Q&A AGM Royal DSM 6 May 2021

We have received questions from Mr. Van Esch on behalf of Robeco. These questions were also asked on behalf of APG, Menzis, MN and NN Investment Partners. We also received questions from VBDO, Mr. Stevense (Stichting Rechtsbescherming Beleggers), VEB and Mr. Ausems and Ms. Herzberg.

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 3: Annual Report for 2020 by the Managing Board

Question from Mr. Van Esch (Robeco, also on behalf of APG, Menzis, MN and NN Investment Partners[1]): At the strategy update, you mentioned that M&A in digital and bioscience could support execution of the strategy. Can you explain the added value of such an M&A?

Answer: DSM has a growth strategy, primarily focusing on organic growth in which our innovation pipeline plays an important role. Capex for organic growth is our first cash allocation priority. Second is our stable preferably rising dividend commitment. Value creating M&A to further strengthen our businesses is the third priority and is targeted predominantly in Nutrition to expand our positions in Global Products, Local Solutions and the new areas of Digital and Bioscience. In this new area we are expanding for instance in precision farming and the personalization in human nutrition, moving closer to the end-consumer. This expansion can be done via our own innovation platforms and M&A, but also through Venturing investments, which can bring us access to pioneering sciences and technology, enabling us to build data-driven platforms that link to DSM's capabilities and products. An example is Hologram Sciences, DSM's consumer-facing company that will create brands for various specific health conditions. By combining health diagnostics, digital coaching and personalized nutrition, Hologram Sciences will provide consumers with more holistic solutions to manag their health.

Question from VEB: The American International Flavors & Fragrances (IFF) completed the acquisition of DuPont's food ingredients division. Did this acquisition up to had an impact on DSM's competitive position so far?

Answer: No, this did not have an impact.

Planet

Question from Mr. Van Esch (Robeco): The 2020 AR sends mixed signals in terms of DSM's GHG-emission reduction results. Due to various factors explained in the annual report, total emissions on all scopes increased; still, DSM states that it is well on its way to realize 30% absolute reduction by 2030 for at least its scope 1+2 emissions as compared to a corrected 2016 baseline. How does DSM expect its absolute emissions to develop and how can it ensure to meet it reductions targets and net-zero ambitions if factors such as acquisitions and increased purchasing volumes negatively affect total emissions?

Answer: Acquisitions absolutely have an impact on our emissions performance. Acquisitions are included in our reporting scope within 12-18 months after acquisition, depending on the moment of acquisition. The full acquisition policy is explained in our Annual Report. The emissions of our acquisitions are included in our updated baseline, in our reportable emissions, and in our Science-

[1] In the remainder of this document we will refer to questions asked by Mr. Van Esch (Robeco) when referring to the questions asked by Mr. Van Esch (Robeco, also on behalf of APG, Menzis, MN and NN Investment Partners).

Based Targets and NetZero commitment. We are committed to bring down the emissions of our acquisitions in the same way as for our continuing operations. Our absolute reduction in 2020 versus our corrected 2016 baseline was 25%, well on track against our target level of 30% in 2030. We expect to continue to bring down our emissions over time, supported by our renewable electricity transition, and our greenhouse gas reduction and energy efficiency improvement programs. In our scope 3 emissions, despite an overall increase in emissions, we have realized a 5% efficiency improvement against our 2016 baseline in our first year of reporting. Our CO2REDUCE program is progressing well and is realizing results. We have included an internal carbon price for €50 per ton within DSM already for many years. In addition to this, as of 2019 we require all business growth projects to be carbon-neutral, or else be compensated for within the same business. In 2021, we increased the internal carbon price to €100 per ton to better reflect the updated insights on the actual price of CO_2 to society. This price is also within the ranges of the scenarios we use for assessing climate transition risks. Finally, we will continue to review our target level and baselining in-line with SBTi guidance.

Question from VBDO: On page 79 of the annual report Mr. de Vreeze, Co-CEO of DSM, explains the company's commitment to address water stress and its ambition to create contextual water reduction targets. DSM's extensive explanation on how it tackles this issue through thorough scenario analysis and stress mapping deserves to be highlighted. Last year, DSM mentioned to VBDO that it would disclose its new contextual water target in this year's annual report. VBDO did not find this target in DSM's reporting. When can the VBDO expect more information on the to be disclosed target? Can DSM provide insight in how the protection of ecosystems and the rights of local communities are considered in its new contextual water target?

Answer: We published our contextual water targets on World Water Day 2021. By 2030 we intend to achieve a 10% efficiency improvement on water intake in our water-stressed sites: the equivalent of supplying 10,000 households each year or one billion liters annually. The scope of this target is based on our water stress mapping and covers 22 DSM sites, representing 44% of our total water withdrawal. Our water stress mapping includes climate-related projections, so addresses water risks to ecosystems and local communities both now and into the future.

Question from VBDO: Last year, DSM appointed the Chief Financial Officer to lead a task force to implement the TCFD's recommendations. Also, DSM has started a project to gain insight into physical climate risks based on two different climate scenarios. Can DSM provide an update on new developments in the year 2020 for both the working group and project related to climate scenarios? Additionally, VBDO is curious to know which scenario DSM is actively aiming towards in its strategy?

Answer: In 2021, we conducted an initial mapping of the risk exposure of our top 30 sites. We focused on 5 hazards (acute risks: flooding, wildfire, cyclones + chronic risks: water scarcity, extreme heat), two time horizons (2030 and 2050) and 3 scenarios (1.5°C, 2°C, and 3-4°C). Further analysis is ongoing to validate this initial mapping, to define the required management approach for these risks, and to define the approach for assessing similar risks in our value chains.

An approach was defined for assessing the climate risks coming from the transition to a low-carbon economy. The first pilot is underway using three scenarios, aligned with the ones used for the physical risk assessments.

Our preferred outcome follows the 1.5°C scenario trajectory, and our targets are aligned to this. In addition, our transition risk assessments are more relevant against this scenario. We also explore business opportunities toward this scenario. Our "We make it possible" campaign is such an opportunity, where we support sustainable animal farming through products such as Bovaer which supports emissions reductions in ruminants. However we also intend to mitigate potential climate risks in line with a "Business as Usual" scenario at around 3 – 4°C.

People

Question from VBDO: VBDO engages with many companies that use EcoVadis to control and improve human rights and labour conditions related issues in the supply chain. Several leaders within their respective industry have specific targets related to their suppliers' EcoVadis score. Suppliers that underperform need to provide improvement plans and potential new suppliers need to adhere to this minimum score. Does DSM, as a leader in its respective industry, apply such a supplier target? If not, could DSM commit to adopt a supplier target based on EcoVadis scores?

Answer: DSM has an internal target on an Ecovadis assessment for its strategic and critical suppliers. Every supplier that is below this level is required to do a re-assessment or an audit within 12 months to capture improvements. The results of the assessment and the execution of any required improvements weigh strongly in further purchasing decisions, and also impacted some of our purchasing decisions in 2020.

Agenda item 2: Remuneration Report 2020

Question from Mr. Van Esch (Robeco): The remuneration report mentions plans to address gaps between the current remuneration policy and the ability to retain talent. How do you plan to address these?

Answer:

- The Remuneration report addresses the fact that DSM dropped to the lowest position within the labor market peer group as far as Total Direct Compensation of the Managing Board is concerned, as well as the fact that we face difficulties in attracting senior business leaders (one or two reporting line below the Executive Committee).
- The gap is significant:
  - DSM's MB remuneration is a few tens of percentages below the 1st percentile
  - When attracting external candidates for senior management jobs (1-2 reporting levels below EC), we come across variable pay levels that go beyond MB levels
- DSM plans to begin to explore ways to address the gaps. It is too early to already provide any guidance on the direction and/or impact of possible measures. In addition, time will be required as we want to involve relevant stakeholders in the process, whilst we believe that a gap-analysis only is not sufficient. Any renewed reward strategy needs to address the issues we face and should consider our business model (pay mix and reward vehicles), strategy (pay mix and nature of KPI and targets), market positioning (considering internal pay structure and external benchmark).

Question from VEB: Notwithstanding guidance as provided by the SRD II directives, DSM does not provide insight into the exact level (threshold, at target and maximum) of the STI targets. Is DSM willing to consider to become more transparent in this respect as of next year?

Answer: DSM's objective is to be as transparent as possible on goals, targets and their achievement, without disclosing any business sensitive information. Such disclosure of business sensitive information is not in the interest of any stakeholder. It is a continuous challenge to find the balance between being transparent and safeguarding business information.
Considering our commitment to explore possibilities to improve insight into achievements of the Company's performance, a next step is made in the 2020 Remuneration report. On STI, the report provides not only an overview of the goals but also provides insight in the lower and upper end of the pay-out scheme for the respective targets. On LTI we included the pay-out scheme concerning the ROCE target, and for each target we clarified which pay-out bracket has been achieved.

In preparing the next Remuneration report, the disclosure of targets and achievements will be reviewed, considering the feedback we received on the 2020 Remuneration report and in view of the objective to be as transparent as possible on this topic, while safeguarding business sensitive information.

Agenda item 6b: Adoption of the dividend on ordinary shares for 2020

Question from Mr. Ausems and Ms. Herzberg: We do not see why it would be reasonable to arbitrarily increase the dividend on the Cumprefs A with 50%, while the dividend on ordinary shares is not increased. The documents published for this AGM do not provide an explanation for this, other than: "This is how the Managing Board has decided". We request that DSM provide clear and adequate reasons at the AGM for the difference in treatment between shareholders, or to amend this proposal in the sense that both groups of shareholders are treated equally.

Answer: The proposal to the AGM is it to keep the dividend per ordinary shares stable at €2.40, same as last year. The dividend on the Cumprefs A for 2020 will be €0.1556 per share, which is almost 10% lower versus the €0.1726 per Cumpref A share paid over the last 3 years.

Agenda items 9c and 9d: Appointments of Carla Mahieu and Corien Wortmann as Supervisory Board members

Question from Mr. Stevense (SRB): Can you explain to us the process that led you to the proposed appointment of Mrs. Mahieu and Mrs. Wortmann-Kool? What profiles did DSM use for the search and selection process of the two new proposed Supervisory Board members? Was a headhunter used and how did you eventually select candidates?

We would also like to receive some more detailed information about the research conducted by Mrs. Mahieu and Mrs. Wortmann-Kool 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 think you will be able to add to the value creation by and within DSM? Have you spoken to the accountant?

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.

In this specific case DSM was looking for two new Board members after Victoria Haynes had retired from the SB last year and Pauline van der Meer Mohr will be retiring from the SB this year. This meant that we were looking for a strong economic / financial profile (Victoria Haynes was a valued member of the Audit Committee) and someone with a strong background in people, organizations and remuneration (Pauline van der Meer Mohr is the Chair of the Remuneration Committee). Furthermore DSM was also keen to maintain gender diversity in the Supervisory Board as well as cultural / national diversity.

As to the questions to Carla Mahieu and Corien Wortmann, we have asked them to prepare an answer to these during the AGM while they briefly introduce themselves to the shareholders.