Taxation at dsm-firmenich 2024

dsm-firmenich

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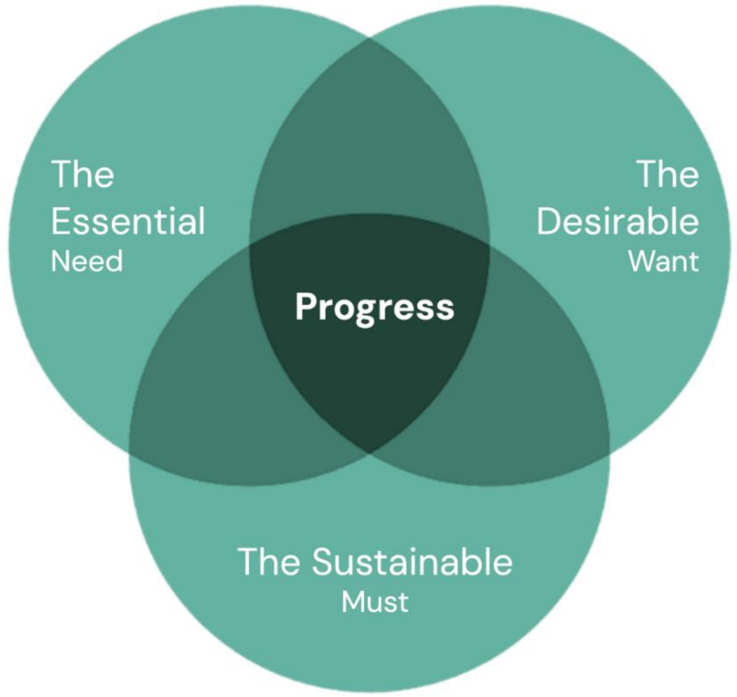
Introduction

With a diverse, global team of nearly 30,000 employees, we bring progress to life, day-in, day-out with our customers, for billions of people all over the world. As innovators in nutrition, health, and beauty, we also use our renowned science and technology capabilities to develop and produce a broad range of solutions ranging from vital nutrients to taste experiences and fragrances.

dsm-firmenich is a Swiss company, listed on the Euronext Amsterdam, with operations in almost 60 countries and revenues of more than €12 billion. Working closely with our customers, we address the tension between what society needs (the essential), what consumers want (the desirable), and what the planet demands (the sustainable). Our ultimate goal is to deliver highly differentiated solutions that hit the 'sweet spot' where these requirements overlap.



We believe a responsible approach to tax is an integral part of doing sustainable business in a robust, well-functioning society. Income from direct and indirect taxation, generated through the vigorous economic activity of companies such as dsm-firmenich, is a primary source of revenue for public treasuries. As such, tax is a subject relevant for society at large while also becoming increasingly complex.

We conduct business in an honest, transparent, and ethical manner. Our team oversees a global Business Ethics program that goes beyond box-ticking compliance, providing active and targeted support to management and employees.

Following the 2023 merger, 2024 saw the introduction of common **Group policies and standards** governing our own business ethics and the standards expected of our suppliers. Our **Code of Business Ethics** outlines our values and commitments to each other, our communities, and our planet. It is both a reference document and a day-to-day manual, guiding our people on how we do and do not conduct business. This is elaborated upon in our business principles, which clarify key issues, help us make the right choices, and underline how we expect everyone at dsm-firmenich to act with integrity in their daily work.

We have always viewed sustainability as a key business driver and a core responsibility. Our purpose of ***bringing progress to life*** involves addressing the needs of People and Planet in equal measure.

Working in close collaboration with customers and partners, we aim for best-in-class sustainability performance in our own operations, and to make the maximum positive impact on People and Planet. We maintain influential partnerships with the Bill & Melinda Gates Foundation, the World Food Programme, World Vision, and UNICEF, making a broad contribution to the United Nations Sustainable Development Goals (SDGs) through these programs as well as via our commercial activities.

Taxes play a vital role in achieving sustainability targets and the SDGs. We view tax as key mechanism by which organizations contribute to the economies of the countries in which they operate. Through the fulfilment of our tax obligations, we embrace sustainability and provide value for all our stakeholders.

We transparently communicate the environmental footprint and other sustainability features of our solutions through **dsm-firmenich 2024 Integrated Annual Report.**

Our tax principles are inspired by our Company's values: shape the future, be a force for good and own the outcome.

Tax principles

Accountability and Governance

Our tax policy and tax strategy are the responsibility of the CFO. The tax policy is updated annually and reviewed by the Audit Committee of the Board of Directors in line with **dsm-firmenich Organizational Regulations.**

All our employees have a legal duty to comply with applicable tax requirements. Our whistleblowing platform **SpeakUp** - which allows users to report any concerns or suspected misconduct confidentially, is applicable to all corporate policies, including our tax policy.

Our tax strategy and principles apply to all local tax practices in all jurisdictions where we operate – we employ tax professionals and advisors to deal with country specific tax requirements. Governance and Risk management are explicitly explained in next **chapter**.

Compliance

We strive to be compliant with the spirit and the letter of the tax laws and regulations regarding our tax policy and practices (such as the OECD Guidelines for Multinational Enterprises), as well as to be in line with the arm's length principle.

Our tax department – Group Tax - maximizes dsm-firmenich's competitiveness by minimizing our tax risks in compliance with the laws and by interpreting the law in alignment with our strategy and operations.

Our tax position is consistent within the normal course of business operations. We are transparent towards tax authorities in the countries in which we operate and fulfill all tax obligations and ensure paying the correct amount of tax due.

Business Structure

Our tax position is consistent with the normal course of its business operations as well as the geographic spread of its activities.

We do not support the use of artificial structures (tax havens), nor will we engage in tax avoidance activities.

In defining "tax havens", we refer to **European Union black list** as well as territories included by the OECD in its **list of unco-operative tax havens**.

Nonetheless, we may operate in low tax jurisdictions for legitimate and justifiable non-tax business reasons, and we will endeavor to allocate profits where value is created through commercial business activity.

Furthermore, as the result of acquisitions we might obtain presence in a low-tax jurisdiction. In such cases, the structure is being reviewed against our Policy and appropriate actions are implemented in case necessary.

Relationships with tax authorities

We aim at cooperating promptly and transparently with the tax authorities by providing all relevant information, cooperating on tax audits and proactively reaching out on interpretation of the laws. If possible, we seek to get upfront certainty on tax positions from the tax authorities. This limits the potential for disputes at a later stage, and ultimately provides us with more clarity and assurance about its tax positions. We only seek rulings from tax authorities to confirm the applicable treatment, based on full disclosure of the relevant facts.

In Switzerland and in the Netherlands, jurisdictions where dsm-firmenich has substantial operations, we engage with the tax authorities through regular meetings, calls and correspondence. In the Netherlands, we have an individual monitoring plan in place with the Dutch tax authorities.

This ensures, on the one hand, that the tax authorities can rely on dsm-firmenich to provide any relevant information upfront, which can then be discussed in 'real time'. On the other hand, we benefit from upfront information and clarity in advance on expectations and obligations, as well as fewer after-the-fact checks. Thus, both dsm-firmenich and the tax authorities benefit from having this cooperation in place, which is founded on transparency, trust and mutual understanding. We always strive to implement similar approaches in other countries where this is possible.

Seeking and Accepting Tax Incentives

With our unique science-based competences, we have created a strong platform for growth and are ideally positioned to contribute to, and capitalize on the growth opportunities offered by, the global megatrends and SDGs. Our particular focus is on developing innovative solutions addressing our focus domains of nutrition, health, and beauty.

Our growing portfolio of more than 16,000 patents and more than €700 million in annual R&D and innovation investment enables our Science & Research team across 15 research hubs to deliver transformative new solutions. More than 2000 employees engaged in our R&D activities around the world. We accept tax incentives primary related to innovation offered by a government to support investment, employment, and economic development.

We strive to implement these incentives in the manner intended by the relevant statutory, regulatory or administrative framework – we do not engage in tax planning that aims only at avoiding tax costs.

Supporting Effective Tax Systems

We support the idea of a global solution for fair tax policies and systems. Thus, we closely monitor and provide input on the OECD initiative on Base Erosion and Profit Shifting, including topics such as country-by-country reporting, Pillar 1 and 2, etc.

As a global company listed on the Euronext exchange in Amsterdam, we regularly participate in meetings of the Confederation of Netherlands Industry and Employers (VNO-NCW) – the Dutch employers' federation, which advises Dutch government from an employer's perspective.

In May 2022 VNO-NCW introduced Tax Governance Code which aims to provide more insight into tax strategy of large multinational companies. We also strive to participate in similar forums in other countries and or regions where applicable. We support this initiative and all others that contribute to building trust in tax systems and Multinational Enterprises paying their fair share of taxes.

Transparency

As dsm-firmenich, we strive to provide regular updates about our tax approach and taxes paid to the benefit of all our stakeholders. Following the merger in 2023 this paper was first published in 2024 (previously, DSM annually published similar paper as of 2015).
We follow international developments, such as the GRI 207 standard on tax and the EU Directive on public country-by-country reporting to identify areas of improvement to enhance future disclosures.

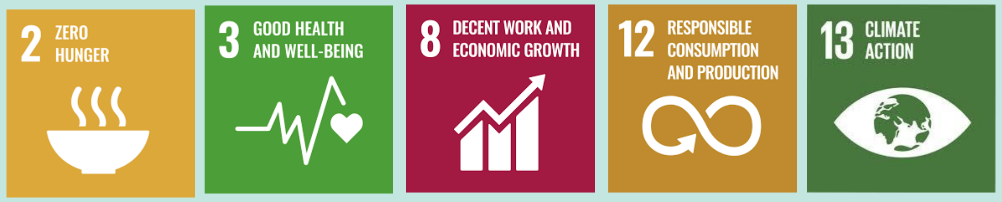
In 2024 for the first time we have published **country-by-country report for FY2023** in line with EU Country by Country Reporting Directive (CBCR Directive) – 2021/2101/EU.

Supporting the transformation to sustainable solutions

Our sustainability agenda drives value by protecting and growing our business, attracting customers who seek innovative and sustainable products. It also helps us explore new markets and enhances our appeal to investors through positive ESG ratings. Additionally, a robust tax strategy ensures compliance, supports sustainable growth, and reinforces our ESG commitment by promoting transparency and responsible fiscal practices.

Our sustainability work supports delivery of the UN Sustainable Development Goals (SDGs). Through our business activities we contribute primarily to SDGs 2, 3, 8, 12 and 13, while for our people and operations we focus on SDGs 4, 5, 7, 8 and 10.

Business-activity-focused SDGs:



People-and-operations-focused SDGs:

At dsm-firmenich, we have been and will continue to be industry leaders in our commitment to climate. With our newly validated Science-Based Targets (SBTs), we are committed to building on this strong foundation and accelerating our decarbonisation actions to achieve net zero by 2045. Our approach includes reducing energy consumption, implementing energy efficiency measures, and transitioning to renewable electricity and heat. We are also investing in renewable fuel sources, electrifying heat demand, and collaborating with suppliers to drive meaningful change. Additionally, we are incorporating lower-carbon raw materials and feedstocks, enhancing our product strategy, and leveraging sustainable agriculture and deforestation practices to minimize our environmental impact. More on our approach to sustainability can be found in the **dsm-firmenich 2024 Integrated Annual Report.**

Sustainability performance including People, Planet and Stakeholder engagement can be found in **dsm-firmenich 2024 Integrated Annual Report,** including a map of manufacturing sites across the globe where we use renewable or low-carbon steam.

In our **Sustainability statements** we report in accordance with the European Sustainability Reporting Standards (ESRS) based on the topics defined in our double materiality assessment and covering the three dimensions of Environment, Social and Governance. Our reporting is based on the Swiss Code of Obligations.

Within our businesses, our dedicated Life Cycle Assessment (LCA) team in P&B has been screening our palette by tracking all 16 PEFCR LCA indicators aligned with global standards. This enables us to deliver robust carbon footprint data and tailored roadmaps for carbon reduction, supporting customers on their journey to net-zero.

We advocate that a responsible and transparent approach to tax has a key role in the implementation of our ESG strategy and can both serve as an example of embedding sustainability into our finance function, as well as enhance investor engagement. We continuously monitoring implementation and impact of relevant legislation in the countries where we operate (e.g. plastic packaging taxes in UK and Spain). In 2024 we have made a next step in our tax transparency journey by publishing **country-by-country report for FY2023** in line with EU Country by Country Reporting Directive (CBCR Directive) – 2021/2101/EU.

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Tax governance, control and risk management

Operational principles

The following principles govern our operating model:

- We are united by a common purpose and values
- Priorities, strategy, and policies are set at Group level
- We differentiate ourselves through our credentials and capabilities in Science & Research as well as sustainability
- Sustainability is embedded into how we design, source, manufacture, and deliver products and solutions in collaboration with our customers, suppliers, and partners
- We give our Business Units a high degree of autonomy to ensure agility and customer intimacy. Each Business Unit has full accountability for cash generation and delivery of their financial results. They also have control of their respective manufacturing plants, supply chains, and relevant regulatory services. The innovation teams in each Business Unit work in partnership with Group Science & Research to deliver on our innovation goals
- Our Business Partners enable excellence and efficiency by partnering closely with the Group and the Business Units. The Business Partners also drive effectiveness through shared service centers

Group Tax is part of the Group, driving tax priorities and setting standards across the Group by partnering with the Business Units and other functions within dsm-firmenich.

Tax governance framework

Board of Directors

As the Board of Directors is the highest executive oversight body, it has the ultimate authority on matters relating to Finance, including taxation. Furthermore, the Board of Directors has established an Audit Committee that is responsible for reviewing and approving tax strategy and policy of the Group.

See the **Board of Directors** and **Audit & Risk Committee** for more information on their responsibilities and activities.

Executive Committee

By way of delegation of the Board of Directors, the Executive Committee, led by our CEO, is responsible for the management of the company, including implementing the tax strategy. Tax is the ultimate responsibility of our CFO and is part of the finance function of the company. See the **Executive Committee** for more information on the composition and roles of the Executive Committee.

Tax Functional Leadership

At Group level, a global team of tax professionals – Group Tax - advises the Board of Directors, the Executive Committee and the business on tax management and tax risks.

Group Tax brings tax professionals together to harmonize policies and procedures, corporate requirements and risk management system to be in line with dsm-firmenich **Code of Business Ethics.** The aim is to create a strong interconnection between tax team, Business Units, and other Corporate Staff, Shared Services and Functional Excellence departments in order to keep everyone aware of relevant tax legislation and to ensure compliance.

Functional expertise of Group Tax

In line with the operating model, Group Tax has been assigned by the Executive Committee with the duty of implementing the tax strategy, setting up and overseeing the functioning of a worldwide Tax Control Framework that enables us to be aware of the worldwide tax risks for dsm-firmenich. To ensure effective application of this framework, Group Tax is setting up requirements that must be followed by all units of dsm-firmenich.

We are working in a functional matrix approach that enables the tax team to efficiently ensure compliance and cover all relevant tax aspects of our business in specific tax domains like Transfer Pricing, Customs, VAT and country or regional specific items. Special attention is being paid to international tax developments such as enhancing Pillar Two expertise of the Tax Accounting team.

Further, strong business partnership is secured by dedicated Business Tax Leads who ensure ongoing connection with Business Units and alignment between the Tax strategy and business strategy, via regular meetings and playing an active role at the Enterprise Model Board – a cross-functional Board where new flows are being tested against dsm-firmenich policies and standards.

The leaders in the respective functional areas report into the Global Head of Group Tax and meet regularly to provide updates on day-to-day relevant tax matters, strategic tax matters, including M&A from a tax perspective.

As per 1 January 2021, the European Directive Mandatory Disclosure Rules / DAC6 has been enacted across the European Union. We have implemented a centralized governance model where Group Tax globally monitors and manages the DAC6 compliance.

We believe that digitalization will further improve making tax processes sustainable, while creating value. We continuously invest in digitalization and optimization of tax processes: automation in VAT and CIT central and local compliance, tax accounting reporting tool, Pillar Two automation, DAC6 reporting tool etc.

Tax risk management and control

We identify and disclose relevant important business risks, including tax risks, in the **dsm-firmenich 2024 Integrated Annual Report.** As part of the dsm-firmenich risk management process, tax risks and incidents are reported and discussed with the **Audit & Risk Committee** of the Board of Directors.

Overviews of the meetings held by the Audit & Risk Committee held in 2024 can be found in the **dsm-firmenich 2024 Integrated Annual Report**.

The existing Tax Control Framework is a tax risk management and control system, which enables Group Tax to be aware of the worldwide tax risks for dsm-firmenich. Compliance with both direct and indirect tax matters is monitored through this Tax Control Framework to achieve an effective, efficient, and transparent tax function – the process to harmonize the controls within legacy companies is ongoing.

Internal procedures for specific risk areas:

Area	Risk	Mitigation
Compliance	Reorganizations and business restructurings resulting in a misalignment with our tax approach	Group Tax is fully involved in corporate reorganizations and business restructurings (merger, changes in legal structure, ERP systems, M&A, cross-border activities etc.) to ensure any restructurings are in line with dsm-firmenich's Tax Policy
Compliance	Intercompany transactions do not reflect normal course of business	Group Tax is defining Transfer Pricing Policy in close alignment with the BU's, also to be implemented by the BU's. Group Tax oversees the transfer pricing monitoring so that intercompany transactions are in line with functional analysis of the legal entities
Compliance	Failure to comply with statutory obligations	Group Tax monitors the changes in tax legislation and informs the BU's and functions to ensure tax compliance within local jurisdictions
Compliance	Lack of training and awareness on tax matters	We create and maintain tax awareness within the organization through external and internal webinars, e-learnings and manuals
Reputation	Reputational damage due to lack of or misleading communication on tax towards stakeholders	Clear disclosure of dsm-firmenich's tax position, for instance through the publication of this paper

Group Tax manages these risks via operational and key controls. The key stakeholders in the Tax Control Framework are well-established and include Business, Executive Committee, Board of Directors, external auditors, as well as the tax authorities in countries where dsm-firmenich is operating.

Our **Internal Control Framework** covers policies and procedures across all functions to identify, monitor, control and mitigate key risks. The framework was approved by the Executive Committee and shared with the external auditor. The control framework defines the key risks related to tax processes and the key controls. We have implemented measures to mitigate these risks. The Internal Control department within Legal, Regulatory, Risk & Compliance performs independent testing on the effectiveness of the key controls. Once reviewed and considering other risks, the Global Head of Group Tax is responsible for presenting a biannual **Risk & Incident Reporting** to the CEO which includes identified short-term and emerging risks and related mitigation actions - these are discussed in the Executive Committee as well as the Audit & Risk Committee.

In addition, the Corporate Operational Audit department provides independent, objective assurance and advice regarding the effectiveness of governance, risk management, and control activities. In the context of the annual audit, the tax team discusses with the external auditors, the key actions/transactions, tax audits, as well as any relevant communication with tax authorities.

Board of Directors issued a **Board Statement** confirming that dsm-firmenich's consolidated financial statements (including tax data) have been prepared in accordance with the applicable reporting requirements, as well as the Management Report giving a true and fair view of the development and performance of the business, the position of the company as well as the principal risks and uncertainties the company faces.

Stakeholders

Taking part in strategic and proactive dialogue with key stakeholders helps us to deepen our insights into the drivers of our business and the needs of society across the world, and thus be ahead of competition in adjusting to changing demands. By working together, dsm-firmenich and our stakeholders can create shared value and contribute to a more sustainable, prosperous and resilient world.

We strive to create value for all our stakeholders today and for generations to come through our business and all along our value chain. We determine the material topics relevant to the company through a process of ongoing stakeholder engagement and disclose it in the Integrated Annual Report.

Taxation is considered an integral part of the material topic “Corporate governance & business ethics”.

Materiality Matrix Graphic from the dsm-firmenich 2024 Integrated Annual Report

● Governance and Business ● Environment ● Social

Financially material

- Biodiversity & nature
- Climate change adaptation
- Corporate governance & business ethics
- Diversity, equity & inclusion
- Inspiring place to work
- Water management

Financially and impact material

- Climate change mitigation
- Health, nutrition, taste & food security
- Occupational health & safety
- Product quality, safety & impact
- Respect of human rights
- Responsible & transparent sourcing

Emerging topics

- Animal welfare
- Partnerships & relationship management
- Raw materials & waste
- Regenerative agriculture

Impact material

Financial materiality

Impact materiality

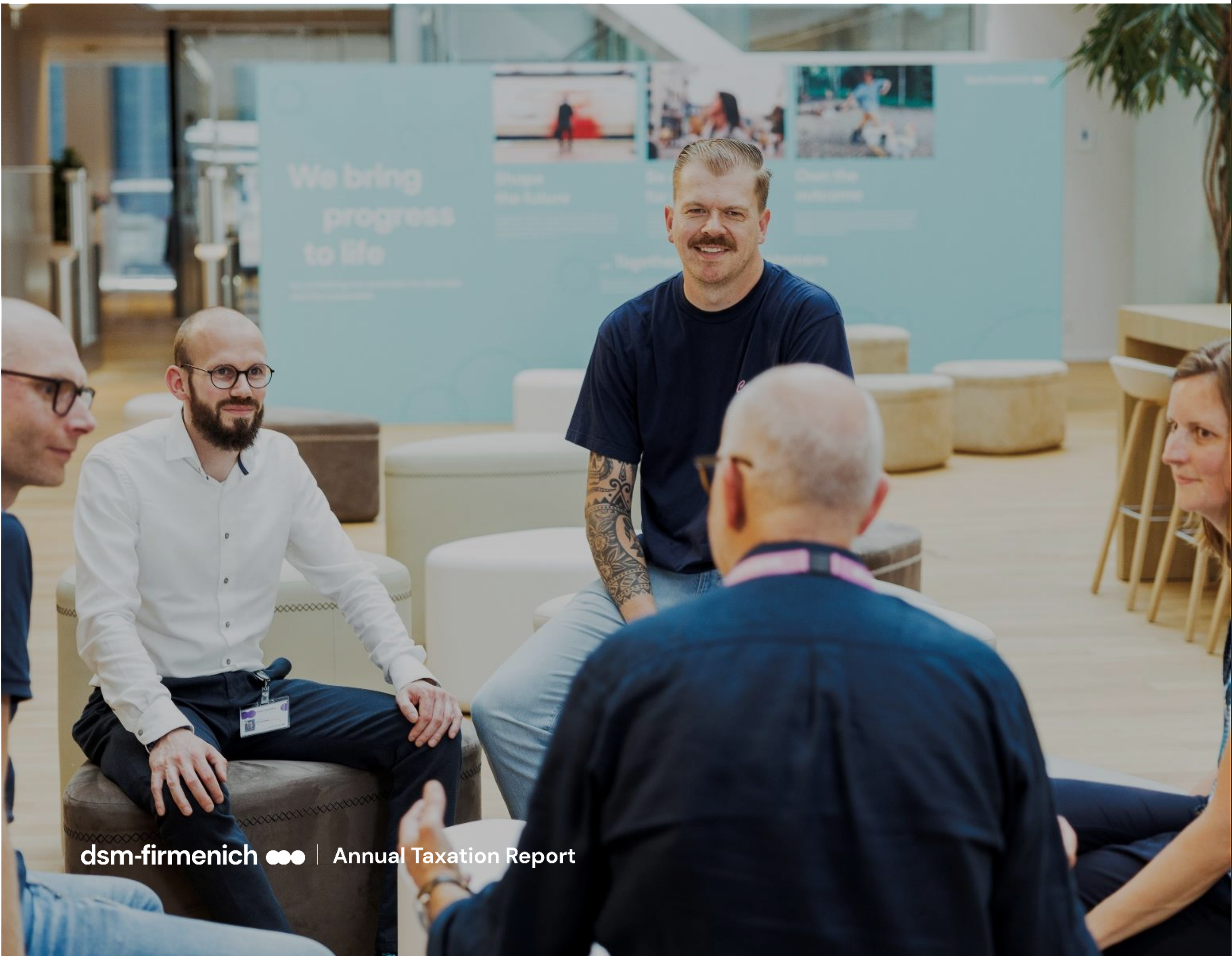
The stakeholders for our tax function are Business Units, Executive Committee, Board of Directors, external auditors, as well as the tax authorities in countries where dsm-firmenich is operating.

Our approach to ethics and transparency is led by the **Code of Business Ethics** and our **Supplier Code.** Our tax position is consistent with the normal course of our business operations and reflects the corporate strategy and the geographic spread of our activities.

We engage with the stakeholders by performing our tasks and responsibilities:

- Define the Tax strategies and policies for dsm-firmenich globally on a yearly basis and present to the Executive Committee and **Audit & Risk Committee**
- Advise and support the Executive Committee, the business groups and their organizational entities, and the regions and their legal entities about tax matters
- Advise and support relevant dsm-firmenich legal entities regarding the implementation of legal and organizational structures necessary to reach sustainable solutions balancing business and tax needs
- Manage tax audits and contact tax authorities when appropriate and conclude, if feasible, advanced tax rulings with them
- Participate in (inter)national groups of experts to represent dsm-firmenich's interests
- Set corporate requirements to which all units have to comply

By publishing this paper, we participate in several initiatives driving forward transparency of tax position such as the VBDO tax transparency benchmark. Our reporting is also based on voluntary non-financial reporting guidelines such as the Global Reporting Initiative (GRI) Standards including the GRI 207 Tax standard. An overview of how we map our disclosures to GRI can be found at the end of this document.



Economic value generated and distributed in 2024

Economic value generated €12,799 million

We believe sustainable business growth is closely linked with robust societies and healthy economies – and vice versa. We are mindful of our responsibilities as a multinational company operating within and alongside society and addressing the most challenging societal issues with its business and operations.

We contribute to the economies in around 60 countries where it currently has operations with a total economic value generated of more than €12,799 million in net sales. The principal subsidiaries of the Group and their locations are shown in Note 3 Investments to the parent company financial statements.

In 2024, we posted an adjusted operating profit of €926 million. A regional split of the economic value generated is given in the table.

Economic value generated:

2024	Switzerland	Netherlands	Rest of EMEA	North America	Latin America	China	Rest of Asia	Total
Net sales by origin								
In € million	2,850	679	1,498	2,895	1,835	1,015	2,027	**12,799**
In %	22	5	12	23	14	8	16	**100**
Adjusted operating profit (in € million)								**926**

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Economic value distributed €12,280 million

Our contribution to society regarding economic value distributed consists of various aspects, including employee benefits, goods and services purchased from suppliers, customs duties and other payments to governments including taxation. The overall breakdown per category is shown in the table below and further detailed on the following pages.

Economic value distributed:

2024	Switzerland	Netherlands	Rest of EMEA	North America	Latin America	China	Rest of Asia	Total
Suppliers of goods & services								
In € million	2,391	633	1,655	1,325	856	450	696	**8,005**
In %	30	8	21	17	11	6	9	**100**
Employees								
Workforce at year-end (headcount)	3,734	1,776	8,134	4,155	3,565	3,365	3,485	**28,214**
Wages and benefits incl. wage tax, pension and social security								
In € million	789	290	692	656	183	142	217	**2,969**
In %	27	10	23	22	6	5	7	**100**
Payments to Governments (organization taxes)								
In € million	69	151	96	69	80	66	73	**604**
In %	11	25	16	11	13	11	12	**100**
Capital providers								**701**
Total								12,280

Value distributed to suppliers of goods and services: €8,005 million

The external spend in 2024 amounted to €8,005 million, this includes goods and services captured in net sales and capex / investments which also implies further (indirect) tax proceeds for governments.

Value distributed to employees: €2,969 million

Our contribution to society includes the provision of employment of around 30,000 people globally in areas including manufacturing, creation and innovation, marketing and sales, supply chain, research and development and administration. Employee wages and benefits including contributions to pensions, social security and wage tax paid to government institutions on behalf of employees around the world amounted to €2,969 million in 2024.

Value distributed to governments: €604 million

We believe that it is our obligation to ensure that the correct amount of tax is paid to authorities and to observe all applicable rules and regulations in the markets where the company operates.

While meeting this obligation, dsm-firmenich recognizes that it also has a responsibility to its shareholders to control its tax costs.

For 2024, our estimated total amount organization of taxes was around €604 million (it should be noted that the values for e.g., property taxes and environmental taxes have not been included in this paper).

Value distributed to capital providers: €701 million

Our capital providers (shareholders and creditors) provide funds to finance the asset base used to create economic value. In turn, they receive an annual dividend and interest payments from dsm-firmenich, which trigger withholding tax obligations. The total value of interests and dividends distributed to providers of capital in 2024 amounted to €701 million.

Taxes paid by type: €1,846 million

The total tax contribution of €1,846 million by tax type is further illustrated in the table below. Most of the taxes borne in 2024 are direct taxes, of which a significant part relates to taxes paid for dsm-firmenich's employees as wage tax and social security contributions (any other wage-related taxes paid directly by employees are not included in the current valuation).

It should be noted that Indirect taxes, including VAT, are reported as year-end balance and do not reflect total amount remitted to governments throughout the year (which would lead to a higher total tax contribution).

Taxes paid per type:

2024	
Income tax (incl. WHT)	
In € million	372
Indirect taxes & customs duties*	
In € million	232
Wage tax*	
In € million	913
Social security costs	
In € million	329
Total	**1846**

**Best estimate*

The total income tax paid by dsm-firmenich in 2024, including corporate income tax, dividend and withholding tax, amounted to €372 million. The level of dsm-firmenich's income tax payments reflects the geographic spread of its results over the years, which is among other things a result of acquisitions and divestments, loss positions and the application of tax regulations in countries where dsm-firmenich operates. As a result, the relative contribution per region varies from year to year.

The actual amount of corporate income tax paid in a particular year can differ from the accounting expense as reported in the company's **financial statement** (2024: €147 million). Differences between the cash outflow and the expense charged are a result of various elements, such as tax losses in previous years, deferred tax, timing differences or uncertain tax position matters.

The allocation of the total €372 million of corporate income tax paid (incl. WHT on dividend) by region / countries is presented in the table below.

Income tax paid per region / country:

2024	In € million	In %		In € million	In %
EMEA	207	56			
			Switzerland	114	31
			Netherlands	50	13
			Austria	12	3
			Spain	4	1
APAC	81	22			
			China	31	8
			India	22	6
			Indonesia	11	3
			Singapore	9	3
AMERICAS	84	23			
			USA	44	12
			Brazil	28	7
			Mexico	6	2
			Argentina	2	0
			All regions: other countries [40+]	38	10
Total	**219**	**100**			

Europe is an important hub for dsm-firmenich's major business flows, contributing to 56% of the income tax payments. dsm-firmenich employs around half of its personnel in Europe and undertakes a significant proportion of its investments, external spend, research and development activities and administrative activities in the region (being also the location of the corporate head office and several business group headquarters).

Americas contributed around 23% of dsm-firmenich's total income tax payments. APAC countries had around 22% of dsm-firmenich's total income tax payments.

The 12 countries in the table represent the largest cash tax payors in dsm-firmenich. Majority of other 40+ countries in which dsm-firmenich operates pay below €2 million (not exceeding 1%) in taxes each.

Effective tax rate

Pillar Two legislation has been enacted or substantively enacted in a number of jurisdictions in which dsm-firmenich operates. dsm-firmenich applies the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The income tax expense relating to Pillar Two legislation was less than €1 million in 2024 because of a combination of the geographical spread of the business results and the Pillar Two legislation in Switzerland, which was limited to the domestic top-up tax in 2024. As Pillar Two legislation was not yet enacted in the countries in which dsm-firmenich operated in 2023, there was no income tax expense relating to Pillar Two in that year.

In the last 5 years (including Firmenich from the merger date onwards), dsm-firmenich's continuing operations had an effective tax rate of between approximately 17 and 22%, which translates into an average yearly income tax expense of around €96 million. This range of effective tax rates is in line with what we see with peer companies, based on their publicly available information and annual reports.

For the relationship between this effective tax rate and the income tax rate in Switzerland, please refer to the **dsm-firmenich 2024 Integrated Annual Report,** where all the IFRS taxation figures reported for the years 2023 and 2024 can be found.

The effective tax rate on taxable result excluding APM adjustments was 24.1% in 2024 (2023: 37.3%). The effective tax rate in 2024 compared to the Swiss statutory rate was negatively impacted by the geographical spread, changes in tax rates under local tax law in various countries, and non-deductible expenses. The effective tax rate in 2024 excluding APM adjustments compared to previous year was positively impacted because of the strong improvement of the financial results.

Effective tax rate

2024	In %
Domestic income tax rate	15.1
Tax effects of:	
Deviating rates	9.8
Change in tax rates	0.5
Tax-exempt income and non-deductible expense	(1.6)
Other effects	0.3
Effective tax rate taxable result, excl. APM adjustments	**24.1**

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Preparation of this paper

We have published this paper as part of its commitment to clear and transparent reporting, continuing to build a sustainable business as a trusted partner for its various stakeholders.

The way that companies such as dsm-firmenich contribute to society through (direct and indirect) taxes, duties and other payments to governments is a complex matter.

This paper brings together all the relevant information that dsm-firmenich publishes on taxation, from policies to payments, in one central source. The information presented relates to the consolidated level of reporting and is applicable to dsm-firmenich and its group companies included in the consolidated financial statements and excludes partners and associates. This paper has not been subject to a separate audit. We consider the paper compliant with the requirements of Paragraph 19 of Schedule 19 of the Finance Act 2016.

For this paper's purposes, certain figures are presented on a best estimate basis when calculating the total amount of tax generated and are specifically footnoted as such. Moreover, certain taxes (e.g., property tax, & environmental tax) have not been included in the overall tax amount paid by dsm-firmenich in 2024 disclosed in this paper. To clearly understand the content of this paper, an explanation of the technical terms used in compiling this paper is given below. These are not to be used as detailed definitions but as guidance.

Indicator	Details
Net sales	This comprises revenue generated by supply of goods and services and royalty income (in case of ordinary business), less discounts, VAT and other sales related taxes.
Operating profit	Company's earnings from core business operations, also known as Adjusted EBIT (earnings before interest and tax).
Employee benefits	These are defined as the total remuneration, in cash or in-kind payable by an employer to an employee and include wage taxes, employees' social security contributions and post-employment benefits
Wage taxes	This includes payroll and employee taxes withheld from employee remuneration, and paid to governments
Capex / investments	Accounting capital expenditure relates to the purchase of intangible assets (excluding goodwill) and property, plant and equipment

Indicator	Details
Total tax generated	The value includes amounts to be paid to a government, whether by law or by agreement, including both direct and indirect taxes
Indirect tax	Taxes which are levied on consumption of specified goods rather than on income
Direct tax	Taxes paid directly to the government and for the purpose of this paper also includes income tax and employer wage taxes
Income tax	This includes any business tax calculated based on its profits, plus withholding tax. The income tax paid may vary over the years.
Effective Tax Rate	The tax charge of an accounting period divided by the accounting profit before tax
Profit before tax	Accounting profit for a period before deducting corporate income taxes

GRI Reference table

This taxation paper has been prepared in accordance with the GRI 207 Tax standard.

GRI 207: Tax 2019	
207-1 Approach to tax	**Tax policy**
207-2 Tax governance, control, and risk management	**Tax governance, control and risk management**
207-3 Stakeholder engagement and management of concerns related to tax	**Stakeholders**
207-4 Country-by-country reporting	The principal subsidiaries of the Group and their locations are shown in **Note 3 Investments** to the parent company financial statements. The names and activities of our locations can be found in **dsm-firmenich locations** Economic value generated and distributed in 2024 We report employees at regional level and country level for the key jurisdictions. Income tax paid is disclosed by region and by the top four countries per region. Other countries are not material to the income taxes paid, contributing no more than 1% each to total income tax. For FY2023 we have published **country-by-country report** in line with EU CBCR Directive disclosing revenues, profit (loss) before tax, income tax paid on cash basis, accumulated earnings and number of employees per country for countries mandatory for disclosure according to Directive and on aggregated basis for other jurisdictions. FY2024 report will follow in due course.

Disclaimer

This document may contain forward-looking statements about dsm-firmenich's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of dsm-firmenich and information currently available to the company.

Examples of forward-looking statements include statements made or implied about the company's strategy, estimates of sales growth, financial results, cost savings and future developments in its existing business, as well as the impact of future acquisitions, and the company's financial position. These statements can be management estimates based on information provided by specialized agencies or advisors.

We caution readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore, it should be understood that many factors can cause the company's actual performance and position to differ materially from these statements.

These factors include, but are not limited to, macro-economic, market and business trends and conditions, (low-cost) competition, legal claims, the ability to protect intellectual property, changes in legislation, changes in exchange and interest rates, changes in tax rates, pension costs, raw material and energy prices, employee costs, the implementation of the company's strategy, the company's ability to identify and complete acquisitions and to successfully integrate acquired companies, the company's ability to realize planned disposals, savings, restructuring or benefits, the company's ability to identify, develop and successfully commercialize new products, markets or technologies, economic and/or political changes and other developments in countries and markets in which dsm-firmenich operates.

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A more comprehensive discussion of the risk factors affecting dsm-firmenich's business can be found in the company's latest Integrated Annual Report, a copy of which can be found on the company's corporate website, **www.dsm-firmenich.com.**

Certain financial information provided in this document has been derived from the 2024 financial statements, which have been audited by external auditors.

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