Q&A AGM Royal DSM 8 May 2020

We have received questions from Ms. Bosch on behalf of Robeco. These questions were also asked on behalf of Achmea Investment Management, NN Investment Partners, Triodos Investment Management, APG and MN. We also received questions from the VEB, VBDO and Mr. Stevense (Stichting Rechtsbescherming Beleggers).

Please find the questions and our answers below, clustered by agenda item and theme. Where similar questions have been asked, the questions have been bundled and one reaction is given.

Agenda item 2: Annual Report for 2019 by the Managing Board

Covid-19 and Strategy questions

Question from Ms. Bosch (Robeco, also on behalf of Achmea Investment Management, NN Investment Partners, Triodos Investment Management, APG and MN[1]): We would like to acknowledge DSM's timely response to minimize the impact of COVID-19 crisis in your business, whilst we appreciate the company's commitment to continue providing products that contribute to vital needs in these times, such as medical supplies.

DSM's product portfolio in the Nutrition cluster is particularly well positioned to meet current societal needs. Does DSM foresee further adaptation of its strategic focus on this product portfolio in light of how demand is evolving due to the COVID-19 crisis?

Question Mr. Stevense (SRB): Both "CEOs" will continue the strategy of the past 13 years for the time being. However, they have their own view and dynamics. The world looks different after the Corona crisis than it did when Mr. Sijbesma was Chairman of the Managing Board. Can we expect a strategic reorientation later this year (possibly in the fall)?

Answer: Both Co-CEO's have been deeply involved in developing DSM's current long-term strategic plan and the CEO change therefore doesn't trigger a strategic review. And indeed, DSM's product portfolio and innovation pipeline is well positioned to meet current, and more importantly future societal needs and mega trends.
The strategy related to 3 focus domains is still valid. With current Covid-19 conditions the Nutrition & Health focus domain is indeed even gaining in strength and DSM should seize this, the Resources & Circularity focus domain is key to re-use waste as an input, this both makes sense economically as well as from a sustainability perspective, and finally Climate & Energy is the next crisis around the corner. People today, with lockdowns in many countries, now see cleaner air, cleaner water… therefore we call to action to recover in a green way… we support the Green recovery.
We stay focused on our long-term strategy to deliver above-market growth in both Nutrition and Materials, pursuing our innovation programs and growth initiatives, supported by the execution of our self-help actions.

Question Mr. Stevense (SRB): DSM is a financially strong company with a substantial war chest. This is despite the fact that after the takeover of Glycom the bank debt increased by € 300,000. Nevertheless, we wonder about the very uncertain time we're currently in and looking to see if DSM has taken a

[1] In the remainder of this document we will refer to questions asked by Ms. Bosch (Robeco) when referring to the questions asked by Ms. Bosch (Robeco, also on behalf of Achmea Investment Management, NN Investment Partners, Triodos Investment Management, APG and MN).

Corona stress test to get a picture of debt and liquidity, cash flow and cash for the interest rate obligations and debt repayments and crisis resilience of the business model. If so, have you involved various scenarios and is the continuity of the company guaranteed in the worst-case scenario? What far-reaching measures may be necessary?

Answer: The largest impact of COVID-19 is in DSM's Materials businesses. DSM's Materials saw a negative impact of about 7% of sales in Q1 with the main effect at the end of the quarter as customers' operations were severely impacted by COVID-19 measures especially in Europe and North America. As these measures continue into Q2, DSM is taking actions in Materials to limit capital expenditure and operating costs to protect its earnings and cashflow without compromising the medium- and long-term potential of its businesses.
The Nutrition business overall -representing more than 70% of DSM's Adjusted EBITDA- has not experienced a negative impact from COVID-19 and DSM expects Nutrition to deliver at least a mid-single digit increase in Adjusted EBITDA for 2020 compared to prior year.
DSM continues to benefit from a strong balance sheet and available liquidity, with Q1 2020 Net Debt to EBITDA of 0.8x, strong cash generation and committed, undrawn revolving credit facilities of €1.5 billion. These facilities, comprising a €1 billion revolving credit facility maturing in 2025 and €500 million new revolving credit facilities concluded recently, are not subject to any financial covenants or a MAC clause. Additionally, the company has no bond maturities in 2020 and 2021. DSM remains committed to maintaining a strong investment-grade credit profile.

From the VEB Letter on general points of attention in times of crisis:
Additional assessment by the auditor
In the short term, it is also of the utmost importance for investors to understand the state of the company and the impact of the crisis on operational and financial management. That is why the VEB asks to also give the transparency offered with the annual figures when the half-year results are published. These include liquidity forecasts, (adjustments to) financing and forecasts, the sustainability of goodwill and provisions. The VEB stresses the importance of having this information examined by the auditor. This means that the auditor has to issue a statement to the half-year results, which the Audit Committee has to commission. The VEB is also requesting the auditor for a new continuity statement based on the half-year results, by which the auditor gives his opinion on the viability of the company over the next 12 months.

Reaction: Transparent and reliable financial and management reporting is for DSM of critical importance, not only during this crisis, but in all circumstances. Our external reporting, which includes the half year report, contains and will contain management's best estimates of the impact of the COVID-19 crisis on DSM's financial position and operations, given the uncertainty at hand.
Our external auditor has made us aware of the possibility to carry out a half year review, however we believe that because of DSM's accounting principles and practices, the current state of DSM's financial and operational situation, as well as through the frequent interactions with our external auditor during the year (an audit does not only take place at year end) our investors can be assured of reliable and transparent interim financial reporting. Therefore we do not see the need for a half year review by our external auditor.

Question VEB: Given the current crisis, in what way and to what extent is DSM considered to be a vital company? What are the implications on the supply chain for the several activities of DSM?

Answer: Much of what DSM does is considered vital by national governments as DSM is an essential contributor to the ongoing supply of food, feed and medical equipment and an important link in the supply chain of other vital products. DSM's facilities are typically permitted to keep operating during lockdown situations. As a result, DSM's production sites have remained open and DSM continues to supply its customers.

Question VEB: DSM continues to be active in both Nutrition and Materials. In what ways does the Nutrition segment benefit from having an in-house Materials segment? And if any, can DSM quantify this benefit?

Answer:
- DSM's Nutrition and Materials activities share science-based competences especially in chemical synthesis and biotechnology. They reinforce each other in innovations in products and production processes.
- We don't quantify this benefit, but it makes DSM better positioned to capture value-adding growth opportunities arising from global megatrends and the Sustainable Development Goals across Nutrition & Health, Climate & Energy and Resources & Circularity.

Question VEB: DSM targets high-single-digit Adjusted EBITDA growth over 2019 -2021. Last year DSM reached 10% growth but is likely to witness no EBITDA growth this year. Therefore, DSM would then need to grow double-digit in 2021. Do you still re-iterate your target, or has that now become out of reach?

Answer: As stated in the first quarter press release: there is considerable uncertainty as to how the COVID-19 pandemic will develop and what will be the global ramifications. Within this context, DSM expects Nutrition to deliver at least a mid-single digit increase in Adjusted EBITDA for 2020 compared to prior year, but given current limited visibility in Materials it feels prudent not to express an overall earnings outlook at this time.
Within that context, DSM can't make a statement on its Strategy 2021 financial targets at this moment in time. However, the fundamental growth drivers of the company, based on the global mega trends, remain fully in place. With DSM's unique business model and the big innovation tickets coming to market, DSM is very well positioned to execute its long-term growth strategy and deliver strong financial earnings growth.

Question Mr. Stevense (SRB): You have a large part of the factories in China. Will there be a strategic change given what happened in the past year? First the trade war by Trump and later the Corona crisis? Is it not wise to close some of the factories and move production to India and Europe and/or America?

Answer: DSM's Chinese production and sales volumes are more or less in balance. DSM doesn't have a net export position from China. China is an important market for DSM, both for Nutrition and Materials, and to service this market you need to have a local infrastructure.

Question Mr. Stevense (SRB): The success of DSM largely depends on patents. Good permanent protection is important. Law suits have been filed against several patents, such as patents for vitamins and enzymes. Well-known are the law suits against Anhui Tiger over vitamin H and Novozymes and Univar over the lactase preparation Maxilact. But also in the field of Dyneema technology, a well-known law suit is that against Honeywell about the synthetic fiber Dyneema.
These kinds of law suits are always surrounded by uncertainties and cost a lot of time and money. Can you indicate how much costs you make in money and/or time on average per year? Can you indicate a percentage of the extent to which the return on these products is being negatively impacted? Are you in extra danger in case of a possible partial departure from China?

Answer: As a science-based company, protecting our innovations through patents and enforcing compliance is part of our long-standing business practice. Spending an amount of about 5% of our total revenues on R&D, it is prudent to protect our intellectual property rights against third parties.

Once in a while that requires legal procedures, while it also creates awareness that DSM is serious about protecting its intellectual property. The total financial costs incurred in these kind of legal procedures are comparatively small relative to the size of the company.

Nutrition

Question Mr. Stevense (SRB): With premix you can mix according to the customer's wishes or based on a proposal to a customer, with possibly added innovative new ingredients. In that case you answer the customer's question. Can one combine both, than one is even more successful. Can you say how the return on these closer ties with customers that have arisen within the premix activities has increased outside of mixing only on the basis of the customer's proposal?

Answer: DSM increasingly offers its nutritional ingredients through complete premix solutions which make it easier for its customers to incorporate the right composition and quality of a large number of nutritional ingredients in their products. In Animal Nutrition about 2/3 of volumes are sold as a premix from DSM's 46 premix facilities around the world. Human Nutrition's 15 premix facilities are responsible for about 25% of volumes sold.
Premix customers highly value the support of DSM's nutritionists / veterinarians, enabling DSM to create more value through these sales channels.
DSM's premix offerings are flexible and the customer can decide what kind of premix services they want to take from DSM.

Animal Nutrition

Question VEB: Sales of Animal Nutrition to swine businesses in China and Southeast Asia were impacted by the African swine fever (ASF), In the fourth quarter, animal nutrition realized a 2% organic growth, reflecting an estimated impact of the African swine fever of about 3%. When should we expect the impact of the African swine fever to disappear?

Answer: The effects of the African Swine Fever in China and Southeast Asia started to recede by the end of 2019. DSM reported sales growth for Q1 to the swine businesses in the region. The rebuilding of the swine population in the region will be gradual but significant given the devastation caused by the disease. This growth is predominantly happening at larger professional farming operations. Going forward, this trend will continue to benefit DSM's ever-expanding portfolio of higher value-added nutrition solutions.

Question VEB: Last year DSM strengthened its position in vitamin E by creating a 75:25 partnership with Chinese competitor Nenter. Does this reduce competitive pressures and alter the outlook for vitamin E prices? And to what degree does the risk of increased competition remain?

Answer:

- Vitamin E is an essential backbone of DSM's animal nutrition premix solutions. This partnership avoids the need for a (future) major investment in a new Vit E facility for DSM or DSM becoming dependent on Vitamin E supplies from its competitors, which could be challenging from a security of supply and quality perspective, considering that DSM's primary sales channel for Vitamin E is based on its high quality premix solutions.
- This partnership has not changed the competitive landscape and market dynamics for vitamin E. DSM is the only vitamin E producer that sells this product via its premix solutions.

Question Mr. Stevense (SRB): You are developing an animal feed additive that ensures less methane emissions in cows. Has this gained momentum now that the livestock farmers are squeezed between the possibilities of the companies and social pressure due to nitrogen emissions?
To what extent will this product contribute more than average to the turnover growth or the result? Or will extra development costs weigh more heavily for a while so that there will temporarily be more turnover, but the result will still be under pressure?

Answer: There is increasing recognition of the environmental impact of animal farming and therefore also for innovative solutions from DSM that can reduce e.g. nitrogen or methane emissions of animals. Regarding methane emissions from cows, DSM has registered a product that reduces these methane emissions up to 30%. DSM expects to get the EU regulatory approval by the end of this year or early next year, allowing DSM to start the commercialization of this product. DSM foresees a large potential market for this product.
The R&D development costs of these kind of solutions are within the targeted range for R&D costs of about 5% of DSM's total revenues.

Human Nutrition

Question VEB: A growing proportion of DSM's Human Nutrition & Health revenue - more than 40% - comes from custom nutrient premixes, market-ready solutions, and direct -to -consumer products. As you are selling more complete solutions instead of single ingredients, do you see customers becoming more reliant and are you able to charge higher prices?

Answer: Yes. Solution-selling typically creates more value for the customer and generates higher margins for DSM.

Question VEB: The world's largest infant milk formula (IMF) companies (Abbott, Danone, Nestle, Reckitt, etc.) depend on a differentiated formula offering enabling them to charge premium prices.

> Is it correct to say that IMF companies (up to a certain degree) depend on DSM and competitors for innovative products?
>
> **Answer:** Depend is not the right word in this context, but they value science-based suppliers like DSM that can help them to innovate their products and make a difference.
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> If true, what does this mean for the bargaining position for DSM against IMF companies? How likely are IMF companies to remain loyal to DSM in the years to come? How many IMF companies decided to switch supplier in the recent past?
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> **Answer:** DSM has a long-standing relationships with IMF companies and typically supplies them under multi-year supply agreements.
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> With the recent acquisition of Glycom A/ S, DSM can add human milk oligosaccharides (HMO) to its Early Life offering. Does DSM believe this will further strengthen its bargaining position by having a complete offering towards IMF's?
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> **Answer:** It's not the bargaining position but the role we can play as a value partner to our customers in a broad spectrum. The acquisition of Glycom has strengthened DSM's position as a supplier of Early Life Nutrition products.

Question VEB: At the beginning of 2020, DSM acquired Glycom A/S for 765 million euro, paying 21x EBITDA. That is a pretty-hefty multiple although Glycom realized a high EBITDA-margin. Can DSM share its expectations of this acquisition in terms of value creation? When does DSM expect to see ROIC above WACC from this acquisition, and what organic revenue growth rate do you foresee in the coming years?

Question Mr. Stevense (SRB): In Denmark, you have acquired Glycom, a smaller Danish player in the field of special nutrients (healthy carbohydrates), for € 765 million, with 10X turnover and 20X EBITDA 2019 (Enterprise Value). At first glance, a relatively pricey acquisition. This price was worth it to you because of the expected, strong growth rate. The company has only one customer, Nestlé. That will remain a customer for the foreseeable future. We wonder whether Nestlé was interested in the company and did you have to outbid Nestlé?
Does Nestlé have an agreement with Glycom that the company should only supply Nestlé and not competitors? If not, what are the short-term opportunities to broaden the market and accelerate revenue growth?
What are the chances that Nestlé will continue to purchase the product in the more distant future? Will Nestlé remain involved in new product innovations? You say that the product can be made suitable for children and adults, medicinal food and animal feed. Why did the Danes not realize this market expansion, assuming they saw these opportunities?

Answer: Glycom is an attractive business with very valuable IP, innovation pipeline and customer base. The business has high EBITDA margins and DSM expects this business to show continued strong growth in coming years. Glycom further strengthens DSM's unique position in Early Life Nutrition.
DSM expects this business to generate good shareholder value. This acquisition is expected to represent an EV/EBITDA multiple of 15x based on the 2021 EBITDA. Contribution to DSM's Earnings Per Share is expected to be €0.10-0.15 in 2021.
Glycom's sales in 2019 were pre-dominantly generated with Nestlé and this company will continue to be an important customer in the future. The Nestlé contract is a mutually beneficial long-term contract with firmly committed volumes also covering the mid-term horizon.
DSM/Glycom will offer their (HMO) products also to other Early Life Nutrition producers.
Being a relatively small company, Glycom missed the scale and resources to expand its product ranges and to introduce its products outside Early Life Nutrition in other Human Nutrition & Health segments. This is where DSM comes in and will create strong synergetic value for both companies.

Materials

Question VEB: The Materials segment consists of three business units Engineering Plastics (51% of revenue), Dyneema (12%), and Resins and Functional Materials (37%).

> DSM's Dyneema benefits from patent protection. Do other business units within Materials benefit from having a competitive advantage? If so, in what specific ways?
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> **Answer:** All three businesses benefit from a range of patent(application)s. Their portfolios of specialty materials on the basis of which these businesses develop specific (new) applications in close cooperation with their customers, provide them with a competitive advantage. All three businesses have leadership positions in their industries.
>
> Would DSM be willing to divest business units of Materials like Dyneema or Resins and Functional Materials if a strategic buyer is willing to pay a good price? Or are there reasons to keep these business units together (for example, synergies)?

Answer: All three businesses contribute to DSM's growth ambitions offered by the global megatrends and the UN Sustainable Development Goals (SDGs), with emphasis on Nutrition & Health, Climate & Energy and Resources & Circularity. As indicated in DSM's strategy, it is the company's goal to further evolve into a Nutrition, Health and Sustainable Living company.

Question Mr. Stevense (SRB): In Materials you have shifted further to high-quality products. Given the erratic course of organic growth in the past, and in particular the price / mix effect, you still remain vulnerable to cyclical changes in the major end markets such as the automotive industry, construction and electronics. Here you are increasingly affected by weakening growth in, among others, Germany. However, the organic shrinkage of 8% in Materials gives cause for concern. The further deterioration puts pressure on achieving the outlook such as the growth of the EBITDA by ± 5%.
Can you take us along on your journey to a lower economic sensitivity through high-quality products?

Answer: We are further future-proofing our Materials business by aligning it toward Sustainable Living, in line with our key focus domains of Climate & Energy and Resources & Circularity.

This will further develop Materials into a *high-growth, higher-margin specialty business*, delivering above-market organic growth, focused on Improved Health & Living, Green Products & Applications and New Mobility & Connectivity.
- In Improved Health & Living, we are focusing on the increasing demand for advanced healthcare applications. In addition, we offer solutions that enhance end-user safety and health conditions.
- In Green Products & Applications, we are providing solutions that enable customers to cut emissions by using materials that are lighter, stronger, more efficient and more sustainable. We are also increasingly focusing on bio-based, recycled, and fully recyclable solutions.
- In New Mobility & Connectivity, we are targeting materials that support the transition from fossil fuel to electric automotive power. We are also addressing the growing need for increased connectivity between products, devices and applications.

M&A

Question VEB: In September 2019, DSM was rumored to explore a bid for Dupont's Nutrition unit, valued at an estimated 26 billion dollars. Now that Dupont has merged with IFF, are you in a position to confirm your earlier interest in this acquisition candidate? Why did DSM step out of the race? In case there was no interest, can you explain why not?

Answer: DSM doesn't react to rumors in the market and generally does not share this kind of information.

Question VEB: DSM continues to have a strong balance sheet (0.7x 2019-end net debt/Adjusted EBITDA) after acquiring Glycom A/Sin February 2020. Does DSM still consider acquisitions? And up to what level are you willing to go in terms of the size of potential candidates? Would you prefer bolt-on-acquisitions, or would a large deal also be an option?

Answer:
- DSM primarily focuses on organic growth, but where appropriate could strengthen this inorganically through acquisitions, predominantly in Nutrition.
- DSM's balance sheet is strong enough for additional M&A even in the current economic environment. Mid-term DSM targets a leverage of 1.5-2.5 x Net Debt/EBITDA with a high investment grade credit rating.
- DSM prefers not to share its M&A strategies publicly.

Sustainability

From the VEB Letter on general points of attention in times of crisis:
Climate commitments
In its annual key themes letter, the VEB called on companies to provide a detailed overview of risks and opportunities arising from climate change and its impact on the business model. Due to the current crisis the attention of companies for this transition is at risk of being delayed, which makes the consequences more severe and the mitigating measures more costly. The VEB therefore still expects companies to provide a detailed overview of the risks and opportunities arising from climate change and which can be expected to affect the business model (in the long term). In doing so, the association also asks for an insight into the impact of the current crisis on the commitment to and timing of previously communicated climate-related objectives.

Reaction: DSM was engaged with climate related disclosures already before the publication of the recommendations by the TCFD (Task Force on Climate-related Financial Disclosures) and we were among the first 10 companies to commit to implementing the TCFD recommendations within 3 years at the WEF Sustainable Development Impact Summit in Sept 2017. We provided our second overview of how we are reporting against the TCFD recommendations in the 2019 Integrated Annual Report and we will continue to improve and expand on our disclosures over the coming years.

We aim to integrate climate risks and opportunity identification, assessment and management as an integral part of how we manage our business and so, as an integral part of our corporate strategy. As climate change and related impacts remain uncertain, we continuously monitor climate change adaptation and mitigation risks and opportunities. Where appropriate we will adjust our plans and strategy, whilst not losing sight of our long-term ambitions and commitments. Already for many years, we have deployed various initiatives aimed at improving our own footprint, enabling our customers to do the same, and advocating for a low-carbon future. We are currently working on our project to develop heat maps for physical climate risks, and we intend to begin a similar project addressing transition climate risks shortly. More information on these will be disclosed in the coming period.

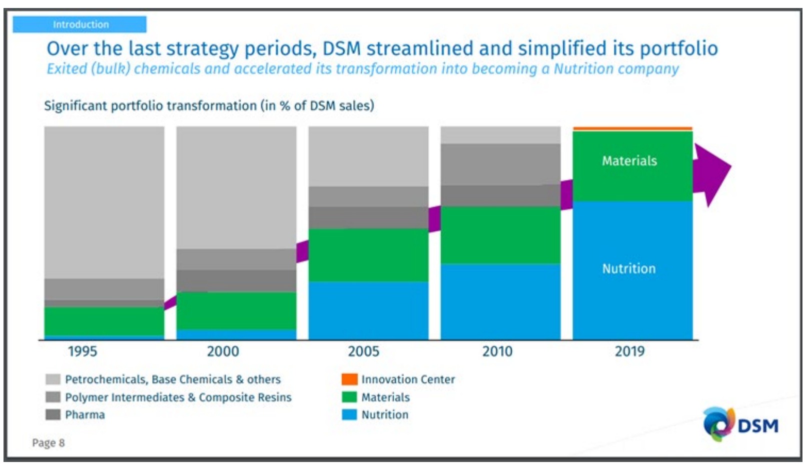
Question VBDO: VBDO is very pleased to read that DSM has appointed a Finance Director to lead the Task Force implementing the TCFD recommendations. The Task Force, consists of representatives from different departments (finance, risk management, IR and purchasing) who work together to determine what is required to comply with TCFD. In line with the working group, DSM has started a project to gain insight into physical climate risks based on two different climate scenarios. When will the results of the climate risk scenario analysis be published? Will the risks for DSM customers and the wider community surrounding production locations also be taken into account?

Answer: The physical risk assessment will be executed in phases, initially looking at DSM's own footprint, with a focus on material sites. In the next stage this will be extended to other partners in our value chain, both upstream and downstream. We will disclose information relevant to our stakeholders relating to the choices that have been made in the coming annual reports. In our public disclosures, we will be guided by the recommendations of the TCFD. DSM engages with partners along our supply chains on climate-related topics and we believe that companies should take these assessments into account.

Question from Ms. Bosch (Robeco): DSM aims at net zero carbon emissions in 2050, with a target of 30% by 2030 compared to 2016 levels. The EU Green Deal is at the moment aiming at 50+ % reduction in 2030 compared to 1990 levels and net zero in 2050.

DSM stated earlier that its targets are in fact Paris aligned. Are these targets also aligned with the provisional EU Green Deal emission trajectory for 2030?

Answer: DSM fully supports increasing the EU 2030 target to set the region on a NetZero pathway and we have already made our own commitment to reach NetZero across our operations and value chains by 2050, being one of the first companies to do so. We are already assessing how we will deliver on this.
Our target is to reduce emissions from operations by 30% in absolute terms by 2030 compared to 2016, and indirect value chain emissions by 28% per ton of product produced in the same period. These targets are validated by the Science Based Targets initiative to deliver our contribution to the Paris Agreement, and are a key milestone on the pathway to NetZero. As you can see in the graph below, DSM was a completely different (Petrochemicals) company in 1990 with significantly higher emissions. For DSM today, being a Nutrition, Health and Sustainable Living company, any comparison with 1990 is not meaningful. For this reason, we cannot make a direct comparison of our emissions trajectory and ambitions versus the EU Green Deal ambition of 50%+ by 2030 compared to 1990 levels.



DSM is member of RE100, aiming at sourcing 100% of electricity from renewable sources, and the company has committed to source 75% by 2030. Is DSM prepared to commit to 100% by 2030, like some of its peers already did?

Answer: At the moment, our commitment remains to source 75% of our electricity from renewable sources by 2030 and to aspire to reach 100% at the earliest possible opportunity. This is already a step up on our previous commitment of 50% by 2025. In order to realize these ambitions we give preference to PPAs and new assets. For example, our two most recent PPAs in Europe and the US, representing approximately a quarter of our total electricity consumption and the largest we have settled to date, enables the construction of new wind and solar assets in Spain and the US.

Question VBDO: The annual report states that 95% of tenders at Tier 1 suppliers meet the expectations in DSM's Supplier Code of Conduct. This has been shown in a sustainability assessment by EcoVadis / Together for Sustainability (IAR, page 153). VBDO is pleased to read that DSM has achieved such a high percentage and is actively trying to improve the sustainability performance of its suppliers. VBDO notes that the results of the supplier benchmark EcoVadis are not accessible to external stakeholders. Can DSM promise to provide more transparency about the results of the EcoVadis assessments, about working conditions and human rights in the chain (possibly in a sector context)?

DSM will engage further with EcoVadis and our peers in Together for Sustainability to see what additional transparency we can provide about the assessment and the performance of our supply chain. Any additional information that could be provided on performance would address the overall performance of our supply chain on this theme.

Question VBDO: VBDO would like to compliment DSM on the publication of "The world needs science and science needs women" report, which clearly shows DSM's message on gender equality. VBDO is pleased to read in the annual report that DSM reports on the gender pay gap for the entire organization and the further focus in 2020 (IAR, pages 44-45). Remarkably, the wage difference across DSM's entire workforce is in favor of women, because relatively more men are in lower paid positions (AR, 44-45). Is DSM prepared to provide insight into the possible gender pay gap (mean and adjusted) for various layers within the company by 2020 and to report on corrective actions to ensure equality?

Answer: DSM is already looking into the gender pay gap at all layers of the organization, but this will need further analysis and validation before the results are shared within the company, and will be reviewed and assured by our auditors before we would be able to share it with our external stakeholders. It is too early to draw any further conclusions from the analysis performed so far. Any additional learnings from further analysis will be converted into action plans, including ensuring that our rewards and talent management strategies are properly aligned and implemented across the company.

Agenda item 3: Remuneration Report 2019

Question from Ms. Bosch (Robeco): The Remuneration Committee currently does not disclose the actual targets attached to each performance metric in the variable pay as this is classified as commercially sensitive information. The vesting scheme disclosed for most of the performance metrics under the Long-Term Incentive plan provides some guidance on the targets considered by the Remuneration Committee.

Could DSM consider disclosing the performance range assessed for those metrics under the Short-Term Incentive, as similarly described under the Long-Term Incentive?

Answer: DSM operates on a principle of maximum transparency, within the limits prompted by business sensitive information. Disclosure of business sensitive information is obviously not in the interest of our stakeholders.
This year DSM introduced five categories of target realization to further enhance transparency: not achieved (zero pay-out); below target, at target, above target and maximum pay-out. DSM is committed to further explore possibilities to improve insight into achievements of the performance targets, while taking into account said limits.

Question VEB: Is the Supervisory Board considering using its discretionary power to reduce or slash all or any variable payment components for 2020, for instance, because the pay-for-performance relation is weaker than ever in the current turbulence?

From the VEB Letter on general points of attention in times of crisis:
Refraining from awarding variable remuneration
Like other stakeholders, shareholders have an interest that companies are able to maintain their business (model) as best as they can. Shareholders understand that actions are required in this respect, even if this means that forecasts are broken and decisions re. capital allocation may differ on the short term (e.g. cancel dividend payments). The VEB also expects a commitment from companies. That is why we make an appeal to all listed companies to refrain from any variable remuneration this year. As the SB holds discretionary power, this could easily be implemented.

Reaction: Today, we are all facing unprecedented times due to the Covid-19 pandemic. DSM's main focus has been and will continue to be the health and safety of its employees as well as business continuity to be able to serve its customers and society at large. All our people are working to the best of their abilities to meet business needs and to adapt to the changing circumstances.
It is too early to assess the total impact of Covid-19 on our business and hence on remuneration in general and the achievement of targets underlying our incentive programs in particular.
Targets are set well ahead of the performance period, and although the circumstances changed, we have not lost sight of financial and sustainability goals set for 2020 and beyond.
As stated in DSM's Remuneration policy, DSM acknowledges the societal context and the interests of **all** stakeholders in remuneration decisions to be made. Any remuneration decisions will be made in that context, if and when required.

Agenda item 7.a.b.c.: Reappointments of Rob Routs, Eileen Kennedy and Pradeep Pant as members of the Supervisory Board

Question Mr. Stevense (SRB): We would like to hear an extensive motivation from Mr. Routs and Mr. Pant and Ms. Kennedy why DSM is such an interesting company and what motivates them to stand for election as a new member of the Supervisory Board.

Answer: We have asked each of them to share their motivation during the AGM.

Agenda item 7.d.: Appointment of Thomas Leysen as a member of the Supervisory Board

Question Mr. Stevense (SRB): We would like to know from the Supervisory Board how the application procedure went? How intensive and careful the process has been to be able to make a well-considered choice. Have you started looking for yourself, did you use a headhunter or did you hire an Executive search agency? What was the assignment to the headhunter? Did you have a large list, how big was it, how did the procedure go to select good candidates? Was a shortlist of candidates then drawn up? Were these discussed in a small committee and did this lead to the selection of a limited number of candidates? Have interviews then been held with these candidates by each of the Supervisory Board members separately?

We would also like to receive some more detailed information about the research conducted by Mr. Leysen into the background and organizational aspects at DSM. How careful was the process that you went through? How did the discussions with the members of the Managing Board and the Supervisory Board go? Did you look back, but also look to the future prospects, strategy and expectations that both Boards have? How extensively have these things been discussed? What do you intend to add to ensure that both Materials and Nutrition both pay off well so that investors do not feel like asking DSM's management to split up the company? Have you spoken to the accountant?

What does Mr. Leysen do with his DSM shares, as it is customary in the Netherlands that Supervisory Board members do not hold shares in the company of which they are a Supervisory Board member?

Answer: Whenever the Supervisory Board nominates a new member for appointment, this is the end of a process that typically includes a review of the profile of the Supervisory Board in connection with the rotation schedule of the Board. Usually a search firm is involved and based on the profile indeed one goes from a long list to short list. Sometimes also candidates are brought forward through the own networks of the Supervisory Board members. The Nomination Committee is responsible for this preparatory process and typically also the Nomination Committee members will be the ones to interview potential candidates. Depending on the area of expertise also other Supervisory Board members can be involved in the interviews.

As to the questions to Thomas Leysen, we have asked him to answer these during the AGM while he briefly introduces himself to the shareholders.

As far as Thomas Leysen's share ownership is concerned, please note that while it might not be customary in the Netherlands for Supervisory Board members to own shares in the company of which they are a Board member, DSM actually welcomes this. We believe that this emphasizes their confidence in the strategy of the company. There is of course however no obligation whatsoever for Supervisory Board members to hold shares, this is their own private decision. We do not believe however that being a shareholder will impact the independence of a Supervisory Board member. Shares may only be held as a long-term investment (this rule is also incorporated in our Regulations and in the Dutch Corporate Governance Code) and shares are not part of the remuneration of the Supervisory Board, hence their remuneration is not linked to the performance of the company. Furthermore, the Supervisory Board is obviously bound by the DSM rules concerning insider trading.

Corporate governance

Question VEB: CEO Feike Sijbesma handed over his responsibilities to Mrs. Matchett and Mr. de Vreeze as Co-CEO's in December 2019. SAP last month abandoned its dual-CEO structure, less than six months after it embraced this specific leadership model, as the company seeks to simplify its leadership structure amid the coronavirus pandemic.

Is the concept of a dual-CEO structure one that DSM supports in the long run?

Answer: With the announcement of the succession of Feike Sijbesma and the introduction of the Co-CEO model as per February 15, 2020, the DSM Supervisory Board explained its choice for this model. After careful consideration, the Board concluded that they had the very best candidates for Feike Sijbesma's succession in-house. The dual leadership structure is rooted in the long history of collaboration between and complementarity of Geraldine Matchett and Dimitri de Vreeze, and is expected to create a strong basis for continued profitable growth. The Supervisory Board has seen them working together and believes the Co-CEO structure will ensure the continued successful development of DSM, with profitable growth, delivering on its promise as an innovative science-based company with a positive impact on the world.

In its message to the market of December 2nd 2019, DSM emphasizes the relation between the dual CEO-structure and the reappointment of Mr. Routs for another two years. This implies differences in terms of transition in this case (with two insiders) compared with the nomination of one new CEO. Could you elaborate on these differences?

Answer: At DSM we believe it is good practice that the CEO and Chair of the Supervisory Board do not rotate off simultaneously. This is why the Supervisory Board has nominated Rob Routs for another two years term. This good practice is not connected to the Co-CEO model and would have also been applied should Feike Sijbesma have had one successor.

Who has the decisive vote at DSM when faced with complicated corporate issues?

Answer: Geraldine Matchett and Dimitri de Vreeze run the company together. They will ensure to always take decisions on time, and in doing so build on each other's strengths.

Question from Ms. Bosch (Robeco): We recognize Mr. Sijbesma's leadership in driving DSM's transformation and successes throughout the last decade. For that reason we would like to thank Mr. Sijbesma for all his work over the last years and wish him the best of luck in his future endeavors. We look forward to witness how Ms. Matchett and Mr. de Vreeze continue to drive the company with similar success.

Mr. de Vreeze and Ms. Matchett retain their responsibilities as COO and CFO respectively in the current dual leadership structure. Could you explain their individual executional responsibilities as co-CEOs, apart from operational and financial matters?

Answer: As Co-CEO's, Geraldine Matchett will focus on financial management and capital markets communication, capital allocation, talent and culture development, as well as digital strategy and new ways of working. Also legal and compliance, communications, global marketing and IT and shared services are part of Geraldine Matchett's responsibilities.
Dimitri de Vreeze will focus on operational delivery, SHE, customer centricity, driving growth and efficiency as well as innovation and R&D programs. Which means all DSM's businesses as well as DSM's Innovation Center report to Dimitri de Vreeze, and he is responsible for Operations & Responsible Care, Sourcing and Sustainability.
Jointly they are accountable for the management of the company and will drive the purpose led, performance driven strategy and M&A agenda.

From the VEB Letter on general points of attention in times of crisis:
Reducing additional positions
The crisis heavily impacts the efforts and involvement of Managing Board and Supervisory Board members. The frequently criticized accumulation of positions is now pinching like never before. That is why the VEB calls on Managing Board members to reduce their additional positions to one. The association also calls on Supervisory Board members to consider which positions they could step away from in due course.

Reaction: At DSM we attach great value to good corporate governance. For this reason, the number of outside positions of our Managing Board members as well as the number of positions of our Supervisory Board members is well in line with best practices. We do not experience any issues in terms of time spent with respect to the portfolios of our Managing Board and Supervisory Board members. We feel, especially in these special times, it would be irresponsible to step down from existing engagements instead of being there and helping navigate these special times.