

Notes to the Agenda for the Annual General Meeting of Koninklijke DSM N.V.  
to be held on Wednesday 8 May 2019

### NOTES TO AGENDA ITEM 2

Annual Report for 2018 by the Managing Board

The Managing Board will comment on the Report by the Managing Board in DSM's Integrated Annual Report for 2018 (see pp. 12 to 65 of the Integrated Annual Report for 2018). Subsequently, those present at the meeting will be given the opportunity to ask questions or make remarks about the Report by the Managing Board for 2018 and the Report by the Supervisory Board (included in the Integrated Annual Report for 2018 on pp. 124 to 135).

Under this agenda item questions can also be raised, and remarks can be made, on the sustainability information, which is contained in the Integrated Annual Report for 2018.

### NOTES TO AGENDA ITEM 3

#### a. Implementation of the Remuneration Policy for the Managing Board in 2018

This agenda item provides, pursuant to Section 2:135(5a) of the Dutch Civil Code, for a discussion regarding the implementation in 2018 of the remuneration policy for the Managing Board, as included in the notes to the parent company financial statements in the Integrated Annual Report for 2018, pp. 224 to 229. A short explanation on the implementation of the Managing Board remuneration policy in 2018 will be given by the Chair of the Remuneration Committee of the Supervisory Board.

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| b. Amendment of the Remuneration Policy for the Managing Board | Resolution |
| c. Amendment of the Remuneration of the Supervisory Board      | Resolution |

The proposed changes to the remuneration policy for the Managing Board and the remuneration of the Supervisory Board have been aligned with the European Directive 2017/828/EU on Shareholders' Rights.

#### Remuneration policy Managing Board

##### Considerations

On 3 May 2013 the Annual General Meeting adopted the policy regarding the remuneration of the Managing Board. This policy is outlined in the Integrated Annual Report for 2018 on pages 131 to 135. The Supervisory Board and its Remuneration Committee evaluated the need to adjust the current remuneration policy for the Managing Board, supported by an external consultant, who conducted an independent benchmarking on compensation levels and best practices regarding remuneration policies and programs, and by DSM Group People & Organization responsible for remuneration.

The Supervisory Board and its Remuneration Committee thoroughly reviewed the benchmarking results and found that Total Direct Compensation of the Managing Board is substantially lagging the median of the (European/Dutch) peer group. Whilst the policy is to offer Total Direct Compensation approaching the median (from below), CEO compensation today is closely positioned towards the lowest (first) quartile. The gap becomes even wider if a more global peer group is considered. The benchmarking further made clear that the various remuneration elements require limited changes to align them with the updated company strategy of mid-2018 as well as external market practice.

In view of the conservative approach to remuneration by the CEO, endorsed by the Supervisory Board, it has been decided not to propose adjustments to remuneration levels at this stage. The Supervisory



Board acknowledges, however, that these might become inevitable in the future to be able to attract Managing Board members and other senior executives, as Managing Board remuneration sets a ceiling on pay and incentive programs for the next levels in the organization.

Following the recommendation of the Remuneration Committee, the Supervisory Board proposes to change selected items of the existing remuneration policy and to add a new hire policy section. In accordance with Article 18, section 1, of the Articles of Association the proposal is presented to the General Meeting for adoption. These adjustments do not impact the fundamentals of the remuneration policy as described in the Integrated Annual Report for 2018. Therefore, basically the current remuneration structure will be maintained and not be adjusted, i.e.:

- An annual base salary approaching (from below) the median, with moderate annual market adjustments;
- A target Short-Term Incentive (STI) of 50% of annual base salary, with a deferral option to invest part of the STI into shares;
- A target Long-Term Incentive (LTI) of 50% (discounted fair value; 100% at face value) of annual base salary;
- STI and LTI criteria which are for 50% linked to financial performance and for 50% to planet/environmental, people/ societal and in the case of the STI also individual goals.

The aim of the proposed adjustments to the existing remuneration policy is:

- To further strengthen performance-driven remuneration, and bringing this in line with the updated company strategy as launched mid-2018 and changing market conditions;
- To update the policy in line with prevalent market practices and regulations for board remuneration;
- To give more insight to stakeholders on STI and LTI target setting and achievement;
- And to keep the remuneration policy aligned with long-term stakeholder interests and value creation.

Overview proposed changes

- Goal setting Short- and Long-term incentives (STI and LTI)  
Today the policy defines specific goals (e.g. Adjusted EBITDA) within predefined goal areas (financial, planet/ environmental, people/ societal and in the case of the STI also individual) as well as the respective weighting of these goal areas; for each goal a metric (target) is defined by the Supervisory Board.  
In the future, the Supervisory Board, at their discretion, will be able - when justified (for example when the company re-adjusts its strategic targets) - to set goals and respective weights and targets (i.e. the metric), as long as they are aligned with company strategy and the overall structure and weighting of on the one hand financial and on the other hand planet/ environmental, people/ societal and in the case of the STI also individual goal areas. DSM believes it is necessary to provide the Supervisory Board with a feasible degree of flexibility on goal and target setting to be able to respond in an agile way to changed business needs and /or strategy adjustments in a changing environment. Thereby the Supervisory Board shall consider the following:
  - Goals must be derived from the company strategy;
  - Focus on objectives instrumental to achieving long-term value creation;
  - Historical performance, business outlook & circumstances and priorities;
  - Stakeholders' expectations.The above will result in an adjustment of one of the financial goals for 2019, namely from Gross Free Cash Flow to Adjusted Net Operating Free Cash Flow, in line with the new strategy and strategic goals communicated mid-2018.
- Disclosure of targets and realization (STI and LTI)  
DSM operates on a principle of maximum transparency. Within the limits of business sensitive information, DSM will give stakeholders more insight into target setting and achievement building on how this was done in the Integrated Annual Report for 2018.



- **Holding period shares**  
Currently, shares granted under the LTI scheme or the STI Deferral & Matching Scheme are subject to a 3-year vesting and afterwards a 5-year holding period (so a blocking period of 8 years in total). The proposal is to reduce the holding period to 2 years, reducing the total blocking period to 5 years, in line with (Dutch) market practice. In doing so, DSM will improve the link between the delivery of results and the corresponding reward achieved.
- **Share ownership**  
The current shareholding guidelines require a minimum of 300% of annual base salary for the CEO and 100% for other Managing Board members, to be built up over 5 years. It is proposed to increase the minimum requirement for other Board Members to 200% and to shorten the accrual period for all Managing Board members from 5 to 4 years. As far as the level of the shareholding is concerned, the proposal is an adjustment to market practice. DSM believes there is a logic to align the term to accrue the required level of share ownership to the term of a service period at the Managing Board (i.e. 4 years).
- **New hire policy section to be introduced**  
In case of external hires, the current policy does not provide any guidance regarding sign-on awards to offset loss of compensation at a previous employer and/or to facilitate relocation.

It is therefore proposed to empower the Supervisory Board at their sole discretion to determine (one-off) extraordinary remuneration items in case of external appointments within the following guidelines:

- Considering the date of appointment/ hire, the Supervisory Board may apply discretion in setting the STI realization over the first (partial) performance year.
  - In case of an appointment/ hire the following arrangements can be considered by the Supervisory Board:
    - Relocation budget, covering actual relocation cost.
    - Arrangement to reimburse international school and temporary housing.
    - Determine a sign-on bonus covering the loss (typically equity based) compensation that incoming Managing Board members would face upon a transfer of employment, subject to the following constraints:
      - The sign-on award shall not exceed the target STI % and target LTI grant level applicable at DSM in a comparable timeframe;
      - Preferably to be delivered in Performance Share Units (alternative cash, or a mix of shares and cash), subject to the applicable plan rules, whereas such additional grants shall not vest before the aforementioned Shareholding requirements are met.
  - Any new hire award will be reported in the Integrated Annual Report.
- **Formal non-compete clause for new hires/ appointments**  
It is proposed to formalize non-compete arrangements within the boundaries of the severance requirements imposed by the Dutch Corporate Governance Code.

The Supervisory Board proposes to the General Meeting to adopt the remuneration policy for the members of the Managing Board in accordance with the proposal.

### Remuneration Supervisory Board

#### Considerations

The current fees of the Supervisory Board members have been set by the Annual General Meeting in 2016.

Independent benchmarking on compensation was conducted against the AEX companies in the second half of 2018, focusing on fees and best practices in Supervisory Board remuneration, supported by an external consultant and by DSM Group People & Organization responsible for remuneration.

It demonstrated that the current fees are relatively low in comparison (below median); hence an increase of the fees and the international travel allowance is desirable to allow DSM to attract and retain qualified Supervisory Board members. In addition, the development of DSM's market cap, the ongoing globalization of the company and growing responsibilities underline the need for a (moderate) fee increase.

To establish the underlying principles and assumptions of remuneration, the following policy will apply for the DSM Supervisory Board.

## Remuneration Supervisory Board

- Considerations:
  - The remuneration intends to incentivize respectively reward Supervisory Board members to utilize their skills and competences to the maximum extent possible and reflects the responsibilities of the role.
  - Given the nature of the responsibilities, the remuneration is not tied to the performance of the company and therefore includes fixed compensation only. Any compensation will be delivered in cash.
  - As a guiding principle, the total fixed remuneration should approach the median of the market reference.
- Review: In principle every 3 years; in extraordinary circumstances an intermediate adjustment might be considered.
- Denomination: The remuneration is denominated and delivered in EURO; currency conversion risks are not covered by the company.
- Compensation: Consists of a fixed fee, intercontinental travel fee and reimbursement of expenses.
- Shareholding: In line with the position paper "Board members' Shareholdings in the company" members of the Supervisory Board are encouraged to hold (privately acquired) ordinary DSM shares.
- Benefits and loans: Members of the Supervisory Board shall not be eligible to participate in any benefits program offered by the company to its employees, nor shall the company provide loans.

## Proposed gross fees (in € / on annual basis)

| Position   | Actual as of 2016 | Proposed as of 2019 | Reference Median Benchmark |
|--|-------------------|---------------------|----------------------------|
| Chair Supervisory Board                                      | 85,000            | 105,000             | 110,000                    |
| Deputy Chair Supervisory Board                               | 60,000            | 75,000              | 80,000                     |
| Members Supervisory Board                                    | 60,000            | 70,000              | 70,000                     |
| Chair Audit Committee  | 15,000            | 18,500              | 20,000                     |
| Member Audit Committee                                       | 10,000            | 12,000              | 13,000                     |
| Chair Nomination, Remuneration and Sustainability Committee  | 10,000            | 14,000              | 14,000                     |
| Member Nomination, Remuneration and Sustainability Committee | 7,000             | 8,500               | 8,500                      |
| Intercontinental travel allowance*                           | 4,000             | 5,000               | 5,000                      |

\* In addition to reimbursement of business expenses (partially covered by a fixed representation allowance of €1,250 / annum), the intercontinental travel allowance will be paid for each meeting outside the continent in which the respective Supervisory Board member resides.

In view of DSM's growth and global footprint, a more international approach to benchmarking might be required in the future, extending the current benchmarking based upon comparison with AEX companies (Netherlands) only.

The Supervisory Board proposes to the General Meeting to adapt the remuneration policy of the members of the Supervisory Board in accordance with the proposal.

### NOTES TO AGENDA ITEM 4

Financial Statements for 2018

Resolution

On 7 March 2019, the Supervisory Board approved the Financial Statements for 2018 drawn up by the Managing Board. The Financial Statements were published on 8 March 2019 and are now submitted for adoption by the General Meeting (see Article 31, section 2, of the Articles of Association).

Under this agenda item the accountant will give a short explanation on the audit of the Integrated Annual Report for 2018.

### NOTES TO AGENDA ITEM 5

#### a. Reserve policy and dividend policy

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

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

The Cumulative Preference Shares A are, in accordance with article 32, section 3, of the Articles of Association, entitled to a dividend for the financial year 2018 which is equivalent to the dividend yield of the ordinary shares over 2018, which would be - if resolution 5b will be adopted by the AGM - about 2.74%. This percentage may be increased or decreased by a mark-up or discount of no more than one hundred (100) basis points, to be determined by the Managing Board in consultation with the Supervisory Board. The Managing Board in consultation with the Supervisory Board has decided to use their discretionary option and to set the dividend percentage on the Cumulative Preference Shares A at 3.26%. As the basis for the computation of the dividend on the Preference Shares A amounts to €5.2942 per share, the total dividend for 2018 equals to €0.17259 per share, which is identical to the total dividend paid on the Cumulative Preference Shares A over 2016 and 2017. While the proposed dividend for the ordinary shareholders will increase by about 25% versus 2017, the Managing Board, in consultation with the Supervisory Board, felt it appropriate to keep the dividend on the Cumulative Preference Shares A equal to that paid over 2017.

#### b. Adoption of the dividend on ordinary shares for 2018

Resolution

With the approval of the Supervisory Board, the Managing Board is presenting to the General Meeting for adoption the proposal that the dividend per ordinary share to be paid for 2018 will be €2.30 (see Article 32, section 5, of the Articles of Association), an increase of €0.45 (25%) from the €1.85 paid for 2017. An interim dividend of €0.77 per ordinary share having been paid in August 2018, the final dividend thus amounts to €1.53 per ordinary share.

At the discretion of the shareholder, the final dividend will be made available in cash or, under the conditions set out below, in ordinary shares of DSM. The period in which this choice can be made is from 14 May 2019 to 27 May 2019 (3.00 pm CET). To the extent the final dividend is paid out in shares, these shares will be primarily transferred out of the own shares DSM holds in stock. Should the total number of own shares not be sufficient, additional shares will be acquired. The stock dividend is paid up from the tax-exempt share premium reserve and thus free from withholding tax in the Netherlands. Where

shareholders have opted to receive their dividend in shares, the corresponding cash value of €1.53 per ordinary share will be deducted from the profit attributable to shareholders and added to the reserves. In order to avoid negative tax consequences for DSM, a maximum of 40% of the total dividend amount is available for stock dividend. If shareholders in total wish to receive in aggregate a distribution in shares which exceeds this maximum percentage of the total dividend, those shareholders who have opted for distribution in the form of shares will receive their stock dividend on a pro rata basis, with the remainder being distributed in cash.

The conversion rate of the stock dividend to that of the cash dividend will be determined on 28 May 2019 based on the Volume Weighted Average Price ('VWAP') of all DSM shares traded on Euronext Amsterdam ('Euronext') over a period of five trading days from 21 May 2019 up to and including 27 May 2019. The value of the stock dividend, based on this VWAP, will - subject to rounding - be equal to the cash dividend. There will be no trading in stock dividend rights.

The ex-dividend date will be 10 May 2019, the record date 13 May 2019 and the dividend will be payable as from 3 June 2019.

### NOTES TO AGENDA ITEM 6

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

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

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

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

### NOTES TO AGENDA ITEM 7

- a. Reappointment of Pauline van der Meer Mohr as a member of the Supervisory Board Resolution

According to the rotation schedule, in 2019 Mrs. Van der Meer Mohr is due to resign, but available for reappointment. In accordance with Article 24, section 2, of the Articles of Association, the Supervisory Board nominates Mrs. Van der Meer Mohr for reappointment as a member of the Supervisory Board of DSM on the basis of her broad human resources management, corporate governance and international business experience, her extensive experience and qualities as Supervisory Board member as demonstrated during her past period as member of DSM's Supervisory Board and most recently as Deputy Chair. With the nomination of Mrs. Van der Meer Mohr, the Supervisory Board especially maintains its profile in the fields of general management, people & organization as well as corporate governance, compliance and legal affairs. Mrs. Van der Meer Mohr is an independent member of the Supervisory Board within the meaning of the Dutch Corporate Governance Code and Article 1.5 of the Supervisory Board Regulations.

It is proposed that the General Meeting reappoints Mrs. Van der Meer Mohr as a member of the Supervisory Board of DSM in accordance with the nomination of the Supervisory Board with effect from 8 May 2019 for a period of two years, ending by close of the AGM to be held in 2021, which is in accordance with the Dutch Corporate Governance Code.

Mrs. Pauline van der Meer Mohr was born in 1960 and is a Dutch national. She earned a Master's Degree in Alternative Dispute Resolution (cum laude) of the University of Amsterdam and a Master's Degree in Dutch Law of Erasmus University Rotterdam. Her last executive position held was President



of the Executive Board of Erasmus University Rotterdam. Before that she was the founder and managing partner of Amstelbridge Human Capital Strategies, Senior Executive Vice President and Head of Group Human Resources of ABN AMRO Bank N.V., Group Human Resources Director of TNT N.V., and held several senior positions at the Royal Dutch Shell Group of Companies.

Mrs. Van der Meer Mohr is a non-executive director in the boards of HSBC Holdings plc. and Mylan N.V., Chair of the Supervisory Board of EY Netherlands, Chair of the Board of Trustees of the Nederlands Danstheater and Chair of the Dutch Corporate Governance Code Monitoring Committee, and member of the selection and nomination committee of the Supreme Court of the Netherlands and of the Capital Markets Committee of the AFM (Dutch Authority for the Financial Markets).

Mrs. Van der Meer Mohr holds 1529 DSM shares.

### b. Appointment of Erica Mann as a member of the Supervisory Board Resolution

In accordance with Article 24, section 2, of the Articles of Association, the Supervisory Board nominates Mrs. Mann for appointment as a member of the Supervisory Board of DSM on the basis of her long experience in (infant) nutrition, CPG / FMCG and pharma in science-based businesses, as well as her international experience, including her experience with emerging markets. With the nomination of Mrs. Mann, the Supervisory Board especially strengthens its profile in the fields of general management, strategy, marketing/ sales, emerging economies and DSM's Nutrition business. Mrs. Mann is an independent member of the Supervisory Board within the meaning of the Dutch Corporate Governance Code and Article 1.5 of the Supervisory Board Regulations.

It is proposed that the General Meeting appoints Mrs. Mann as a member of the Supervisory Board of DSM in accordance with the nomination of the Supervisory Board with effect from 8 May 2019 for a period of four years, ending by close of the AGM to be held in 2023, which is in accordance with the Dutch Corporate Governance Code.

Mrs. Mann was born in 1958 and is an Australian national. She holds an undergraduate degree in Analytical Chemistry from Tshwane University in Pretoria (South-Africa) and a Marketing Management Diploma from the Institute of Marketing Management in Johannesburg (South Africa). Until the beginning of 2018 Mrs. Mann was a member of the Board of Management of the Bayer Group and Global President of Bayer's Consumer Health Division. Before that Mrs. Mann was with Pfizer Inc. (2009-2011) and with Wyeth Group (1994-2009) where she held senior executive positions.

Mrs. Mann is a non-executive member of the Board of Soho Flordis since August 2018 and of the Board of Kellogg company since February 2019. She has been nominated to join the Board of Perrigo as a non-executive director. Until recently she was Chair of the World Self-Medication Industry Association (Geneva, Switzerland), the global association for the over-the-counter drug industry.

Mrs. Mann holds no DSM shares.

## NOTES TO AGENDA ITEM 8

### Reappointment of the External Auditor Resolution

At the 2014 Annual General Meeting, KPMG Accountants N.V. was appointed as the independent auditor for Koninklijke DSM N.V. and engaged for an initial three-year term covering 2015, 2016 and 2017. At the Annual General Meeting of 2017 and 2018 respectively, KPMG Accountants N.V. was reappointed for 2018 and 2019. Following the recommendation of the Audit Committee and the Managing Board, the Supervisory Board proposes to reappoint KPMG Accountants N.V. as the independent auditor for the year 2020.

### NOTES TO AGENDA ITEM 9

#### Powers of the Managing Board

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

In accordance with Articles 10 and 11 of the Articles of Association, the General Meeting, by virtue of the resolution adopted on 9 May 2018, has extended the period during which the Managing Board is authorized to issue shares and to limit or exclude the pre-emptive rights when issuing ordinary shares by 18 months. This authorization will therefore end on 9 November 2019 if it is not extended or renewed. The duration of the authorization is restricted by Dutch law to a maximum of five years. However, as in previous years, it is proposed that the authorization is granted to a date 18 months from the date of this General Meeting.

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

- a. Authorization of the Managing Board to issue up to 10% ordinary shares and to exclude pre-emptive rights Resolution

A proposal is submitted to the General Meeting to designate the Managing Board as the corporate body authorized:

- 1) to issue ordinary shares, which includes the granting of rights to subscribe for ordinary shares as provided for in Article 10 of the Articles of Association, where this authorization of the Managing Board is limited to a number of ordinary shares with a nominal value amounting to 10% of the issued capital at the time of issue, and
  - 2) to limit or exclude pre-emptive rights of existing shareholders, as provided for in Article 11 of the Articles of Association,
- for a period of 18 months from the date of this General Meeting (i.e. up to and including 8 November 2020).

The issue price will be determined by the Managing Board and shall as much as possible be calculated on the basis of the trading prices of ordinary shares on the Euronext Amsterdam Exchange.

Currently, DSM has no plans to make use of the authority sought under this proposal, other than servicing the option rights and shares granted to DSM managers and employees and the settlement thereof, and/or making available (interim) dividends in the form of ordinary shares.

This resolution will replace the current authorizations of the Managing Board to issue shares and to exclude pre-emptive rights granted by the General Meeting on 9 May 2018.

- b. Authorization of the Managing Board to issue an additional 10% ordinary shares in connection with a rights issue Resolution

A proposal is submitted to the General Meeting to designate the Managing Board as the corporate body authorized:

- 1) to issue ordinary shares in connection with a rights issue only, where this authorization of the Managing Board is limited to a number of ordinary shares with a nominal value amounting to 10% of the issued capital at the time of issue, and
- 2) in connection therewith to limit or exclude statutory pre-emptive rights of existing shareholders in order to make such limitations or exclusions or other arrangements as the Managing Board may deem necessary or expedient in the context of a rights issue, but affording eligible existing shareholders





contractual pre-emptive rights to subscribe for the new shares in proportion to their shareholding in line with market practice in such a rights issue, for a period of 18 months from the date of this General Meeting (i.e. up to and including 8 November 2020).

The proposed authorization will allow the Managing Board to be flexible and to react quickly to circumstances that require the issuance of ordinary shares. It will give the company flexibility in managing its capital position and to respond promptly to developments in the financial markets, should circumstances so require.

In line with market practice in rights issues the statutory pre-emptive rights will be excluded, in order to deal with legal or practical difficulties in relation to record dates, fractional entitlements, treasury shares or any restrictions, obligations, practical or legal constraints under the laws or requirements of any jurisdiction or regulatory body, but eligible existing shareholders will be afforded contractual pre-emptive rights to subscribe for the new shares in proportion to their shareholding. In line with market practice DSM currently intends to include (at least) the following categories of shareholders in such a rights issue:

- a) qualified investors as well as retail investors in the Netherlands;
- b) qualified investors in EU member states and in the US;
- c) retail investors in EU member states where DSM has a significant retail investor base, or qualified or institutional investors in any jurisdiction (including the UK, Switzerland, Norway and Canada) provided that it is feasible to meet local requirements for making such an offering.

Shareholders who are not allowed to, do not elect to, or are unable to subscribe to a rights offering, are entitled to sell their rights in the market or receive any net financial benefit upon completion of a rump offering after the exercise period has ended.

Currently, DSM has no plans to make use of the authority sought under this proposal.

### NOTES TO AGENDA ITEM 10

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

DSM considers it desirable to have flexibility with regard to the repurchase of its own shares e.g. to service share options and shares granted to management and personnel, as part of a share buy-back program, or otherwise. In accordance with Article 13 of the Articles of Association, the company may acquire its own shares by virtue of a resolution of the Managing Board, which resolution is subject to approval by the Supervisory Board. Under Article 2:98 of the Dutch Civil Code, this requires authorization by the General Meeting. The duration of such authorization is limited by Dutch law to a maximum of 18 months.

It is proposed that the General Meeting authorizes the Managing Board to repurchase shares, on the stock exchange or otherwise, as meant in Article 13 of the Articles of Association, for a period of 18 months from the date of this General Meeting (i.e. up to and including 8 November 2020), up to a maximum of 10% of the issued capital as reported in the Financial Statements for 2018, provided that the company will hold no more shares in stock than at maximum 10% of the issued capital. The repurchase can take place - in the case of ordinary shares - for a price between the nominal value and the opening price on the Euronext Amsterdam Exchange on the day of purchase plus 10% and - in the case of Cumulative Preference Shares A - for a price between the par value and the computation base referred to in Article 32, section 3, of the Articles of Association, plus 10%. The price range enables the company to adequately repurchase its own shares, also in volatile market conditions.



The authorization of the Managing Board to repurchase shares may be withdrawn by the General Meeting. The proposed authorization will replace the authorization granted to the Managing Board on 9 May 2018.

### NOTES TO AGENDA ITEM 11

Reduction of the issued capital by cancelling shares

Resolution

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

The number of shares to be cancelled under this resolution shall be determined by the Managing Board in one or more tranches and shall be limited to a maximum of 10% of the issued capital as reported in the Financial Statements for 2018. The amount of the capital reduction shall always appear from a resolution adopted to this end by the Managing Board, which will be filed at the Trade Register.

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