

Remuneration Policy regarding the Managing Board and the Supervisory Board

Remuneration Policy as from 2005

This chapter comprises two parts. The first part outlines the remuneration policy for 2005 and subsequent years as approved by the Annual General Meeting on 6 April 2005. The second part contains details of the remuneration received in 2005.

Remuneration policy as from 2005

Objectives of remuneration policy for 2005 and onwards

The objective of DSM's remuneration policy is to attract, motivate and retain the qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives.

Below, the following elements of the remuneration policy will be addressed:

- DSM strives for high performance in the field of sustainability/Triple P, finding a balance between economic gain, respect for people and concern for the environment. The remuneration policy should reflect a balance between the interests of DSM's main stakeholders as well as a balance between the Company's short-term and long-term strategy. In the light of the remuneration policy, the structure of the remuneration package for the Managing Board is designed to balance short-term operational performance with the long-term objective of creating sustainable value within the company, while taking account of the interests of all stakeholders.
- To ensure that highly skilled and qualified managers can be attracted and retained, DSM aims for a total remuneration level that is comparable to levels provided by other Dutch multinational companies that are similar to DSM in terms of size and complexity. For that purpose, external reference data are used. See below for an outline of the labor market reference group.
- The remuneration policy for the members of the Managing Board is aligned with the remuneration of other senior executives of DSM.
- In designing and setting the levels of remuneration for the Managing Board, the Supervisory Board also takes into account the relevant provisions of statutory requirements, corporate governance guidelines and other best practices applicable to DSM.

Labor Market Peer Group

In order to be able to recruit the right caliber of people for the Managing Board and to secure long-term retention of the current Board members, DSM has taken external reference data into account in determining adequate salary levels. For that purpose, a specific labor market peer group has been defined which consists of Dutch companies that are headquartered in the Netherlands and are more or less comparable to DSM in terms of size, international scope and complexity of industrial operations.

The labor market peer group consists of the following ten companies:

- Aegon
- Akzo Nobel
- Getronics
- Heineken
- KPN
- Numico
- Nutreco
- Océ
- TNT
- Wolters Kluwer

Professional independent remuneration experts have modified the raw data of the peer-group companies using a statistical empirical model, so as to make them comparable with a company the size of DSM, with the associated scope and responsibilities of the Managing Board. Peer-group data will be updated on an annual basis.

DSM operates in a competitive international industry. Therefore, DSM will also closely monitor industry-specific international developments with respect to remuneration, notably at the following companies: CIBA, Clariant, Degussa, Lonza and Solvay.

The European industry peer group is influenced by factors such as the type of organization and the organizational superstructure of these companies. Therefore in assessing DSM pay levels, the peer data are used with caution, as they do not reflect the specific organizational structure of DSM.

Below, the various remuneration components are addressed separately.

Base Salary

On joining the Board, the Managing Board members receive a base salary that is comparable with the median of the labor market peer group. Every year base salary levels are reviewed. Adjustment of the base salary is at the discretion of the Supervisory Board, which takes into account external and internal developments.

Bonus

Managing Board members can earn a bonus amounting to 50% of their annual base salary for on-target performance. Under the bonus plan, the part of the bonus that is related to financial targets accounts for 35% of base salary, which can increase to 52.5% in the case of an exceptionally good financial performance.

The part of the bonus that is not related to financial targets accounts for 15% of the base salary and cannot increase beyond that.

Bonus part linked to financial targets

The part of the bonus that is linked to financial targets includes elements related to operational performance, being operating profit and free cash, reflecting short-term financial results, in addition to CFROI. The balance of the financial elements of the bonus is CFROI 17.5%, operating profit 10% and free cash 7.5% of annual base salary for on-target performance.

	On-target pay-out (% of base)	Maximum pay-out (% of base)
Financial targets:		
- CFROI	17.50	26.25
- Operating Profit	10.00	15.00
- Free Cash	7.50	11.25
Non-financial targets	15.00	15.00
total	50.00	67.50

CFROI

The definition of CFROI has been established in such a way that the realization of the CFROI target can be derived from the financial information in the annual report and is as follows⁴:

$$\frac{\text{recurring EBITDA} - \text{related annual tax} - \text{economic depreciation (1\%)}}{\text{gross asset base (incl. working capital)}}$$

CFROI focuses on value realization and creation compared with the Weighted Average Cost of Capital (WACC) established for DSM.

⁴ Recurring EBITDA is defined as: EBIT excluding exceptional items plus depreciation and amortization as reported in the profit and loss account. Related annual tax is defined as taxes paid minus the effect of exceptional items as reported in the statement of income. Economic depreciation is defined as a 1% charge on the historic value of intangible assets and property, plant and equipment as reported in the balance sheet (see notes 9 and 10 to the consolidated financial statements). Working capital is defined as inventories plus receivables minus other current liabilities as reported in the balance sheet. The 1% charge represents the fund to be formed to replace the average asset mix after economic lifetime ends. Gross asset base is defined as the historic value of property, plant and equipment and intangible assets plus average annualized working capital.

Operational performance

There are two financial-target-related bonus elements that allow for a focus on short-term operational targets: operating profit and cash. These can be derived from the financial statements and are defined as follows:

- Operating profit: EBIT excluding exceptional items.
- Free cash, defined as cash from operating activities minus capital expenditure (as shown in the cash flow statement) and minus the average dividend paid in the previous three years.

The company is of the opinion that the combination of CFROI (value realization and creation), operating profit and free cash adequately reflects the company's financial performance. Targets will be determined each year by the Supervisory Board, based on historical performance, the operational and strategic outlook of the company in the short term and expectations of the company's management and stakeholders, among other things. The targets contribute to the realization of the objective of long-term value creation.

In determining the realization of the operating-profit target, a (partial) adjustment mechanism for sensitivity to the euro/dollar ratio will apply. The company will not disclose the actual targets, as they qualify as commercially sensitive information.

Besides financial targets, 15% of the base salary is related to non-financial targets. These targets will be defined in areas relating to the strategic development of the company and Triple P, among other things.

Stock Incentives

The stock incentive plan has been adjusted with effect from 2005. Non-performance-related options and a part of the performance-related options have been replaced by performance shares, up to an equal balance of stock options and performance shares in terms of economic value (calculated by independent specialists on the basis of the Black-Scholes method and the weighted-probability method). Both stock options and performance shares operate on the basis of the same performance schedule.

The vesting of stock options and performance shares is conditional on the achievement after three years of previously determined target levels of Total Shareholder Return (TSR) compared to the peer group.

The Chairman will receive 10,000 performance shares and 37,500 performance options; the members of the Board will receive 8,000 performance shares and 30,000 performance options.

Exercise/Grant price

The stock options and shares are granted on the first 'ex dividend' day following the Annual General Meeting at which DSM's annual accounts are adopted. The exercise price/grant price of the stock incentives will be equal to the opening price of the share on the date of grant.

TSR as a performance measure
DSM's TSR performance is compared to the average TSR performance of a set of pre-defined peer companies. TSR measures the returns received by shareholders and captures both the change in a company's share price and the value of dividend income. This measure is used as it assesses long-term value creation by the company.

The TSR peer group for 2005 consists of the following companies:

- | | |
|-----------------------|---------------|
| – Akzo Nobel | – EMS Chemie |
| – BASF | – Holding |
| – Bayer | – ICI |
| – CIBA | – Lanxess |
| – Spezialitätenchemie | – Lonza Group |
| – Clariant | – Rhodia |
| – Degussa | – Solvay |

This peer group is not the same as the one used for determining remuneration levels. The latter is chosen to reflect the relevant labor market. Compared with the peer group for 2004, Lanxess has been added to this group after its spin-off from Bayer.

The peer group used for benchmarking TSR performance reflects the relevant market in which the company competes for shareholder preference. It includes sector-specific competitors which the Supervisory Board considers to be suitable benchmarks for DSM. The peer group is verified by the Supervisory Board each year based on market circumstances (mergers, acquisitions) which determine the appropriateness of the composition of the performance peer group.

In view of the evolution of DSM, its portfolio development and industry context, the Supervisory Board has reconsidered the composition of the peer group for 2006. Bayer will be excluded, whilst Danisco/Genencor and Novozymes will be included in the peer group.

Performance with regard to TSR will remain the criterion for the vesting of stock options and performance shares.

Depending on DSM's performance compared to the peer group a certain number of options will become exercisable and a certain number of shares will be unconditionally awarded. The stock options can be kept for a maximum of eight years (including the three-year vesting period) while the shares shall be retained by the members of the Managing Board for a period of at least five years (after the three-year vesting period) or at least until termination of employment if this period is shorter. The final performance of DSM versus its peers will be determined and validated by a bank and audited by the external auditor at the end of the performance period.

Performance incentive zone

The number of options and shares that become unconditional after three years is determined on the basis of DSM's performance relative to the average TSR performance of the peer group. The difference between DSM's performance and the peer group's performance (in percentage points) determines the vesting.

Remuneration Policy regarding the Managing Board and the Supervisory Board

Remuneration 2005

The following table gives an overview of the vesting conditions.

DSM performance minus peer group performance in % points	Percentage of performance-related stock options that become exercisable and shares awarded
≥ 20	100 %
≥ 10 and < 20	75 %
≥ -10 and < 10 (Target)	50 %
≥ -20 and < -10	25 %
< -20	0 %

Pensions

The members of the Managing Board are participants in the Dutch pension fund "Stichting Pensioenfonds DSM Chemie (PDC)". PDC operates similar pension plans for various DSM companies. The pension provision of the Managing Board is equal to the pension provision for the employees of DSM Limburg BV and executives employed in the Limburg area.

Due to changes in legislation with respect to pre-pensions, the pension plans of PDC have been revised with effect from 1 January 2006. Since the Managing Board members are participants in the PDC pension plans, these changes apply to the Managing Board as well.

The non-pension early-retirement scheme and the temporary individual pension scheme will be revised too.

For members of the Managing Board born before 1 January 1950 (Peter Eilverding and Jan Zuidam) continuation of the present pension plans will be possible. Continuation of the present plans will not be possible for other Board members. For Henk van Dalen and Feike Sijbesma a transitional arrangement will be applicable. As a result, retirement before the age of 65 will remain possible. Chris Goppelsroeder only participates in the plan with a retirement age of 65.

Employment Contracts

Term of employment

The employment contracts of the members of the Managing Board appointed before 1 January 2005, have been entered into for an indefinite period of time. Newly appointed members of the Managing Board are also offered an employment contract for an indefinite period of time. The employment contract ends on the date of retirement or by notice of either party.

Term of appointment

Members of the Managing Board appointed before 1 January 2005 are appointed for an indefinite period of time. New members of the Managing Board (after 1 January 2005) will be appointed for a period of four years as Board Member. Newly appointed members are subject to reappointment by the shareholders after a period of four years.

Notice period

Termination of employment by a member of the Managing Board is subject to three months' notice. A notice period of six months will for legal reasons be applicable in the case of termination by the company.

Severance arrangement

There are no specific contractual exit arrangements for the members of the Managing Board appointed before 1 January 2005. Should a situation arise in which a severance payment is appropriate for these Board members, the Nomination and Remuneration Committee will recommend the terms and conditions. The Supervisory Board will decide upon this, taking into account usual practices for these types of situations, as well as applicable laws and corporate governance requirements.

The employment contracts of newly appointed members of the Managing Board (after 1 January 2005) will include an exit arrangement provision which is in accordance with best practice provision II.2.7. of the Dutch Corporate Governance Code (i.e. a sum equivalent to the fixed annual salary, or if this is manifestly unreasonable in the case of dismissal during the first term of office, two times the fixed annual salary).

Remuneration 2005

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (hereinafter referred to as 'the Committee') reviews the remuneration policy on a regular basis and proposes changes to this policy to the Supervisory Board. The Committee consists entirely of Supervisory Board members. Its members are Mr Herkströter (Chairman), Mr Kist and Mr Van Woudenberg. The Corporate Vice President Human Resources acts as the Secretary to the Committee. The Committee met five times in 2005. During these meetings it discussed the remuneration for 2005 for the Managing Board. The Committee also defined targets for the bonus plan and assessed the degree to which the members of the Managing Board had achieved their targets for the previous year. The Committee made recommendations for stock options and performance shares to be granted to the Managing Board. The Committee also discussed proposals to revise the pension scheme for the Managing Board. Finally, the Committee discussed the changes in the Managing Board (Jan Dopfer and Chris Goppelsroeder).

Remuneration 2005

The remuneration package for the Managing Board is subject to annual review. The market competitiveness of the remuneration package of the Managing Board for 2005 was reviewed, based on the Dutch labor market peer group. The data below reflect the July 2005 remuneration levels. All values are denominated in euros.

Target bonus and stock option grants are expressed as a percentage of base salary. The remuneration data are regressed to reflect the size and scope of DSM. Stock incentive valuations are based on the Black-Scholes method.

Furthermore, data are presented as median actual levels.

Benchmark against Dutch labor market peer group 2005

	DSM	Peer group median
Managing Board Chairman		
Base salary	612,000	750,000
Bonus at target (%)	50%	65%
Total Cash at target	918,000	1,237,500
Annualized Stock Incentive Value (%)	34%	65%
total Direct Compensation	1,126,080	1,725,000
<hr/>		
Board member		
Base salary	470,000	470,000
Bonus at target (%)	50%	60%
Total Cash at target	705,000	752,000
Annualized Stock Incentive Value (%)	36%	50%
total Direct Compensation	874,200	987,000

Base salary in 2005

The Committee reviewed whether circumstances justified an adjustment of the base salary levels. Based on the 2005 benchmark against the peer group, it was established that the base salary for the chairman was at the lower quartile whilst the members of the Managing Board were around the median level. Although a gradual move toward the median level of the external benchmark is part of the policy, no extra increase was effectuated on 1 January 2005. External and internal circumstances however justified a modest general increase of the base salary with effect from 1 July 2005 to cope with inflation and labor market developments. The base salary was increased by 2% with effect from 1 July 2005.

In order to move closer towards the median level of the benchmark a 5% increase of the base salary of the chairman will be effectuated on 1 January 2006. After this increase, the gap with the median of the market for the chairman remains considerable.

Bonus for 2005

Bonus targets are revised annually so as to ensure that they are stretching but realistic. Considerations regarding the performance targets are influenced by the operational and strategic course taken by the company and are directly linked to the company's ambitions. The targets are determined at the beginning of the year for each Board member.

Target bonus level and pay-out
When they achieve all their targets, Managing Board members receive a bonus of 50% of their annual base salary. Outstanding financial performance can increase the bonus level to 67.5% of the annual base salary.

The 2005 annual report presents the bonuses that have been earned on the basis of results achieved in 2005. These bonuses will be paid out in 2006. The Supervisory Board has established the extent to which the targets for 2005 were achieved. The targets relating to the group's financial performance were all met and partially even exceeded. The other, non-financial targets were also fully realized. The average realization percentage was 62.5%.

See page 68 for tabular overviews on the actual bonus pay-out per individual Board member in 2005.

To move further towards the median level of the benchmark, the at-target bonus percentage for all members of the Managing Board will be increased from 50% to 60% with effect from 1 January 2006. After this increase, there is still a gap for the chairman, whilst the members will be at the median of the 2005 benchmark.

Stock options and (performance) shares in 2005

Stock incentives granted in 2005
In 2005 performance-related stock options and performance shares were granted to the Managing Board. The respective stock incentives were granted on April 8, 2005 against an exercise/grant price (after stock split) of € 29.05. The table below shows the number of stock incentives granted to the individual Board members:

	Number of stock incentives granted*	
	Stock options	Performance shares
Peter Elverding	37,500	10,000
Jan Zuidam	30,000	8,000
Henk van Dalen	30,000	8,000
Feike Sijbesma	30,000	8,000
Chris Goppelsroeder	30,000	8,000

* After stock split.

Vesting of stock incentives in 2005
In 2005, besides the regular vesting of non-performance-related options, all performance-related options granted in 2002 vested on the basis of DSM's performance relative to the aforementioned peer group (≥ 20%).

Outstanding and exercised stock incentives in 2005
The tables below show the stock incentives positions of the individual members of the Managing Board and the rights exercised during 2005.

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Overview of Stock options/ Stock Appreciation Rights (SARs) *

Peter Elverding		outstanding at December 31 2004	during 2005				outstanding at December 31 2005	exercise price	average share price at exercise
			granted	exercised	vested	forfeited			
Vested stock options ⁽¹⁾ :	1999	36,000		-36,000		0	13.005	31.445	
	2000	45,000				45,000	18.240		
	2001	75,000				75,000	19.990		
	2002	0			75,000	75,000	23.505		
Unvested stock options:	2002	75,000			-75,000	0	23.505		
	2003	75,000				75,000	18.195		
	2004	75,000				75,000	17.895		
	2005 ⁽²⁾		37,500			37,500	29.050		
	Total	381,000	37,500	-36,000	0	0	382,500		

Jan Zuidam		outstanding at December 31 2004	during 2005				outstanding at December 31 2005	exercise price	average share price at exercise
			granted	exercised	vested	forfeited			
Vested stock options ⁽¹⁾ :	1999	36,000		-36,000		0	13.005	31.445	
	2000	36,000				36,000	18.240		
	2001	60,000				60,000	19.990		
	2002	0			60,000	60,000	23.505		
Unvested stock options:	2002	60,000			-60,000	0	23.505		
	2003	60,000				60,000	18.195		
	2004	60,000				60,000	17.895		
	2005 ⁽²⁾		30,000			30,000	29.050		
	Total	312,000	30,000	-36,000	0	0	306,000		

Henk van Dalen		outstanding at December 31 2004	during 2005				outstanding at December 31 2005	exercise price	average share price at exercise
			granted	exercised	vested	forfeited			
Vested stock options ⁽¹⁾ :	1999	22,500		-22,500		0	13.005	26.595	
	2000	36,000		-36,000		0	18.240	30.672	
	2001	60,000				60,000	19.990		
	2002	0			60,000	60,000	23.505		
Unvested stock options:	2002	60,000			-60,000	0	23.505		
	2003	60,000				60,000	18.195		
	2004	60,000				60,000	17.895		
	2005 ⁽²⁾		30,000			30,000	29.050		
	Total	298,500	30,000	-58,500	0	0	270,000		

Feike Sijbesma		outstanding at December 31 2004	during 2005				outstanding at December 31 2005	exercise price	average share price at exercise
			granted	exercised	vested	forfeited			
Vested stock options ⁽¹⁾ :	1999	15,000		-15,000		0	13.005	31.000	
	2000	22,500		-22,500		0	18.240	31.000	
	2001	60,000				60,000	19.990		
	2002	0			60,000	60,000	23.505		
Unvested stock options:	2002	60,000			-60,000	0	23.505		
	2003	60,000				60,000	18.195		
	2004	60,000				60,000	17.895		
	2005 ⁽²⁾		30,000			30,000	29.050		
	Total	277,500	30,000	-37,500	0	0	270,000		

Chris Goppelsroeder	outstanding at December 31 2004	during 2005				outstanding at December 31 2005	exercise price	average share price at exercise
		granted	exercised	vested	forfeited			
Unvested SARs:	2003	59,000				59,000	19.770	
	2004	59,000				59,000	17.895	
Unvested stock options:	2005 ⁽²⁾		30,000			30,000	29.050	
	Total	118,000	30,000	0	0	148,000		

Jan Dopper	outstanding at December 31 2004	during 2005				outstanding at December 31 2005	exercise price	average share price at exercise
		granted	exercised	vested	forfeited			
Vested stock options:	1999	27,000	-27,000			0	13.005	26.750
	2000	36,000				36,000	18.240	
	2001	60,000				60,000	19.990	
	2002	0		40,000		40,000	23.505	
	2003	0		40,000		40,000	18.195	
	2004	0		40,000		40,000	17.895	
Unvested stock options ⁽³⁾ :	2002	60,000		-40,000	-20,000	0	23.505	
	2003	60,000		-40,000	-20,000	0	18.195	
	2004	60,000		-40,000	-20,000	0	17.895	
	Total	303,000	0	-27,000	0	-60,000		216,000

* After stock split.

(1) All stock incentives (performance related as well as non-performance related) may only vest three years after the granting date.

(2) Vesting of all stock incentives granted since 2005 is performance related.

(3) At retirement date 2/3 of all unvested stock options become exercisable and 1/3 are forfeited.

Restricted Shares

Peter Elverding	outstanding at December 31 2004	during 2005			outstanding at December 31 2005	share price at date of grant
		granted	vested	forfeited		
Unvested ⁽¹⁾ :	2005	0	10,000		10,000	29.050
Total		0	10,000		10,000	

Jan Zuidam	outstanding at December 31 2004	during 2005			outstanding at December 31 2005	share price at date of grant
		granted	vested	forfeited		
Unvested ⁽¹⁾ :	2005	0	8,000		8,000	29.050
total		0	8,000		8,000	

Henk van Dalen	outstanding at December 31 2004	during 2005			outstanding at December 31 2005	share price at date of grant
		granted	vested	forfeited		
Unvested ⁽¹⁾ :	2005	0	8,000		8,000	29.050
total		0	8,000		8,000	

Feike Sijbesma	outstanding at December 31 2004	during 2005			outstanding at December 31 2005	share price at date of grant
		granted	vested	forfeited		
Unvested ⁽¹⁾ :	2005	0	8,000		8,000	29.050
total		0	8,000		8,000	

Chris Goppelsroeder	outstanding at December 31 2004	during 2005			outstanding at December 31 2005	share price at date of grant
		granted	vested	forfeited		
Unvested ⁽¹⁾ :	2005	0	8,000		8,000	29.050
total		0	8,000		8,000	

(1) Vesting of all stock incentives granted since 2005 is performance related.

Remuneration Policy regarding the Managing Board and the Supervisory Board

Remuneration 2005

Shares

At year-end 2005 the members of the Managing Board together held 1,836 shares in Royal DSM N.V.

Pensions in 2005

The members of the Managing Board are participants in the Dutch pension fund "Stichting Pensioenfonds DSM Chemie" (PDC).

The retirement age is 65. PDC operates two different schemes: a pre-pension scheme providing benefits between age 62 and 65 and a basic pension scheme for old-age pension benefits as of age 65. The latter scheme is a defined-benefit final-pay scheme. Old-age pension rights are accrued according to vested years of service. Only base salary, after deduction of an offset, is pensionable. In 2005 this offset was € 20,231.

The accrual of pension rights in the salary range between the offset and € 50,810 amounts to 1.75% per annum, and in the salary range above € 50,810 to 1.55% per annum. The basic pension scheme includes entitlement to a pension and a waiver of pension contributions in the event of disability, as well as a spouse's/dependants' pension on death. Contribution to this basic pension scheme is a flat-rate percentage of pensionable salary. The scheme participants contribute a pension premium of 4% of base salary above € 50,810.

The pre-pension scheme (PPS) is basically a defined contribution scheme, in which benefits are based on the contributions paid by the participants. The scheme guarantees a pre-pension income of 75% of base salary from age 62, provided that the participant has paid the full contribution.

Since July 1999 a (temporary) individual scheme has been applied to members of the Managing Board, aimed at accruing additional pension rights (as of age 65). The company pays a premium of 4.5% of the monthly base salary. This scheme is intended to compensate for the fact that an old-age pension of max. 60% of the pensionable salary will normally be attainable only after 40 years of service. Old-age pension rights are accrued according to vested years of service. In practice most current members of the Managing Board will not reach 40 years of service and therefore their maximum attainable old-age pension will be less than 60% of their base salary and an even lower percentage of their total compensation (including bonuses and stock options).

Early retirement plan

In addition to the pension provisions as set out above, DSM operates a non-pension early-retirement scheme for the members of the Managing Board. Early retirement is possible from the age of 60 if the Supervisory Board decides so. The early-retirement income is 80% of base salary during the first six months of payment and 75% thereafter. The early-retirement benefit stops at age 65. The total attainable early-retirement income is determined taking into account as an offset the benefits from the pre-pension scheme operated by PDC. The early-retirement benefits do not accrue or vest. The early-retirement scheme is non-contributory.

Loans

The Company does not provide any loans to members of the Managing Board. There are therefore no loans outstanding.

Total remuneration

The total remuneration (including pension costs and other commitments) of Managing Board members amounted to € 3.9 million in 2005 (2004: € 3.4 million). The increase of € 0.5 million is mainly due to a higher bonus pay-out in 2005 (results DSM 2004).

Overview of Remuneration 2005 – Managing Board

The tables below show the remuneration paid to the Managing Board in 2005.

Fixed Annual Salary in €	01.07.2004	01.07.2005
Peter Elverding	599,760	612,000
Jan Zuidam	461,040	470,000
Jan Dopper (until 01.04.05)	461,040	n.a.
Henk van Dalen	461,040	470,000
Feike Sijbesma	461,040	470,000
Chris Goppelsroeder (as from 01.04.05)	n.a.	470,000

Bonus in €	2005 ¹	2004 ²
Peter Elverding	378,675	215,914
Jan Zuidam	290,950	165,974
Jan Dopper (until 01.04.05)	31,380 ³	165,974
Henk van Dalen	290,950	165,974
Feike Sijbesma	290,950	165,974
Chris Goppelsroeder (as from 01.04.05)	218,913 ⁴	n.a.

- 1 Based on results achieved in 2005 and therefore payable in 2006.
- 2 Bonus paid in 2005 based on results achieved in 2004.
- 3 Bonus paid in 2005 based on estimated results achieved in Q1-2005.
- 4 Pro-rated bonus based on results achieved in 2005.

Pension

in €	Pension costs (employer)		Accrued pension as of age 65	
	2005	2004	31-12-2005	31-12-2004
Peter Elverding	111,482	110,289	283,206	274,162
Jan Zuidam	86,148	85,250	225,192	218,298
Jan Dopper (until 01.04.05)	21,401	85,250	n.a.	190,149
Henk van Dalen	86,148	85,250	200,490	193,596
Feike Sijbesma	86,148	85,250	140,745	133,851
Chris Goppelsroeder (as from 01.04.05)	48,304	n.a.	48,830	n.a.

Overview of Remuneration in 2005 – Supervisory Board

The remuneration package of the Supervisory Board comprises an annual fixed fee and an annual committee membership fee. The fixed fee for the Chairman of the Supervisory Board is € 50,000. The members of the Supervisory Board each receive a fixed fee of € 35,000. Committee membership is awarded € 5,000 per member and € 7,500 per committee for the Chairman.

In accordance with good corporate governance, the remuneration of the Supervisory Board is not dependent on the results of the Company. This implies that neither stock options nor shares are granted to Supervisory Board members by way of remuneration.

If any shareholdings in DSM are held by Supervisory Board members, they serve as a long-term investment in the Company. At year-end 2005 the members of the Supervisory Board together held 8,084 shares in Royal DSM N.V.

The Company does not provide any loans to its Supervisory Board members.

Rules have been adopted governing ownership and reporting on transactions in securities (other than securities issued by DSM) by Supervisory Board members.

The table below gives an overview of the remuneration paid to the Supervisory Board in 2005.

Supervisory Board Remuneration 2005

in €	Annual fixed fee	Committee fee	Total
Cor Herkströter, Chairman	50,000	11,250	61,250
Henk Bodt, Deputy Chairman	35,000	8,750	43,750
Okko Müller	35,000	5,000	40,000
Enrique Sosa **	8,750	0	8,750
Cees van Woudenberg	35,000	6,250	41,250
Ewald Kist	35,000	3,750	38,750
Claudio Sonder *	26,250	0	26,250
Pierre Hochuli *	26,250	0	26,250
TOTAL	251,250	35,000	286,250

* Supervisory Board member since 06.04.05.

** Supervisory Board member until 06.04.05.

The table below shows the Committee membership of the Supervisory Board members in 2005. Mr Herkströter chairs the Nomination and Remuneration Committee, whilst Mr Bodt is the chairman of the Audit Committee.

Committee membership

	Audit Committee	Nomination & Remuneration Committee
Cor Herkströter	X*	X
Henk Bodt	X	X**
Okko Müller	X	
Enrique Sosa		
Cees van Woudenberg	X**	X
Ewald Kist		X*
Claudio Sonder		
Pierre Hochuli		

* Since 06.04.05.

** Until 06.04.05.