dsm-firmenich

Statement regarding the remuneration of the Board of Directors and Executive Committee of dsm-firmenich

What does the new business context look like?
dsm-firmenich is a global leader in Nutrition, Health and Beauty, based in 60 countries, with €12 billion in sales and nearly 30 thousand employees. In the new company, which represents a unique position in this sector with an unparalleled product portfolio, dsm-firmenich brings together 4 business units, each with billion-dollar sales, powered by a world-class scientific innovation platform. The legal seat of dsm-firmenich is located in Switzerland, with dual headquarters in Heerlen and from early 2024 in Maastricht. dsm-firmenich is listed on Euronext Amsterdam. The new global headquarters of one of the four business units, Taste, Texture & Health, will be in Delft. This new business unit will double in size to €3 billion. In the Netherlands, dsm-firmenich employs about 2,000 people in R&D, at production sites and offices in Heerlen, Delft, Geleen, Venlo, Leeuwarden, Amsterdam, Stroe and Wageningen.

Why is this merger so important for the future?
With the knowledge pooling of DSM and Firmenich, the company brings necessary, smart, scientific and pioneering solutions to an overburdened planet. DSM and Firmenich both have more than 125 years of experience, scientific knowledge and expertise. The combined knowledge strengthens each other and provides cross-fertilization.
The merger between the two companies responds to the increasingly complex issues in the fields of nutrition, personal care and well-being, which call for groundbreaking solutions. How do we ensure that over 7 billion people will soon be able to stay healthy, have access to food, personal care and well-being without overburdening the earth? This will require a different way of consuming and producing.

What will change in the governance structure of the new company?
Following the merger, dsm-firmenich has adjusted its governance structure. The new company will switch to a model with a single CEO by September 1, 2023.
In addition, a new integrated corporate structure is being established. Taken together, this will result in substantial savings of ~€20 million.

What will change in the remuneration strategy and remuneration of the top management of the new company?
A new remuneration strategy was drawn up for the top of the new company, with an associated remuneration mix. Here, roles were carefully weighted based on responsibilities in the context

of the new, larger company. In addition, extensive use was made of various so-called benchmark studies tailored to the responsibilities of the board of directors, which is governed by Swiss law, and those of the new Executive Committee (ExCo). The new remuneration model is partly based on the remuneration model of European companies operating in the same markets as dsm-firmenich, and of similar size in terms of number of employees and turnover. The chosen remuneration strategy fits well with how executives are rewarded in the international market.

How much will the CEO earn?
The CEO's base salary is related to the salary earned by CEOs in corresponding listed organizations (so-called peer group) and set at CHF 1,350M gross per year. The annual short-term bonus target is set at 100% of base salary, with a pay-out between zero and maximum 200% of target. The long-term bonus target is set at 200% of base salary, with a pay-out between zero and 150% of target, if all targets are maximally reached. The remuneration is at the median of the European reference group. In this way the remuneration for the CEO is in line with the remuneration of CEOs of the peer group.

Are the remuneration principles in line with those in Switzerland and the EU?
The remuneration principles of dsm-firmenich are in line with how the top executives of listed companies in the EU/Switzerland are rewarded. The new remuneration policy focuses on creating long-term stakeholder value. In addition, dsm-firmenich considers it important to align compensation not only with financial but, above all, with the new company's sustainability goals and ambitions.
In practice, this means that the remuneration of the CEO and members of the ExCo is benchmarked against peer groups relevant to dsm-firmenich: for the board of directors, these are relevant Swiss listed companies. For the ExCo, this is a basket of 16 European companies with comparable market capitalization, turnover and headcount. The performance-related part of the remuneration system means that 75% of the CEO's "at target" salary is performance-related and thus depends on achieving tangible financial and sustainability performance indicators. The weight of sustainability performance indicators weighs on average more heavily at dsm-firmenich than at other companies. We believe it is important to continue to play a leading role in this area. The members of the ExCo have a gross base salary appropriate to their respective positions. The target annual short-term bonus ranges from 85 to 100% of base salary, with a pay-out range between zero and 170 to 200% of base salary. The annual long-term bonus in the form of Performance Share Units is paid only after three years, and each award can provide a pay-out range between zero and 180% to 200% of base salary.

How is the board of directors rewarded?
For members of the board of directors, compensation is set below the median. In line with Swiss practice, 50% of the compensation for the board of directors is paid in the form of so-called Restricted Share Units, which only come into the possession of the board of directors three years after the award date. The remuneration of the chairman of the board of directors is

below the average of the Swiss reference group and amounts to CHF 800K, including fees for commissions

What do the short- and long-term goals look like?
The STI and LTI targets for calendar year 2023 focus on the core objectives of the new company:

Short Term Incentives (STI).
o 30% Adjusted EBITDA (earnings before interests, taxes, depreciation & amortization)
o 15% Organic revenue growth
o 15% Free cash flow
o 10% Merger synergy results
o 30% Measurable ESG targets (engagement and safety)

Long Term Incentives (LTI)
o 25% Total Shareholder Return vs. peer group
o 25% Core ROCE (return on capital employed)
o 20% Sustainable portfolio solutions
o 15% measurable ESG indicators on diversity/inclusion
o 15% reduction in greenhouse gas emissions

dsm-firmenich's remuneration policy is committed to alignment with the company's strategic and ESG objectives, fairness and the ability to attract and retain the right leaders to enhance long-term stakeholder value. This includes continuing a frequent and transparent dialogue with our investors to gain support and feedback on the policies the company pursues.