

Royal DSM's position on Board Member shareholdings in the company

At Royal DSM, we believe shareholdings by Managing Board and Supervisory Board members reinforce alignment with long-term stakeholder interests. Holding shares in Royal DSM is one of the ways in which members of these Boards express their confidence in the strategy and performance of the company.

It is in the interest of shareholders, customers, employees, society-at-large and other stakeholders that the company performs well in the long-run, both financially as well as regarding non-financial parameters. This is what DSM's strategy and its successful execution is designed to ensure. Holding shares in Royal DSM is one of the ways in which members of the Managing Board and Supervisory Board align with and express their confidence in the strategy and performance of the company, as long as these shareholdings are held with a long-term view. That is why members of the Managing Board and Supervisory Board of DSM intend to keep their holdings in the company for an extended period of time (long-term), thus precluding any potential conflict of interest.

DSM's Managing Board remuneration policy comprises various elements which stimulate and facilitate the build-up of shareholdings, such as: minimum shareholding guidelines; a deferral and share matching plan as part of the Short-Term Incentive (STI); and a Long-Term Incentive (LTI) consisting solely of performance shares.

Shareholders approved the adoption of minimum shareholding guidelines for the members of the Managing Board at the AGM in 2013. At DSM, these are equivalent to a minimum of three times the base salary in the case of the CEO and one time the base salary for the other Managing Board members. These shareholdings can be built up over five years.

Managing Board member shareholdings are also stimulated and built up through DSM's Deferral and Share Matching Plan. This plan provides an additional link between Managing Board remuneration and long-term sustainable value creation. A mandatory (25%) and a voluntary proportion (up to a total maximum of 50% of the total gross STI) of the STI amount earned in a year is deferred and converted into DSM shares with a three-year vesting period. This is linked to a one-for-one matching award on the total deferred amount under the condition that predefined performance targets and measures equivalent to those under the LTI plan are met at the end of the vesting period.

The Long-Term Incentive for members of the Managing Board is a performance share plan, under which vesting is conditional on the achievement of certain predetermined performance targets. Detailed information on the plan and the financial and non-financial measures that apply can be found in DSM's Integrated Annual Report 2015.

All members of the Managing Board have purchased shares in the company to emphasize their confidence in the strategy and the company. Details of the individual and collective holding of shares in Koninklijke DSM N.V. can be found in DSM's Integrated Annual Report, which provides an overview of holdings at year-

end, as well as through the online register provided by the Netherlands Authority for the Financial Markets (AFM), which can be consulted at any time for the latest information¹.

These shares were acquired both through transactions with private funds (including shares bought from earned STI payouts) and through the vesting of performance shares.

DSM furthermore encourages its Supervisory Board members to own shares purchased with private funds. In performing its duty, the Supervisory Board acts in accordance with the interests of the company and the businesses connected with it, taking the interests of the company's stakeholders into consideration. At DSM we believe that shareholdings by Supervisory Board members as a long-term investment support and are fully in alignment with the Supervisory Board's duties, as well as underline their confidence in the strategy of the company. There is, however, no obligation to hold shares. Supervisory Board members should decide for themselves whether they want to hold shares or not. Details of the individual- and collective holding of shares in Koninklijke DSM N.V. can be found in DSM's Integrated Annual Report, as well as through the online register provided by the Netherlands Authority for the Financial Markets (AFM)². These shares were acquired solely through transactions with private funds. DSM's Supervisory Board will adopt a position on share-based remuneration for Supervisory Board members after publication of the New Dutch Corporate Governance Code.

Both the Supervisory Board and the Managing Board members are bound by the DSM rules concerning the holding of and trade in DSM financial instruments and the disclosure of inside information. Any transaction in DSM shares needs the approval of the Chairman of the Managing Board (for members of the Managing Board), or the Chairman of the Supervisory Board (for the Chairman of the Managing Board or members of the Supervisory Board) or the Chairman of the Audit Committee (for the Chairman of the Supervisory Board).

More details can be found in DSM's Integrated Annual Report and the minutes of the Annual General Meeting of Shareholders.

¹ Mid-August 2016 the DSM Managing Board members together held 198,290 ordinary shares in Koninklijke DSM N.V.

² Mid-August 2016 the DSM Supervisory Board members together held 8,510 ordinary shares in Koninklijke DSM N.V.