Minutes of the proceedings of the Annual General Meeting of Shareholders of Royal DSM N.V., registered in Heerlen, held on Wednesday 3 May 2017 at 2:00 pm at the company's headquarters, Het Overloon 1 in Heerlen, the Netherlands.

Chairman: R.J. Routs, chairman of the Supervisory Board.
Secretary: L.I. van den Broek, company secretary.

1. Opening

The chairman welcomes all those present. The chairman reports that the full Supervisory Board and Managing Board are present.
The chairman notes that the agenda with its explanatory notes and the other documents were sent to the shareholders on 21 March 2017 and were published on the DSM website, that the registration date was 5 April 2017, and that the meeting is authorized to adopt legally valid resolutions. The chairman also reports that there was an option to give a proxy and voting instructions to civil-law notary J.J.C.A. Leemrijse for the meeting as an independent third party. She is also present to ensure that the meeting proceeds with due attention to legal and statutory regulations. After receiving the attendance data later on in the meeting, the chairman reports that 1057 shareholders are present or represented. They represent a total capital stock of 141,106,174 shares, being 64.51% of the voting capital. For the various resolutions, the civil-law notary has proxies and voting instructions for a total of approx. 139 million shares or 99.01% of the capital present at the meeting.
The chairman makes a number of announcements and gives the floor to Mr. Sijbesma for an explanation of the annual report of the Managing Board, but not before the chairman congratulates Mr. Sijbesma on his 10-year anniversary as CEO of DSM. The chairman mentions Mr. Sijbesma's achievements, such as the fact that the company's share price has almost doubled since he took up his position and the way in which he has put DSM on the map as a frontrunner in sustainable business.

2. Annual Report for 2016 by the Managing Board

Mr. Sijbesma welcomes those present. He starts his presentation with a video of what DSM has done over the past year. Using slides he continues with a brief introduction of where DSM currently stands. He then addresses the growth strategy for the next couple of years. Mr. Sijbesma also points out that DSM's portfolio has greatly changed over the years and illustrates this with a graph. Mr. Sijbesma recounts DSM's history, starting out as a coal mining company and then becoming a petrochemical company. Now DSM is a 'science-based company' with a focus on life sciences on the one hand and materials on the other.
In particular, DSM is presently a company that deals in food ingredients, animal feed ingredients – Nutrition – and high-quality materials. Mr. Sijbesma concludes that the Materials business has specialized further and that three new growth platforms have also been created within the innovation center, called 'EBAs', or Emerging Business Areas. He also recounts the acquisition history that partly made DSM the company it is now.
He then discusses the various activities of DSM in more detail: within Nutrition, Animal Nutrition, Human Nutrition, Food Specialties and also Personal Care, and on the other hand in Materials: Engineering Plastics for the automotive and electronics industries, Resins – for coatings (paints) – and Dyneema, a super-strong fiber.
Mr. Sijbesma states that innovation is a key part of DSM, which has become a science-based company in recent years. A comparison of DSM's innovation efforts and practices

with those of other companies shows that DSM is in the top segment: 22% of the sales come from innovation. He shows a video about DSM's innovations.
Mr. Sijbesma explains that DSM is increasing its presence all over the world and is also becoming increasingly versatile in other aspects. One thing he does want to see is an even greater increase in the number of female executives. He states that key steps have also been made at the company in relation to safety. He also addresses the lower carbon footprint the company has achieved and still intends to achieve.
Mr. Sijbesma uses a graph to indicate the increased share price since he took up his position and the dividend yield. He then addresses DSM's strategy. He refers to the Sustainable Development Goals (SDGs) of the United Nations, to which DSM is also responding and is able to make a contribution. He then also recounts the four key drivers for growth, which should yield better financial results, a stronger company in terms of growth, cost reduction and efficiency, and more return on capital. This is measurable, firstly using the EBITDA and secondly using the return on capital employed (ROCE). The target for the Strategy period 2016-2018 is for the EBITDA to grow by 7-9% per year and the ROCE to grow by close to 100 basis points.
Mr. Sijbesma states that DSM wants to be less involved in acquisitions and portfolio changes during this strategy period, and currently focuses on integrating the acquisitions of recent years as well as improving the returns. DSM is strengthening the core activities of Nutrition which includes the development of new products. He mentions a number of achievements in the latter field: the development of the sweetener Stevia, the sustainable fish food project Green Ocean and the Clean Cow project, an animal feed ingredient that can help reduce methane emissions from cows.
On the Materials side, DSM is continuously improving the quality of its product portfolio by focusing fully on the development and growth of specialty, high quality materials. In Engineering Plastics there are developments that make miniaturization of electronics possible. Mr. Sijbesma also mentions Niaga, 100% recyclable carpeting, and Dyneema, an extraordinarily strong fiber that is being used in many different applications, from mooring ropes to protective clothing.
He also reports that DSM is implementing a cost reduction program of a total of about €€ 250 million to € 300 million compared to 2014.
He also mentions the DSM Brighter Living Solutions, products with a clearly reduced environmental impact or with a clear benefit to society compared to competing products. About 63% of sales stand out as Brighter Living Solutions. In the innovation portfolio, this is even more than 90%.
Mr. Sijbesma continues by addressing growth in 2016. Sales increased by 3%. The return on capital employed increased almost 3 percentage points to 10.4%. Net debt has been reduced to which a number of divestments have contributed. He also explains the financial figures of Nutrition and Materials. The organic growth of Materials was slightly less due to an – oil-related – drop in feedstock prices. This caused the sales prices to drop, but not DSM's margins. He then states that DSM's dividend policy is aimed at offering a stable and preferably rising dividend.
Mr. Sijbesma explains DSM's sustainability performance based on the slides. He also addresses the reason for DSM's efforts to create a world with minimum CO_2 emissions: if CO_2 emissions are not reduced, the next generation will be given a major problem to solve. At some point, companies will be forced to ensure that they reduce their CO_2 emissions.
In this field DSM collaborates with the World Bank, the IMF and the United Nations. DSM is in favor of introducing a price for CO_2. When that happens, it will be partly good for DSM's business, because DSM makes all kinds of products that reduce CO_2 emissions, but DSM

also still has its own CO_2 emissions as well. Those will have to be further reduced. Innovation plays a key role in this. That is why DSM's fields of activity include solar energy and energy storage. DSM has also launched a Bright Minds Challenge, recognizing scientists all over the world, and especially involving scientists in the aforementioned fields (solar energy and energy storage). A prize helps the winners of the Challenge to further develop their concept. Mr. Sijbesma shows a video about this.
To illustrate the recognition of DSM's activities, he then mentions the Dow Jones Sustainability Index, where DSM was in first place again last year. Over the past 15 years, DSM has come out on top eight times. Last year Fortune included DSM in its list of the 50 companies in the world that truly change the world. Mr. Sijbesma further states that DSM has been the most important partner of the World Food Program for 10 years, helping almost 30 million people worldwide. He then addresses a number of DSM's innovations.
Mr. Sijbesma continues with a discussion of DSM's results for Q1 2017. Sales increased by 13%. Organic growth is 9%, clearly above the market growth in both the areas of Nutrition and Materials. The EBITDA increased by 17%.
One important aspect is that the ROCE – the return on capital employed – also increased further. DSM is now at 11.3%. Cash generation also increased.
Mr. Sijbesma concludes with a word of thanks for the shareholders' support.
The chairman thanks Mr. Sijbesma for his presentation and continues with agenda item 3.

3. Implementation Managing Board Remuneration Policy in 2016

The chairman gives the floor to Ms. Van der Meer Mohr, chair of the Supervisory Board's Remuneration Committee, for a brief explanation of the implementation of the remuneration policy for the Managing Board in 2016.
Ms. Van der Meer Mohr reports that the basic salary of the members of the Managing Board was adjusted by 3.5% in January 2016, after no adjustment occurred in 2015. This increase therefore covers a period of two years (2015 and 2016), so an average of 1.75% per year. Ms. Van der Meer Mohr concludes that the objectives for the short-term variable remuneration of the Managing Board have been achieved. Ms. Van der Meer Mohr also reports that, with regard to the more long-term variable remuneration, 33% of the conditionally granted shares vested.
Ms. Van der Meer Mohr points out that for many years, if not every year, the remuneration of the chairman of the Managing Board has been substantially lower than the median of the peer group as well as the Dutch AEX companies. The Supervisory Board has therefore decided to grant a non-recurring amount to Mr. Sijbesma as a pension contribution, to bridge part of the remuneration arrears. Ms. Van der Meer Mohr also concludes that the Supervisory Board is satisfied that all the members of the Managing Board are substantially investing in DSM shares using their own funds and by converting part of the short-term variable remuneration into shares that are then kept for a longer term. As a result of this, the more long-term interests of the shareholders and the members of the Managing Board are brought in line.
Finally, Ms. Van der Meer Mohr reports that the remuneration policy, which was approved in 2013, is now up for review and that this will be done in 2017.

The chairman thanks Ms. Van der Meer Mohr for the explanation and gives the shareholders the opportunity to ask questions on agenda items 2 and 3.
On behalf of Robeco and partly on behalf of Achmea Investment Management, APG, de Goudse and Menzis, Mr. Van Esch expresses his satisfaction with the strategy, the ROCE

and EBITDA. He asks how DSM will handle the financial room that will be created when DSM divests its shares in the three joint ventures, how it will prioritize between investments in organic growth, M&A or share buybacks, under what financial conditions DSM will proceed with new acquisitions, and whether DSM has a target leverage for the balance sheet and, if so, what the target is.
Ms. Matchett thanks Mr. Van Esch for the compliments and states that the capital allocation policy has not changed. She states that DSM's first priority is to support organic growth, which can be achieved, for example, by accelerating innovation or capital investments. The second priority is to keep the dividend promise – 'stable and preferably rising'. The third priority is to proceed with acquisitions when the time is right. The primary aim right now is however to improve financial performance. So currently there is no special focus on acquisitions, but these will probably become part of the growth strategy again in the future. In fourth place, a capital distribution to shareholders may possibly be performed especially if in the course of time no attractive allocations for capital were to be found. In response to the second question and the point of leverage, Ms. Matchett states that DSM is working on improving cash generation. DSM believes it is sensible to retain sufficient flexibility. That is why there is no specific leverage target.
Mr. Stevense addresses the vacation of the office building in Heerlen due to ground motion and – referring to the situation in Groningen – wonders what the financial consequences of this are for DSM. Secondly, he asks about the innovations in the field of solar panels: are these about connections between the panels or a layer under the panels? Thirdly, he would like to know about the consequences of the meat scandals in Brazil and the lawsuit won by DSM relating to lactose patents, especially any future steps with financial consequences.
Mr. Sijbesma states that one of the wings of the Headquarters in Heerlen was temporarily vacated as a precaution due to measured ground motion caused by mining activities in the past (incidentally not by DSM itself). As things stand now, this will be resolved before the end of the year, with minimal financial consequences.
Regarding the second point, Mr. Sijbesma states that DSM is trying to do something at both the top and rear of the solar panels. This is not about the connections between the panels, but about the efficiency of the panel itself. At the top, the collection of sunlight is improved and reflection is reduced, at the rear encapsulants and backsheets ensure that the solar panels can perform at their best and no energy leaks out.
Mr. Sijbesma states that the situation in Brazil is frustrating - the economy is not in great shape over there and the scandals affect the Brazilian meat market - but that DSM has been hardly affected by this in Q1. Ms. Matchett has indicated that DSM may be subject to a risk of € 20 million in sales in Q2, but that impact is limited in view of the approx. € 2 billion in sales generated by DSM each quarter. It is unclear how long the problems in Brazil will still last.
Regarding the breach of the lactose patent, Mr. Sijbesma confirms that there are indeed companies that are competing with DSM – especially in the field of enzymes. DSM defends its own patents tooth and nail, and is very often successful.
Mr. Stevense then asks what the term of the patents is.
Mr. Sijbesma answers that this is about 16 to 20 years on average, barring extensions if new changes are made.
Mr. Dekker wonders how DSM views its scale in the various market segments it operates in and is particularly interested in any weaknesses that have to be supplemented through acquisitions. He asks whether insight into the market position and changes thereto could be included in the annual report. He also wonders whether, now that the company is in such a good state, growth could be accelerated a bit more in view of the potential acquisition threat.

After all, there is a nice pot of gold in the value of the three joint ventures, plus whatever is coming up in terms of R&D. Regarding this Mr. Dekker joins Robeco in asking what DSM will be doing in the slightly shorter term with the money generated by these joint ventures.
Mr. Sijbesma states that all the businesses of DSM are among the top 3 players in their respective fields, matching the target. In Nutrition, DSM is globally the leader by far in Human Nutrition and Animal Nutrition. In the field of Materials, DSM is a top 3 player in most segments in any case and number 1 according to some product definitions. In Biomedical, Mr. Sijbesma believes that DSM is also among the top 3 in the world. For competitive reasons DSM will not share any details about this in the annual report, because DSM does not want to make public what it considers to be its market shares, nor indicate how much market share DSM thinks the competition has.
Mr. Dekker asks who the key competitors in Nutrition are.
According to Mr. Sijbesma this is mainly BASF in Nutrition and for Food Specialties these are ChristianHansen, Novozymes, DuPont and a series of smaller players. Furthermore, Mr. Sijbesma emphasizes that DSM currently is already growing very rapidly: this quarter once again twice as fast as the market.
Mr. Dekker points out that for a faster growth he was thinking of acquisitions, which DSM does not want to do in the period 2015-2018. He wonders if that is sensible in view of the situations involving Unilever and AkzoNobel.
Mr. Sijbesma answers that Unilever and Akzo will have to answer that for themselves and that DSM has worked hard in the past years on changing its portfolio by buying and selling businesses. It is good to focus now first on reducing costs and organic growth to improve financial results. That is why DSM is now taking a breather with regard to acquisitions. He does, however, state that doing acquisitions will obviously return at a certain point, especially when there is more financial room for further acquisitions once the joint ventures have been divested. At the moment DSM is happy with the current strategy.
Mr. Dekker also asks how competitive conditions changed during the years of the financial crisis.
Mr. Sijbesma states that DSM basically came out on top in all its businesses. When the crisis started ten years ago, DSM was mainly a bulk chemical company and number 10 or 12 in the world and number 5 in Europe – definitely not in a leading position. In recent years DSM has been very focused and came out of those crisis years strongly, also due to the portfolio change.
Mr. Spanjer congratulates Mr. Sijbesma on his 10-year board anniversary. He is disappointed by the fact that the newspapers still talk about a ‘chemical company’. He asks about the three joint ventures that Mr. Sijbesma wants to divest in due course. The annual report does not state clearly what ‘in due course’ means. Mr. Spanjer also wants to know whether the other parties are willing to sell and whether Mr. Sijbesma is already thinking of a price.
The chairman’s letter in the annual report points out that in the period 2015-2017 1,000 people no longer suited the company in different functions, but only six people actually left. Mr. Spanjer asks how this is possible. He is also disappointed about the poor publicity around animal feed. Furthermore, Mr. Spanjer asks how things are going with DSM’s paint brand and finally, in response to an article in the Financieele Dagblad (FD) about the protection of DSM, he asks what DSM’s position is on protection against hostile takeovers.
Mr. Sijbesma points out that DSM does everything it can to prevent being labeled as a chemical company or a chemical company from Limburg; DSM is operating globally and indeed a science-based company, but many people, including the press, still view DSM as a chemical company. It takes time for this to change. Mr. Sijbesma continues that the title in

the FD, 'DSM reasonably protected', came from the FD itself; it is not a quote from Mr. Sijbesma. DSM is not busying itself with all kinds of protective measures; but is basically just doing its business.
Mr. De Vreeze addresses the discrepancy between the intended and actual lay-offs. In late 2016 about 21,000 people worked for DSM. The reorganization carried out to make DSM more futureproof, but also to allow for more growth, was mainly related to global support functions: HR, Finance, IT, Communication, etc. DSM had 4,000 people in these positions when the program started. The plan was to go to 3,000 people in these staff positions. The implementation of the plan is now at about two thirds. These are the 1,000 jobs referred to by Mr. Spanjer. DSM implements the reductions wherever improvement is possible and to ensure that DSM can achieve the required growth.
Mr. De Vreeze then addresses the question about the paint, which was also brought up last year. The answer then was that DSM must sometimes take the lead when introducing an innovation on the market – in this case a bio based paint. That is why DSM marketed this paint together with Praxis under the name 'Decovery Perfection'. Things are going well. In this way, DSM is signaling the market that these types of bio based paints are the next step in the paint industry, with a lower eco footprint. And this has worked. DSM is not really planning to become a true paint manufacturer itself.
Mr. Sijbesma then addresses the joint ventures. In this regard, the words 'in the near future' were used. For the pharma joint ventures, it could be this year, but it could also be in 2018 or 2019 but probably not long after 2020. The value extracted from them is more important than the exact timing. All three other partners also ultimately want to monetize their share in the joint ventures. This means that our interests are fully in line.
Mr. Sijbesma also states that each year about € 2.5 to 3 billion is collected from farmers, but farmers are often more familiar with the brand name of the animal feed or the name of the supplier than with the manufacturer of the ingredients, DSM.
Mr. Berkelder has a financial question and a question about a new product. He asks about the increase in inventories and trade receivables – both increased by 10% with a 10% increase in sales. The inventories are now at 23%. He asks whether reducing the two former items is a possibility, as this would release €0.5 billion in capital. Secondly, Mr. Berkelder asks whether DSM is participating in the development of products for artificial kidneys, etc.
Ms. Matchett agrees with the questioner that the objective must be to create the largest possible company with a minimum of fixed capital. DSM is already realizing this with the two aforementioned targets of increasing the EBITDA and improving the ROCE, which are influenced by inventory and trade receivables. The ROCE has clearly improved in 2016, but DSM wants to improve it even more.
Mr. De Vreeze addresses the second question: he is pleased to hear that Mr. Berkelder apparently associates DSM with innovation and materials. However, he is not aware of the developments in the field of artificial kidneys and there are no projects ongoing at the moment, but DSM is always open to new business and innovations.
On behalf of the VBDO, Mr. Altena compliments DSM on its performance over the past year. First of all, he asks whether it would be possible to prepare a profit and loss account regarding environmental and social aspects, combined with the financial profit and loss account. It would be good if so-called externalities such as social and natural capital could be monetized, i.e. expressed in money. What progress has been made in this regard and what are the issues faced by DSM in this process? The VBDO sees that DSM is implementing this mainly in a project-based fashion, but can DSM indicate whether it will be expanding this approach to a company-wide social and environmental profit and loss account?

The second question is about the weighting of natural capital in the risk assessment. It is not yet sufficiently clear to the VBDO how the identification of risks for loss of natural capital due to company activities is implemented as part of an integrated risk assessment. The question here is whether DSM can report on the identification of the key risks to natural capital and can report on how the weighting thereof is carried out?

The third question is about the SDGs. DSM clearly recognizes the importance of the SDGs, but the VBDO encourages companies, and therefore also DSM, to formulate concrete and specific goals for the SDGs. Will DSM be formulating concrete and specific goals for the medium and long term, and will it report on them?

Mr. Sijbesma thanks Mr. Altena for his trenchant questions and comments. DSM tries to work on reporting and transparency together with other companies as much as possible regarding these types of themes. After all, it would be beneficial for the same definitions to be used as much as possible. This is quite an elaborate process, as everyone has their own way of looking at things and the reporting method is not legally and centrally imposed. Incidentally, Mr. Sijbesma does think that this will happen at some point in the future.

Mr. De Vreeze addresses the question on monetizing social themes. DSM is still experimenting with this, where possible in collaboration with the World Business Council for Sustainable Development and the companies affiliated with it. These organizations jointly try to develop methods whereby the social themes can be expressed in monetary terms. DSM also wants to work on establishing how that can be made transparent, but this is still a learning process.

Ms. Matchett addresses the question on carbon pricing. She explains that Accounting for Sustainability (A4S), of which DSM is a member, is trying to develop a method that works for as many companies as possible, but is also relevant to investors. This is a difficult process. The big step already taken by DSM is to set an internal price of €50 per ton for CO_2, ensuring that decision-making on investments is already 'futureproof'. This means that, for every investment decision, DSM is wondering 'would we take this decision if there really was a €50 price on CO_2?' Ms. Matchett states that DSM can continue using this, but would prefer not to implement a self-designed approach, which later on may not be in line with what other companies use. That is of no use to stakeholders, as they will not be able to compare companies. But the topic is on everyone's mind at DSM.

Regarding the question on risk assessment, Ms. Matchett explains that natural capital is part of the risk assessment of each unit. DSM also checks whether the risks it identifies are viewed in the same way by others around DSM. Since this year, DSM has also been trying to make connections between different types of risks and how they affect each other. So things are moving forward in this regard.

Mr. Sijbesma adds another three aspects to this. First of all, he explains that many companies are making progress in the field of what used to be called Eco+; these activities are now being brought in line as much as possible by assigning a value to externalities. Other companies have not made as much progress on the impact of products on social themes, but DSM on the other hand has clear definitions to measure, for example, health, wellbeing and impact on local living conditions. DSM has shared these with other companies, which have gladly embraced them. Secondly, he emphasizes that the CO_2 price of €50/ton is only being used internally. DSM is not paying anyone; it is more of a shadow calculation, but it does affect investment decisions. They are calculated as if €50 has to be paid per emitted ton of CO_2, which negatively affects the return. Thirdly, Mr. Sijbesma also addresses five specific SDGs that are closely related to DSM. In this regard DSM has set itself clear, measurable goals for itself, and DSM also reports on them.

Mr. Bakker asks about the collaboration between POET and DSM, where a few teething problems still have to be resolved. He wonders whether any money can still be made with this factory, in view of the grain ethanol price and the US Renewable Fuel Standard (RFS), and the effect that President Trump could have on that.
Mr. Sijbesma explains that fuel is made from agricultural waste (plant remains) in that plant. The issues faced by that plant are the low oil price and the problems encountered when processing the waste (the presence of sand and stones in the plant remains, for example). It took a while to resolve them, but things are now looking up. Enzyme and yeast technology have also been further developed. By now this has led POET, the other owner, to agree to not only use the yeast, but also the enzymes of DSM. Our hope is to reach a break-even situation in the foreseeable future, and in due course money will also have to be made with licensing. The objective is to sell licenses mainly in Asia, to be able to process agricultural waste locally and produce green fuel instead of importing it. In that case, the value will not merely be present in that plant and not merely in the US either. It also means that the RFS in the US is important – namely for that plant – but it is not determining everything for DSM. Regarding the developments in US politics, DSM will have to wait and see, including future steps of the Environmental Protection Agency (EPA). For now, things are not looking bad, as the standard enshrined in legislation every year by the EPA regarding the volume of biofuels that would have to be produced exceeds the current level of production. The picture could change if production increases any further, but the many farmers in Iowa whose agricultural waste is purchased by DSM are very happy that their waste is being removed.
The chairman adds that the power of the lobby of these so-called ethanol farmers should not be underestimated.
Mr. Bakker asks whether all of the research in this field is carried out in the United States.
Mr. Sijbesma's answer is negative: most research actually takes place in Delft. Only the plant is in the US, in Iowa.
Mr. Bakker points out that he thought the research had been moved there due to the high levels of funding and asks about their future, in view of President Trump's policies.
Mr. Sijbesma answers that he does not know whether biofuels will suffer under the US climate and energy policy. As the chairman already said, there are also reasons for the government not to approach biofuels in a negative way. These reasons exist anyway: DSM believes that biofuels will become more competitive in due course and they result in an 80%-90% reduction in CO_2 emissions compared to fossil fuels. Furthermore, that plant also serves as a means of showing – to companies in China and India for example – that the concept developed by DSM actually works. There are quite a lot of countries in the world that need to produce energy using their own agricultural waste, for environmental reasons, for competitive reasons and possibly also for reasons of independence. DSM therefore views this concept as promising.
Mr. Altena (VBDO) has three more questions in response to this. First of all, he asks about the long-term ambitions for the i-Health division. Secondly, he indicates that the VBDO would like to see companies using both financial and sustainability criteria in their remuneration policy, but that the assessment of performance on sustainability criteria is often difficult and communication by the Remuneration Committee is therefore key. He asks how these sustainability goals were set up, how it is determined whether they have been achieved and whether it would be possible to provide more clarity on this in the next annual report.
Answering the first question, Mr. Sijbesma says that i-Health – DSM's consumer products – is a rapidly growing (double digit) business. The aim is to roll out these activities, which are

now mainly located in America, to other parts of the world, first in China and the rest of Asia, and then in Europe.
Ms. Van der Meer Mohr answers Mr. Altena's other questions. She explains that the targets are set in a useful manner as much as possible and that therefore targets are sometimes also set that DSM cannot (fully) disclose due to their competitive sensitivity. One of the two sustainability targets of the long-term incentives is indeed not easy for shareholders to derive externally, because these are related to DSM's cost base – i.e. competition-sensitive information, but it is a highly important target for DSM that has therefore been included. A middle course can be found by taking a target for which it can be easily clarified what exactly its objectives are and for which DSM tries to report the realization at a more aggregate level. Ms. Van der Meer Mohr also believes that the clearer the target setting is and the easier it is to assess the performance, the better; the Remuneration Committee will continue to try and sharpen the targets with regard to this.
Mr. Sijbesma also refers to the annual report (p. 117), which describes the reductions in greenhouse gases, and to the preceding pages of the annual report, which state the targets that DSM has set for itself for reducing greenhouse gas and for energy efficiency. These have a rather strict relationship with the targets for the remuneration policy. The accountant sees them all and signs them off.
Mr. Stevense expresses his support for DSM's current level of protection. He does refer to China, though, where to his knowledge certification of shares is considered a sound and required protection against takeovers and asks about the relationships of DSM – which is not certified – with China in this regard. Secondly, he asks how the recycling of DSM's carpeting material works.
Mr. Sijbesma reports that the constructions that could be viewed as protection are stated in the annual report and that these give him enough confidence considering the current working method of the Managing Board and the Supervisory Board.
Mr. De Vreeze briefly discusses Niaga, the recyclable carpeting. He states that recycling is often not considered until (too) late in development and that this makes recycling difficult. Niaga has been developed from a single feedstock, making it easy to recycle. The carpet goes into a machine that processes it into granules, which can be used to make new carpet. It is now being introduced in the US and it is expected to also come to Europe reasonably quickly.
Mr. Dekker asks about the synergy between Materials and Nutrition.
Mr. Sijbesma states that this is more of a question about why DSM has the portfolio of Life Sciences and Material Sciences. DSM is a perfect example of a company that has never declared a particular business as being sacrosanct. DSM is therefore capable of saying goodbye to businesses to which it cannot add any more value. DSM can do this for the Materials as well as the Life Science businesses. Naturally there is synergy in a number of areas, but more important than synergies, according to Mr. Sijbesma, is the question whether DSM as a company can add value to these businesses and that is certainly the case.
Mr. Dekker asks about the sales achieved by licenses for all technologies worldwide.
Mr. Sijbesma answers that these are about € 10 million. DSM does not have a major licensing business.
Mr. Dekker asks whether growth in this regard is not obvious.
Mr. Sijbesma answers that he fully agrees with this and that, for example, the joint venture with POET should mainly become a licensing business and that other new businesses are also being developed which mainly involve selling licenses, but that the current business is only suitable for this to a limited extent.

4. Financial Statements for 2016

The chairman reports that the financial statements for 2016 are submitted to the General Meeting for adoption. The financial statements for 2016 were approved by the Supervisory Board on March 2, 2017. The financial statements for 2016 were audited by the auditor, whose opinion is included on pages 206 through 210 of the annual report.
Mr. Weusten provides a brief explanation of the auditing work and the opinion from KPMG. Mr. Weusten indicates that KPMG has audited the separate and consolidated financial statements of DSM and has performed work with regard to the sustainability report. Mr. Weusten explains that the audit results in the audit opinion as a final product and that an approved opinion was issued. He explains that this means that the financial statements provide a reliable picture, that they are in line with IFRS and Title 9 of Book 2 of the Dutch Civil Code, and that the annual report is compatible with the financial statements and does not contain any material errors. Incidentally, the latter point is new compared to last year, and additional work was also performed for this.
Mr. Weusten explains that a number of elements are important in the audits performed by KPMG. First of all, KPMG prepares a risk analysis during the audit, aimed at the areas in the financial statements where the risk of errors is the highest. These are usually the major items that require estimates from the management. In addition, materiality is important when determining the scale and depth of the auditing work. For DSM the materiality of the financial statements as a whole has been set to €30 million. KPMG actually reports errors exceeding €1 million to the management and the members of the Supervisory Board.
From an efficiency viewpoint, KPMG chooses which activities it does centrally and which ones it does more locally. The auditor mainly tries to handle goodwill, acquisitions and divestments – if present – tax and legal proceedings centrally as much as possible.
In a number of countries KPMG uses local auditors who perform work on behalf of KPMG. For the consolidated entities these are KPMG Accountants and for the large non-consolidated entities – DPx, DSP, ChemicaInvest – these are other Big Four accountants. The joint venture between POET and DSM is audited by KPMG.
In addition there are mandatory statutory audits in most countries, which are partly performed by KPMG firms and partly by other firms. The foreign auditors report for group purposes and work under strict instructions from KPMG, are assessed in terms of their independence and competencies, and they are contacted very frequently about their findings and their reporting. Key foreign organizations are visited by the central team of KPMG. Last year those were entities in Switzerland, the United States and India.
For complex subjects KPMG engages specialists, for example, in the field of automation, pensions and tax.
KPMG periodically discusses its findings with Ms. Matchett and Mr. Sijbesma, has attended all the Audit Committee meetings and attended one meeting of the Supervisory Board. The key points are included in the opinion, given their financial importance, given the complexity and the level of opinion forming on which they are based. Just like last year, the valuation of the goodwill and the valuation of the tax positions are included. New for this year is the valuation of the POET-DSM joint venture and no longer included are the divestment of the Caprolactam business in 2015 and the transition of auditing from EY to KPMG.
The chairman thanks Mr. Weusten for his explanation and offers the opportunity to ask questions.

Later on in the meeting, Mr. Dekker asks two more questions. First of all, he asks what efforts led to the 15% increase in auditing costs. Secondly, he asks to what extent the focal points in last year's auditor's report were followed up by the Managing Board.
Mr. Weusten answers that the auditing costs are basically fixed for three years, but that these include certain assumptions about the progress of certain developments within DSM. This may cause the costs to change. Secondly, they include exchange rate effects, as KPMG invoices in the local currencies of the countries where the audit is performed. Furthermore, there may also be scope changes. Going from 2015 to 2016, all these effects occurred.
Mr. Dekker thinks that 15% sounds like quite a major increase. Mr. Weusten answers that discussions were held with the management about the amount involved and how they arrived at it. The chairman adds that there were a number of scope changes that justify the amount to which management and members of the Audit Committee agreed.
Mr. Weusten addresses the second question. He explains that KPMG draws up two written reports, to both the management and the supervisory directors: the management letter and the auditor's report. Extensive commentary from the management is included in the management letter and also following the auditor's report arrangements are made if anything can be improved, the extent to which this will be done and the timing involved. He states that he is satisfied with the follow-up of KPMG's points.

5. a. Amendment to the Articles of Association
b. Reserve policy and dividend policy
c. Adoption of the dividend for 2016

The chairman explains the amendment to the Articles of Association. This is an amendment to Article 32(3) of the Articles of Association relating to the dividend on cumulative preference A shares. This dividend is currently linked to the long-term interest rate. At present this link results in a dividend percentage of 1.7%. This is no longer a reasonable payment for the type of illiquid capital instrument that these preference shares are.
DSM's policy is to offer a fair dividend to all of its shareholders by paying a stable and preferably rising dividend. This is why the motion is to amend Article 32(3), so that the dividend percentage on the preference shares is annually based on the dividend yield on the ordinary shares in the previous year. This brings the interests of the holders of preference shares in line with the interests of holders of ordinary shares in terms of dividend yield.
For 2016 the motion is for holders of preference shares to receive a dividend percentage of 3.26%, which matches a dividend payment of €0.17 per preference share. The proposed dividend on ordinary shares is €1.75 per share.
Under point 5.b. it is indicated that the reserve policy has remained unchanged compared to last year. The reserve policy is closely related to the dividend policy.
The dividend paid by DSM to its shareholders depends on the conditions in which the company finds itself, the financial performance of the company and other relevant factors. DSM's aim is to provide a stable and preferably rising dividend. With approval from the Supervisory Board, the Managing Board can propose that the dividend be paid out fully or partly in cash or in the form of DSM ordinary shares, to be chosen by the shareholder.
Under point 5.c. the proposed dividend for 2016 is explained. The financial statements for 2016 show that for 2016 net earnings of €621 million were achieved. Based on the Articles of Association, the Managing Board determines what part of the earnings is to be reserved, with approval from the Supervisory Board. For the year 2016 it has been decided that

nothing will be reserved. The earnings will first be used to pay out a dividend on the cumulative preference A shares. This payment will be about €7 million. The remaining part of the earnings will be at the disposal of the general meeting. With approval from the Supervisory Board, the Managing Board proposes to the general meeting to pay an amount of €1.75 per ordinary share as dividend for 2016. Taking into account the interim dividend of €0.55 per ordinary share paid in August 2016, the final dividend will be €1.20 per ordinary share.
The shareholder will choose whether the final dividend will be provided in cash or in the form of DSM ordinary shares. This year a maximum of 40% of the overall dividend will once again be paid in the form of shares, to avoid tax charges for DSM. Should shareholders jointly indicate that they would like to receive more than 40% of the overall dividend in shares, these shareholders will receive dividend in shares pro rata and the rest in cash. The dividend will be made payable from 26 May 2017.

The chairman gives the meeting the opportunity to ask questions about agenda items 4 and 5.
Mr. Broenink states that he considers it strange that DSM wants to pay the holders of the cumulative preference A shares more, seeing that they cannot sell these shares without DSM's permission and DSM therefore does not have to offer them more at all. He is also wondering whether this is part of a protective construction, as he has read that the previous shareholder, the Dutch State, can ask for the shares to be returned. Finally he asks whether the amendment to the Articles of Association is meant to bring the economic value (dividend) and the voting rights – which can be compared to the voting rights for ordinary shares – closer together.
Mr. Sijbesma explains that this involves cumulative preference A shares, at one time issued with the approval of the shareholders, who were worried about dilution when the State floated its last tranche of DSM shares on the stock exchange. Three financial parties then took over those shares, which was at the time welcomed by the shareholders with enthusiasm: the share price increased by 10%. Those shares have a certain dividend yield, but in DSM's opinion it is currently unreasonably low. DSM does not have to defend these shareholders, but neither does DSM have to increase the dividend for ordinary shareholders from €1.65 to €1.75. DSM is doing so, because it considers it good practice to look after its shareholders. The holders of cumulative preference shares have never benefited from share price increases since the early 1990s (the value at issuance was €5.29 per share) and their yield is currently so low that DSM believes it would be sensible to increase it. This is a form of good parenting.
Mr. Sijbesma also emphasizes that it is not a protective construction; the holders of cumulative preference shares are independent parties and they can vote any way they like at every shareholder meeting. Incidentally, Mr. Sijbesma does not know where Mr. Broenink read that the Dutch State could ask for the shares to be returned.
When Mr. Broenink refers to the annual report, Mr. Huizing of DSM's Investor Relations explains that the text included there is a legal text which states that these shares cannot be transferred without permission.
Mr. Van Esch refers to the criticism directed at the intended amendment to the Articles of Association last year and explains that this year's motion meets two out of the three objections identified last year – among others – by Robeco. He would like to hear more on a number of matters. First of all, he asks Mr. Sijbesma to promise that DSM will only use the power to raise or lower the dividend on the cumulative preference shares by 100 basis points to correct for the effects of the share price's trend on the dividend yield. He also asks for a

guarantee that whenever this power is used, DSM will provide a clear explanation of this in the annual report and accounts under the reserve and dividend policy. He also calls for DSM to work toward a single share class – in line with current customs and best practices – and, for example, to remove preference shares from the market through purchasing.
Mr. Sijbesma thanks Mr. Van Esch for his support of the motion. He emphasizes that DSM will always prudently consider the rights it has pursuant to this motion, but indicates that he will not make any further promises, also because many shareholders have already issued voting proxies through the civil-law notary and that he therefore no longer wishes to change the current motion, which is the one on which those shareholders based their votes.
Regarding the practice that companies only have one class of shares these days, Mr. Sijbesma refers to the practice in a number of other countries, including Denmark and France. There are all kinds of different practices in different countries and, according to Mr. Sijbesma, one can have endless discussions about what is and is not outdated.
The chairman then suggests putting the motion to the vote. The secretary explains the voting procedure.

Voting for agenda items 4, 5.a and 5.c

The chairman first puts agenda item 4, the adoption of the financial statements for 2016, to the vote.
The secretary concludes that 100% has voted in favor of the motion. The chairman concludes that the General Meeting has unanimously adopted the financial statements for 2016.
This is followed by the vote on item 5.a, the amendment to the Articles of Association.
The secretary concludes that 99.26% has voted in favor of the motion and 0.74% against. The chairman concludes that the meeting has approved the amendment to the Articles of Association.
This is followed by the vote on item 5.c, the dividend payment for 2016.
The secretary concludes that 100% has voted in favor of the motion. The chairman concludes that the dividend for 2016 has been set in accordance with the motion.

6. a. Release from liability of the members of the Managing Board
b. Release from liability of the members of the Supervisory Board

The chairman announces that agenda items 6, 7 and 8 will be addressed at the same time and that any questions will be answered afterwards. He reports that agenda item 6 relates to the discharge regarding all data apparent from the financial statements or announced to the General Meeting by other means before the financial statements were adopted.

7. Reappointment of Dimitri de Vreeze as a member of the Managing Board

The chairman announces that the Supervisory Board suggests reappointing Mr. Dimitri de Vreeze as a member of the Managing Board. The Supervisory Board is nominating Mr. De Vreeze based on his managing and leadership qualities, his extensive experience in Material Sciences and his contributions to DSM's Managing Board and Executive Committee, as demonstrated during his first term as a member of the Managing Board. Over the years, Mr. De Vreeze has created significant value for DSM. The reappointment will be for a period of four years, ending at the closure of the 2021 Annual Meeting.

8.a. Appointment of John Ramsay as a member of the Supervisory Board

The chairman announces that the Supervisory Board suggests appointing Mr. John Ramsay as a member of the Supervisory Board. The Supervisory Board is nominating him due to his extensive knowledge and experience in finance and accounting, which he built up at international companies. Mr. Ramsay's expertise includes all functional areas within finance. He has extensive experience managing a global finance organization with external stakeholders, with mergers, acquisitions and divestments. His appointment will strengthen the Supervisory Board in the field of finance.
Mr. Ramsay is an independent supervisory director within the meaning of the Dutch Corporate Governance Code and the Supervisory Board Regulations. The appointment will be for a period of four years, ending at the closure of the 2021 Annual Meeting. Mr. Ramsay is present at the meeting and stands up so that the General Meeting can see him.

8.b. Appointment of Frits Dirk van Paasschen as a member of the Supervisory Board

The chairman announces that the Supervisory Board suggests appointing Mr. Van Paasschen as a member of the Supervisory Board. His extensive experience as an international business leader, both in consumer markets and in the service industry in various parts of the world, has allowed Mr. Van Paasschen to build up a thorough insight into the trends that companies currently have to deal with all over the world. Using his insight into how digital technology is changing the global economy and is shaking up traditional business models, he will contribute to key areas of DSM's development.
Mr. Van Paasschen is an independent supervisory director within the meaning of the Dutch Corporate Governance Code and the Supervisory Board Regulations. The appointment will be for a period of four years, ending at the closure of the 2021 Annual Meeting. Mr. Van Paasschen is also present and stands up so that the General Meeting can see him.

The chairman gives the meeting the opportunity to ask questions. Mr. Broenink would like to personally hear from those whose appointments are on today's agenda: first of all why they aspire to this position and secondly what they will be focusing on in the next couple of years and what their efforts will be geared towards.
Mr. Ramsay states that it is DSM's future that inspired him to accept this position. He is thankful for and honored by the nomination. He believes that DSM has great potential in the field of innovation and therefore has a bright future. He assumes that his experience in the financial markets and in various regions in Latin America and Asia – where the key growth markets are – will allow him to add great value to DSM. He is looking forward to contributing to DSM's future.
The chairman thanks Mr. Ramsay for his words and gives Mr. Van Paasschen the opportunity to say something.
Mr. Van Paasschen indicates that he is highly interested in DSM as a company with a great future based on worldwide innovation and growth. He identifies the use of new technology as a strong point for the company. He explains that he has personal experience with a company that included 180,000 employees and hotels in more than 100 countries, so he has a lot of experience managing a global company. He is also highly interested in and knows a lot about digital innovation. He indicates that in the past two years he was involved

in a number of digital companies as a consultant and hopes that he will also be able to contribute to DSM in this way.
The chairman thanks Mr. Van Paasschen for his words.
Mr. Spanjer asks whether Mr. Van Paasschen can guarantee that he can spend enough time on the meetings of the Supervisory Board. After all, DSM is quite a large company and Mr. Spanjer would like to know whether Mr. Van Paasschen will be able to find the time required to properly fulfil his role as a supervisory director.
The chairman points out that Mr. Van Paasschen has guaranteed that he will free up time for this. If that does would turn out not to be the case, it will be discussed.

Voting for agenda items 6.a, 6.b, 7, 8.a and 8.b

The chairman proceeds with the vote.
The secretary opens the voting for item 6.a.
The secretary concludes that 99.48% has voted in favor of the motion and 0.52% against.
The chairman concludes that the Managing Board has been discharged.
The secretary opens the voting for item 6.b.
The secretary concludes that 99.48% has voted in favor of the motion and 0.52% against.
The chairman concludes that the Supervisory Board has also been discharged.
The secretary opens the voting for item 7.
The secretary concludes that 100% has voted in favor of the motion. The chairman concludes that Mr. De Vreeze has been reappointed as a member of the Managing Board and congratulates Mr. De Vreeze on his reappointment.
The secretary opens the voting for item 8.a.
The secretary concludes that 99.60% has voted in favor of the motion and 0.40% against.
The chairman concludes that Mr. Ramsay has been appointed as a member of the Supervisory Board and congratulates Mr. Ramsay on his appointment.
The secretary opens the voting for item 8.b.
The secretary concludes that 99.60% has voted in favor of the motion and 0.40% against.
The chairman concludes that Mr. Van Paasschen has been appointed as a member of the Supervisory Board and congratulates Mr. Van Paasschen on his appointment.

9. Reappointment of the External Auditor

The chairman indicates that, during the 2014 General Meeting, KPMG Accountants N.V. was appointed as auditor for an initial period of three years, namely for 2015, 2016 and 2017. He reports that, based on the recommendation from the Audit Committee and the Managing Board, the Supervisory Board suggests reappointing KPMG Accountants N.V. as auditor and to order them to perform the audit for the year 2018.
The chairman proceeds with the vote.
The secretary concludes that 99.20% has voted in favor of the motion and 0.80% against.
The chairman concludes that the meeting has agreed to the reappointment of the external auditor.

10.a. Extension of the period during which the Managing Board is authorized to issue ordinary shares

10.b. Extension of the period during which the Managing Board is authorized to limit or exclude the preferential right when issuing ordinary shares

11. Authorization of the Managing Board to have the company repurchase shares

12. Reduction of the issued capital by cancelling shares

The chairman announces that agenda items 10, 11 and 12 are of a more technical nature and will be clustered. He refers to the agenda's explanatory notes for further information and assumes that there are no questions about these agenda items. This is the case and the chairman therefore proceeds with the vote.

Voting for agenda items 10.a, 10.b, 11 and 12

The chairman proceeds with the vote for agenda item 10.a.
After closing the vote, the secretary concludes that 90.15% has voted in favor of the motion and 9.85% against. The chairman concludes that the meeting has extended the Managing Board's share issuing authority in accordance with the motion.
The chairman proceeds with the vote for agenda item 10.b.
The secretary concludes that 77.47% has voted in favor of the motion and 22.53% against. The chairman concludes that the meeting has extended the Managing Board's authority to limit or exclude pre-emptive rights when issuing ordinary shares in accordance with the motion.
The chairman proceeds with the vote for agenda item 11.
The secretary concludes that 99.72% has voted in favor of the motion and 0.28% against. The chairman concludes that the meeting has granted the Managing Board authorization for acquiring the company's own shares in accordance with the motion.
The chairman proceeds with the vote for item 12, the reduction of issued capital by withdrawing shares.
The secretary concludes that 99.73% has voted in favor of the motion and 0.27% against. The chairman concludes that the meeting has decided to a possible capital reduction in accordance with the Managing Board's motion.

13. Any other business

Mr. Van Riet points out that Mr. Sijbesma has been mentioned as a successor to the departing Minister of Finance, but that, as Mr. Van Riet understands it, Mr. Sijbesma will have to remain at DSM for another two years. He asks Mr. Sijbesma about his ambitions, whether he will stay here after twelve years or whether they are already looking for a successor.
The chairman confirms that Mr. Sijbesma still has a few years to go, but that the Nomination Committee and the entire Supervisory Board are always taking the possibility into account

that that relationship may come to an end, for whatever reason, and that they are therefore always looking into succession.
Mr. Stevense asks whether the annual report can be supplied in hard copy. According to him it makes no difference in terms of sustainability who prints it – he himself or DSM.
Mr. Sijbesma points out that this is a frequent point of discussion. In general, it will be more sustainable for the investor to print it instead of DSM. He does, however, promise Mr. Stevense that he will arrange a hard copy for him.

14. Closure

As there are no further questions, the chairman proceeds with the closure. He mentions the fact that this is the last meeting of Mr. Hochuli, who was attached to DSM for twelve years as a supervisory director, and thanks him kindly for his contribution. The chairman concludes with several administrative announcements, including the announcement that the 2018 General Meeting will be held on Wednesday 9 May and closes the meeting at 5:00 pm.