



## AUDIT & RISK COMMITTEE CHARTER

### 1. Purpose

The Audit & Risk Committee (the "**Committee**") assists the Board of Directors (the "**Board**") of dsm-firmenich AG (the "**Company**") in fulfilling its oversight responsibilities relating to the accounting, financial and external non-financial reporting processes (as further specified below), treasury and funding matters, the internal control system, the internal and external audit processes, the enterprise risk management ("**ERM**") practices and the Company's process for monitoring compliance with laws and regulations and internal policies. The Committee serves in an oversight capacity and is not part of the Company's operational or managerial decision-making process. Internal Audit reports to the Committee.

The Committee will fulfill these responsibilities primarily by carrying out the activities enumerated in section 3 of this charter. Unless explicitly provided otherwise, the Committee supports the Board through preparatory and supporting activities and issues proposals and recommendations to the Board.

Capitalized terms not otherwise defined in these charters shall have the meaning ascribed to them in the organizational regulations of the Company (the "**Organizational Regulations**").

### 2. Composition & meeting

- 2.1. The Board appoints the members of the Committee and its chair (the "**Chair**").
- 2.2. The Committee shall be chaired by an Independent Director.
- 2.3. The Committee shall be composed of at least three (3) members of the Board, of which one (but not more than one) is a Nominated Director<sup>1</sup>. At least two (2) members must have meaningful experience in finance, external financial reporting, accounting, audit and risk management and be financially literate.
- 2.4. The Committee shall meet at least four (4) times a year or more frequently as circumstances dictate and at request of any of its members. If the members of the Committee agree, meetings can also be held via conference calls. On a regular basis, the Committee shall meet with external and internal auditors without the presence of management, except (unless decided otherwise by the Committee) for the Chief Financial Officer (the "**CFO**"), and shall also, when it considers

<sup>1</sup> A Nominated Director (as such term is defined in the Business Combination Agreement dated 30 May 2022) is a director that is nominated by the Firmenich shareholders



necessary, meet with the CFO without the presence of management.

- 2.5. The Chair of the Board, the CEO/Co-CEOs and the CFO shall have standing invitations to attend all Committee meetings as non-voting guests and to the extent the matter discussed does not relate to them individually. Unless otherwise determined by the Committee, the secretary to the Board shall act as the secretary of the Committee.
- 2.6. The Committee may invite to its meetings other Board members, external and/or internal audit, members of the management or such other persons the Committee deems appropriate in order to carry out its responsibilities.
- 2.7. The Committee secretary prepares the agenda which must be approved by the Committee Chair. The agenda and supporting documentation shall be sent by the Committee secretary in accordance with article 1.11.6 of the Organizational Regulations which applies *mutatis mutandis*.
- 2.8. Minutes of the proceedings and the resolutions of the Committee shall be prepared by the secretary of the Committee, approved by the Committee Chair and validated by meeting attendees. Minutes of the meeting will be signed by the Chair and the Committee secretary and retained with the corporate records of the Company. The minutes are distributed among the members of the Committee, copied to the Chair of the Board and made available to all other Board members.
- 2.9. The Committee shall report to the Board at the following Board meeting by means of a short summary on its decisions, determinations, approvals, findings and other matters deemed appropriate or that the Board requests.
- 2.10. The Committee may decide independently to engage the external auditors and internal audit with special assignments and approve the fee budget for such audit tasks submitted by the external auditors.
- 2.11. The Committee shall obtain appropriate funding, as determined by the Committee, to support the Committee's activities, including for payment of the external auditors and any outside advisors engaged by the Committee.

### **3. Responsibilities**

The Committee has the following responsibilities:

#### **3.1. External Auditors:**

##### *3.1.1. Auditing governance*

- 3.1.1.1. Oversee the external auditors to be tasked by the Company to audit its financial statements and non-financial reports. The external auditors shall report directly to



the Committee.

- 3.1.1.2. Approval of the key terms of the agreement to be entered into with the external auditor of the Company for their mandate as statutory auditors of the Company, including the definition of the tasks and responsibilities of the external auditors and the compensation and other conditions for the contemplated audit.
- 3.1.1.3. Review the performance of external auditors and consider, and make recommendations on the appointment, reappointment or removal of the external auditor for the attention of the Board regarding the election of such auditor at the AGM.
- 3.1.1.4. Consider whether the external auditors' performance of non-audit services is compatible with the auditors' independence and review the strict separation of assurance and non-assurance services.
- 3.1.1.5. In addition, the Committee shall ensure the regular rotation of the external auditors as required by applicable laws and consider whether there should be a more regular rotation of the external auditors.

*3.1.2. Review with external auditors:*

- 3.1.2.1. All critical accounting policies and practices to be used by the Company in preparing its financial statements.
- 3.1.2.2. The use of alternative measures of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors.
- 3.1.2.3. Other material written communication between the external auditors and management including (but not limited to) the management letter and schedule of unadjusted differences.
- 3.1.2.4. Significant reporting issues and judgments made by the management in connection with the preparation of the financial statements.
- 3.1.2.5. Report at least annually to the Board regarding the Committee's assessment of the external auditors' performance, quality and independence.



### **3.2. Financial reporting**

- 3.2.1. Review the consolidated financial statements of the Group as well as the individual financial statements of the Company.
- 3.2.2. Discuss the financial statements with the CFO and, separately, with the responsible external lead auditor.
- 3.2.3. Where necessary, review, discuss with the CFO and recommend to the Board for approval the final interim reports.
- 3.2.4. Assess whether the stand-alone and consolidated financial statements can be recommended to the Board for submission to the AGM.
- 3.2.5. Submit to the Board the motion for approval (or non-approval) of the stand-alone and consolidated financial statements.
- 3.2.6. Approve the Q1 and Q3 trading updates.
- 3.2.7. In consultation with the Compensation Committee, assess the accuracy, completeness and compliance of the financial parts of the Company's compensation report and recommend to the Board to approve such financial parts of the compensation report.
- 3.2.8. In consultation with the external auditors, the internal auditor and the internal control function, review the quality, adequacy and effectiveness of, and compliance with, the Company's internal controls over financial reporting.
- 3.2.9. Review with management major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
- 3.2.10. Review analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- 3.2.11. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 3.2.12. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.



### **3.3. Other duties in the financial area**

- 3.3.1. Review any proposed change to the dividend policy to be approved by the Board and propose the annual dividend distribution in compliance with such dividend policy.
- 3.3.2. Review periodically the financial risk of the company (incl. foreign exchange rates, interest rates, counterpart risk and liquidity) and review any proposed recommendations prior to a Board for decisions in these areas.
- 3.3.3. Review the tax residency status against the Tax Residency Schedule.
- 3.3.4. Review periodically the capital structure of the Company.
- 3.3.5. Review the calculation for the performance measures identified by the Compensation Committee for the variable remuneration plans for the Board and Executive Committee and validate the achievement of those performance measures.

### **3.4. Internal Audit**

- 3.4.1. On recommendation of the CEO/Co-CEOs, the head of internal audit is appointed/dismissed by the Committee, who informs the Board thereof.
- 3.4.2. At least once per year, have a one-on-one meeting with the head of internal audit in the absence of the CEO/Co-CEOs, CFO and other Executive Committee members.
- 3.4.3. Review activities and qualifications of the internal audit function.
- 3.4.4. Review with the internal audit function the proposed audit plan for the coming year, staffing, audit procedures to be utilized and the coordination of the plan with the external auditors.
- 3.4.5. Receive and review periodic reports of the results of and follow-ups to internal audits.

### **3.5. Risk Management**

- 3.5.1. Review and submit to the Board for approval the ERM framework.
- 3.5.2. Review the existence of the ERM framework, including review of the most significant risks and how these are managed.
- 3.5.3. Review the proposed guidelines on the Company's risk appetite and tolerance prior to a Board approval.
- 3.5.4. Discuss the ERM plans and results with the responsible risk manager once per year.
- 3.5.5. Oversee material enterprise risks and mitigating strategies defined by management.



- 3.5.6. Understand how the internal and external audit plans are aligned with the risks that have been identified.
- 3.5.7. Review and support the Board in preparing statements on financial control.

### **3.6. Compliance with Law and Ethics**

- 3.6.1. Review the process for communicating the 'Code of Business Ethics' to Company personnel and for monitoring compliance therewith.
- 3.6.2. Review with management actions taken to help ensure compliance with corporate policies.
- 3.6.3. Review the system for monitoring compliance with laws and regulations and its effectiveness, and the results of management's investigations with follow-up of any instances of non-compliance.
- 3.6.4. Review and evaluate the policies and systems for ethical compliance management, including the operational measures that have been put in place to prevent corruption.
- 3.6.5. Annually review the report on the Company's whistleblower line.

### **3.7. Non-Financial Reporting**

- 3.7.1. Ensure the Company's non-financial reporting is in compliance with the standards set by applicable laws and the Sustainability Committee.
- 3.7.2. Review and propose to the Board for approval the results disclosed in the non-financial reports against the ESG metrics defined by the Sustainability Committee.
- 3.7.3. Monitor emerging standards and regulations for reporting of Environmental, Sustainability and other non-financial data and ensure that the company's reporting is in compliance.
- 3.7.4. Review and evaluate the internal processes and controls in place that ensure integrity and accuracy of the Company's environmental, sustainability and social (non-financial) results.
- 3.7.5. Recommend the external auditors of the non-financial reports, to the Board for approval and perform review of the external auditor's annual report.

### **3.8. Charter/Performance**

- 3.8.1. Periodically review the Committee charter and recommend to the Board any necessary amendments as conditions dictate.



3.8.2. Periodically conduct a self-evaluation of the Committee's performance.

