

A proposal is submitted to the General Meeting to extend the period during which the Managing Board is authorized to limit or exclude the preferential right when issuing ordinary shares, including the granting of rights for the taking up of ordinary shares, as provided for in Article 11 of the Articles of Association, to a date 18 months from the date of this General Meeting (i.e. up to and including 29 October 2017). The authorization is limited to the number of ordinary shares that the Managing Board is authorized to issue on the basis of the authorization referred to under agenda item 9a.

NOTES TO AGENDA ITEM 10

Authorization of the Managing Board to have the company repurchase shares **Resolution**

DSM considers it desirable to have flexibility with regard to the repurchase of its own shares e.g. to service share options granted to management and personnel, as part of a share buy-back program, or otherwise.

In accordance with Article 13 of the Articles of Association, the company may acquire its own shares by virtue of a resolution of the Managing Board, which resolution is subject to approval by the Supervisory Board. Under Article 98 of Book 2 of the Dutch Civil Code, this requires authorization by the General Meeting. The duration of such authorization is limited by Dutch law to a maximum of 18 months.

It is proposed that the General Meeting authorizes the Managing Board to repurchase shares, on the stock exchange or otherwise, as meant in Article 13 of the Articles of Association, for a period of 18 months from the date of this General Meeting (i.e. up to and including 29 October 2017), up to a maximum of 10% of the issued capital, provided that the company will hold no more shares in stock than at maximum 10% of the issued capital. The repurchase can take place – in the case of ordinary shares – for a price between the nominal value and the opening price on the Euronext Amsterdam Exchange on the day of purchase plus 10% and – in the case of cumulative preference shares A – for a price between the par value and the computation base referred to in Article 32, section 3, of the Articles of Association, plus 10%. The price range enables the company to adequately repurchase its own shares, also in volatile market conditions.

The authorization of the Managing Board to repurchase shares may be withdrawn by the General Meeting.

The proposed authorization will replace the authorization granted to the Managing Board on 30 April 2015.

NOTES TO AGENDA ITEM 11

Reduction of the issued capital by cancelling shares **Resolution**

The issue of shares, for instance in connection with the exercise of the option rights annually granted to DSM's management and personnel, may lead to dilution of the share capital. To the extent that DSM's financial position allows this and the possibilities therefore exist on the share market, this disadvantage for holders of shares shall be offset as much as possible by the purchasing and possible cancellation of shares in DSM's own capital. The authorization to repurchase own shares is requested under item 10 of the agenda. The Managing Board, with due observance of the provisions of Article 14 of the Articles of Association and with the approval of the Supervisory Board, proposes that the General Meeting resolves to reduce the issued capital by cancellation of shares held by the company in its own capital up to a maximum of the number that is or will be bought by the company. This will enable the company to further optimize its equity structure.

The number of shares to be cancelled under this resolution shall be determined by the Managing Board and shall be limited to a maximum of 10% of the issued capital as appearing from the Financial Statements for 2015. The amount of the capital reduction shall always appear from a resolution adopted to this end by the Managing Board, which will be filed at the Trade Register.

The capital reduction shall take place with due observance of the applicable provisions of Dutch law and the Articles of Association.

NOTES TO AGENDA ITEM 12 ***(WITHDRAWN)***

Amendment of the Articles of Association **Resolution**

The Amendment of the Articles of Association is intended to make a number of adjustments to DSM's Articles of Association which have been prompted by the following changes in the law:

- the Act of 6 June 2011 (which took effect on 1 January 2013) to amend Book 2 of the Dutch Civil Code *(Burgerlijk Wetboek)* in connection with the approximation of the rules on management and supervision in public and private companies (Management and Supervision Act *(Wet bestuur en toezicht)*); and
- Section III paragraph 2 of the Implementation Act Annual Accounts Directive (*Uitvoeringswet richtlijn jaarrekening*).

Furthermore the terms of the Cumulative Preference Shares A are amended. The full text of the proposal for the amendment of the Articles of Association is annexed to this agenda. A separate explanation of each amendment is provided below.

Management and Supervision Act

Pursuant to the Management and Supervision Act, *inter alia* the legal conflict of interest provision for members of the Managing Board is amended. Also, by this same Act, a conflict of interest provision for members of the Supervisory Board is introduced. The essence of both provisions is that a member of the Managing Board or of the Supervisory Board who has a direct or indirect personal interest in a subject which is submitted for decision-making, cannot take part in deliberating and decision-making on this matter if his personal interest conflicts with the interest of the company and the business connected with it.

In this regard, Article 19, section 5 & 6 *(new)* and Article 28, section 11 *(new)* are inserted. In view of the foregoing, a vacancy or inability to act provision is included in Article 28, section 12 and 13 (*new*) for the Supervisory Board, similar to the provision for the Managing Board in Article 22.

Furthermore, it is proposed to amend Article 20, section 4, which article reflects the legal representation provision that has meanwhile ceased to apply. Although members of the Managing Board with a (potential) conflict of interests are authorized to represent the company, the new clause allows the Supervisory Board to appoint other persons to represent the Company if the Supervisory Board feels that this is appropriate.

Implementation Act Annual Accounts Directive

Pursuant to Section III paragraph 2 of the Implementation Act Annual Accounts Directive (*Uitvoeringswet richtlijn jaarrekening*) the legal term annual report (*jaarverslag*) has been changed into the report by the Managing Board (*bestuursverslag*). Articles 1, 30 and 31 are brought in line with legal terminology.

Cumulative Preference Shares A

The Cumulative Preference Shares A (Cumprefs A) were created in 1996 through a conversion of ordinary shares held by the Dutch State to enable the latter to dispose of a last part of its participation in the Company without disturbing the market, while at the same time as a result of the reduction of the number of ordinary shares in the Company, the earnings per share for ordinary shareholders increased.

According to Article 32, section 3, of the Articles of Association the dividend percentage to be paid on the Cumprefs A is based on the effective return on nine to ten years Dutch government loans, increased or decreased by a mark-up or discount of no more than 100 basis points, to be determined by the Managing Board. Every ten years the dividend percentage is to be adjusted on the basis of the above-mentioned computation.

Based upon this formulae, the dividend percentage for the Cumprefs A over the last 10 year period has been about 4.3%, representing a dividend pay-out of about €10 million per year on a total dividend pay-out of about €300 million for this year. Due to the very low interest rates at this moment in time, the new dividend percentage for the coming 10 year period would end up at about 1.7%, which is far below market rates for cumulative preference shares.

It is DSM's policy to offer a fair dividend to all its shareholders by providing a stable, and preferably rising dividend. Consequently DSM wants to avoid that the Cumpref A holders are confronted with an unreasonably low dividend rate by deviating once from the above-mentioned computation of the dividend rate. It is therefore proposed to maintain the dividend percentage of the last 10 year period on the Cumprefs A for another period of 5 years and to set the next dividend adjustment date at January 1, 2021. In practice, this means that for the coming 5 years there is no change in the dividend pay-out to the Cumpref A holders.

In order to more adequately reflect future market circumstances, it is also proposed to reduce the adjustment period from 10 to 5 years after January 1, 2021.

Power of attorney

The proposed Amendment of the Articles also includes granting a power of attorney to every member of the Managing Board and every (deputy) civil-law notary, paralegal and notarial assistant at Allen & Overy LLP, Attorneys at Law, Civil-Law Notaries and Tax Consultants, in Amsterdam to have the deed of Amendment of the Articles of Association executed.