



CORBION ANNUAL REPORT

2019



Corbion
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REMUNERATION REPORT

Remuneration Board of Management

Remuneration policy and its implementation in 2019

To ensure Corbion's development as a successful sustainable ingredient solutions company, the objective of the remuneration policy for the Board of Management is to create internationally competitive remuneration packages and employment conditions, which align the interests of the Board of Management with the strategic direction and horizon of the company, with a strong emphasis on performance-related pay and long-term value creation. The policy is in place since 2015 and was approved by the annual General Meeting of Shareholders in that same year. An update of the policy was approved at the annual General Meeting of Shareholders in 2018. The full remuneration policy is available on our website www.corbion.com. This section describes how the remuneration policy has been implemented in 2019.

The implementation of the remuneration policy contributes to long-term value creation, as the long-term incentive for the Board of Management is aimed at longer-term value creation in line with stakeholder interests, measured over a performance period of three calendar years. To ensure that short-term performance also leads to sustainable long-term value creation, the short-term and long-term incentive performance metrics are aligned. In implementing the remuneration policy scenario analyses have been taken into consideration.

Remuneration reference levels

The total compensation levels (base salary, short-term incentive, long-term incentive) and pay mix are based on a combined reference group of comparable European biotechnology companies and Dutch general industry companies (AMX and smaller AEX). Every two years a reference check is performed to independently benchmark the total compensation levels with market levels; this was done for the first time in 2017. Based on this benchmark no major changes in remuneration levels and policies (pay mix, incentive design) were proposed.

Base salary

Members of the Board of Management are entitled to a base salary. Based on median market data the base salary for the CEO will be set between € 500,000 and € 600,000. For the CFO base pay is set between € 300,000 and € 400,000. The individual pay of the members of the Board of Management will be determined by the Supervisory Board within the boundaries of the aforementioned ranges (from time to time). There are no automatic annual increases in the base salary levels.

As per 1 April 2019, the annual base salary for Tjerk de Ruiter (stepped down as CEO on 8 August 2019) amounted to € 600,000 and that for Eddy van Rhede van der Kloot (CFO) € 400,000. The annual base salary for the newly appointed CEO, Olivier Rigaud (CEO as of 8 August 2019) amounts to € 550,000.

Short-Term Incentive Plan (STIP)

Members of the Board of Management are eligible for a short-term incentive. The STIP rewards operational execution and is aimed at strengthening and growing the Corbion business. It is determined by the following targets: EBITDA, earnings per share (EPS) (both as defined in the policy), and sustainability. EBITDA will account for 70% of the total STIP, EPS for 20%, and the remaining 10% will be determined by sustainability. A range of 30% around each performance target (or such lower percentage as determined by the Supervisory Board) is set annually to determine the actual payout. The STIP payout at target level is set at 50% of base salary for the CEO, and 40% for the CFO. For 2019, the Supervisory Board applied the range of 30% for actual payout as follows: the threshold level was set at 85% and the maximum level at 115% for each target.

An actual payout level of 128.1% has been achieved for the EBITDA target, 0% for EPS, and 100% for sustainability in the year under review. This has led to a total payout of 99.7% of the at-target STIP for both Tjerk de Ruiter and Eddy van Rhede van der Kloot as well as for Olivier Rigaud on a pro-rata basis.

The Supervisory Board has decided to use its discretionary authority in accordance with the remuneration policy to grant to Olivier Rigaud an additional 5% cash pay-out over 2019 (pro-rata) based on successfully initiating and proposing the new strategy and preparing the implementation thereof. The Supervisory Board has decided to use its discretionary authority in accordance with the remuneration policy to apply for Tjerk de Ruiter a minus 5% cash pay-out over 2019 (pro-rata) due to the Algae Ingredients business performing below expectations.

Long-Term Incentive Plan (LTIP)

The long-term incentive for the Board of Management is aimed at longer-term value creation in line with stakeholder interests, measured over a performance period of three calendar years. To ensure that short-term performance also leads to sustainable long-term value creation, the LTIP performance measurements are fully aligned with the STIP: EBITDA will account for 60% and EPS for 20% of the LTIP. In addition, 20% of the LTIP is determined by relative Total Shareholder Return (TSR) as compared to a specific TSR peer group.

The CEO is entitled to a conditional share grant value of 100% of base salary. The CFO is entitled to a conditional share grant value of 80% of base salary.

Meeting the performance target(s) will result in an LTIP payout at target level. A range of 50% around the performance target(s) (or such lower percentage as determined by the Supervisory Board) is set for the EBITDA and EPS performance to determine the actual payout. For TSR performance, threshold payout is set at reaching the 8th position in the peer group. Based on independent analysis by a leading bank in the Netherlands the TSR performance of Corbion versus the TSR peer group will be assessed after the three-year performance period.

The number of conditionally granted but not yet vested shares as per 1 January 2019 for each of the members of the Board of Management is as follows.

| Name, position | Specification of the plan | Shares awarded, not vested per 1 January 2019 |
|--------------------------------|---------------------------|---|
| T. de Ruiter, CEO (former CEO) | LTIP 2016-2019 | 27,404 |
| E. Rhede van der Kloot, CFO | | 13,951 |
| O. Rigaud, CEO | | |
| T. de Ruiter, CEO (former CEO) | LTIP 2017-2020 | 23,585 |
| E. Rhede van der Kloot, CFO | | 11,772 |
| O. Rigaud, CEO | | |
| T. de Ruiter, CEO (former CEO) | LTIP 2018-2021 | 23,576 |
| E. Rhede van der Kloot, CFO | | 12,259 |
| O. Rigaud, CEO | | |

For the LTIP shares conditionally granted under the 2016-2019 plan to Tjerk de Ruiter and Eddy van Rhede van der Kloot, an actual payout level of 61% has been achieved for the EBITDA target, 79% for EPS, and 100% for TSR as Corbion ranked 4th in the peer group. This has led to a total payout of 72.4% of the at-target LTIP for both Tjerk de Ruiter and Eddy van Rhede van der Kloot. The number of vested shares received by Tjerk de Ruiter is 19,840 representing a value of € 555,123 at the time of vesting (with a vesting price of € 27.98). The number of vested shares received by Eddy van Rhede van der Kloot is 10,101 representing a value of € 282,626 at the time of vesting (with a vesting price of € 27.98). The members of the Board of Management used the option of selling shares to finance the income tax due on the vested shares.

The number of performance shares conditionally granted to Tjerk de Ruiter in 2019 (possible vesting in 2022) is 22,762 representing a value of € 600,006 at the time of the grant (with a grant price of € 26.36). The number of performance shares conditionally granted to Eddy van Rhede van der Kloot in 2019 (possible vesting in 2022) amounts to 12,140 representing a value of € 320,010 at the time of the grant (with a grant price of € 26.36). The number of performance shares conditionally granted to Olivier Rigaud in 2019 (possible vesting in 2022) is 20,865 representing a value of € 550,000 at the time of the grant (with a grant price of € 26.36).

The overview below shows the number of conditionally granted but not yet vested shares as per 31 December 2019 for each of the members of the Board of Management, the grant price of the granted shares, and the remaining vesting period.

| Name, position | Specification of the plan | Grant price | Shares awarded, not vested per 31 December 2019 | Vesting date |
|---------------------------------|---------------------------|-------------|---|--------------|
| T. de Ruiter, CEO (former CEO) | LTIP 2017-2020 | 24.38 | 23,585 | May 2020 |
| E. Rhede van der Kloot, CFO | | | 11,772 | |
| O. Rigaud, CEO | | | | |
| T. de Ruiter, CEO (former CEO)* | LTIP 2018-2021 | 25.45 | 17,027 | May 2021 |
| E. Rhede van der Kloot, CFO | | | 12,259 | |
| O. Rigaud, CEO | | | | |
| T. de Ruiter, CEO (former CEO)* | LTIP 2019-2022 | 26.36 | 8,852 | May 2022 |
| E. Rhede van der Kloot, CFO | | | 12,140 | |
| O. Rigaud, CEO | | | 20,865 | |

*Pro rata entitled to LTIP grant

Benefits allowance

As a consequence of the use of executive assignment agreements, the company does not provide benefits such as pension (individual retirement), medical or life insurance, or a company car, to members of the Board of Management. That is why each member of the Board of Management is provided with a benefits allowance. This is a fixed annual amount of € 200,000 for a CEO with an international background and € 150,000 for the CFO, to cover the cost of these expenses.

Other compensation

Tjerk de Ruiter is entitled to a special incentive of € 500,000 per year. This incentive bridges part of the compensation gap between the United States and the Netherlands. The payout will be in cash, under the obligation to purchase Corbion shares for the full net amount. It is subject to a lock-up period ending one year after his Board term ends, for whichever reason. In 2019, an amount of € 500,000 has been paid to Tjerk de Ruiter.

Overview remuneration

The total annual remuneration for the Board of Management in 2019 amounted to € 3.7 million including STIP over 2019 (2018: € 5.5 million). The table below shows the amounts which the respective member of the Board of Management (i) received/was entitled to in 2019 (base salary, STIP, benefits allowance, relocation costs) and (ii) received/was entitled to in 2019 by way of vesting (LTIP, special incentive).

| Thousands of euros | Year | Base salary | STIP | LTIP | Benefits allowance | Special share award | Other compensation | Relocation | Total |
|----------------------------|-------------|--------------|------------|--------------|--------------------|---------------------|--------------------|------------|--------------|
| T. de Ruiter* | 2019 | 600 | 284 | 555 | 200 | | 500 | | 2,139 |
| | 2018 | 594 | 256 | 1,040 | 200 | 1,697 | 500 | | 4,287 |
| E. van Rhede van der Kloot | 2019 | 398 | 160 | 283 | 150 | | | | 991 |
| | 2018 | 382 | 133 | 555 | 138 | | | | 1,208 |
| O. Rigaud** | 2019 | 275 | 151 | | 100 | | | 30 | 556 |
| | 2018 | | | | | | | | |
| Total | 2019 | 1,273 | 595 | 838 | 450 | | 500 | 30 | 3,686 |
| Total | 2018 | 976 | 389 | 1,595 | 338 | 1,697 | 500 | | 5,495 |

* CEO until 8 August 2019, thereafter Advisor to the Supervisory Board.

** As of 1 July 2019 in service

The ratio between the fixed remuneration (base salary and benefits allowance) versus the variable remuneration (STIP, LTIP, and other compensation) is for Tjerk de Ruiter 37% versus 63%, for Eddy van Rhede van der Kloot 55% versus 45%, and for Olivier Rigaud 67% versus 33%.

The table below shows the remuneration costs based on the applicable IFRS standard and do not necessarily reflect the actual amounts paid.

| | IAS 24.17 category | Short-term employee benefits | | Share-based payments | Post-employment benefits | Other long-term benefits | Termination benefits | Total |
|--|--------------------|------------------------------|--------------|----------------------|--------------------------|--------------------------|----------------------|--------------|
| <i>Thousands of euros</i> | 2019 | Base salary*** | STIP | LTIP | Pension benefits | Other benefits | Termination benefits | |
| O. Rigaud ** | | 410 | 151 | 135 | | | | 696 |
| E. van Rhede van der Kloot | | 558 | 160 | 428 | | | | 1,146 |
| Total Board of Management | | 968 | 311 | 563 | | | | 1,842 |
| T. de Ruiter * | | 811 | 784 | 875 | | | | 2,470 |
| Total former Board of Management | | 811 | 784 | 875 | | | | 2,470 |
| Total remuneration (former) Board of Management | | 1,779 | 1,095 | 1,438 | | | | 4,312 |

| | IAS 24.17 category | Short-term employee benefits | | Share-based payments | Post-employment benefits | Other long-term benefits | Termination benefits | Total |
|----------------------------------|--------------------|------------------------------|------------|----------------------|--------------------------|--------------------------|----------------------|--------------|
| <i>Thousands of euros</i> | 2018 | Base salary*** | STIP | LTIP | Pension benefits | Other benefits | Termination benefits | |
| T. de Ruiter | | 804 | 756 | 245 | | | | 1,805 |
| E. van Rhede van der Kloot | | 530 | 133 | 125 | | | | 788 |
| Total Board of Management | | 1,334 | 889 | 370 | | | | 2,593 |

* CEO until 8 August 2019, thereafter Advisor to the Supervisory Board.

** As of 1 July 2019 in service

*** Base salary also includes social security contributions and compensation, mainly allowances for expenses

The total remuneration for each (former) member of the Board of Management complies with the remuneration policy for the Board of Management, as it fits within the boundaries of this policy and no deviations from this policy have been applied. Members of the Board of Management are on the payroll of Corbion nv; they did not receive remuneration from a subsidiary or another company whose financials are consolidated by Corbion nv. Corbion does not grant loans, advances, or guarantees to members of the Board of Management. Corbion did not revise or claw-back any variable remuneration. No severance payment has been made to members of the Board of Management.

Internal pay ratios and five years performance overview

In line with good corporate governance practices regarding remuneration policies, Corbion measures on a yearly basis the internal pay ratios within the company. More specifically, Corbion has calculated the pay ratio of the Board of Management to the average company employee. For the Board of Management, the total remuneration cost (based on IFRS) is used (this is change as previously the paid compensation was used). The average remuneration of all Corbion employees is calculated as the total remuneration of all Corbion employees on IFRS basis (see Note 5 to the consolidated financial statements) divided by the average number of Corbion employees on an FTE basis. The average number of FTEs is calculated on a monthly basis. The average remuneration of all Corbion employees in 2019 amounted to € 81,934 (2018: € 77,185).

For Olivier Rigaud (who was appointed as CEO as of 8 August 2019), the pay ratio (based on his annualized remuneration) to the average employee is 16.6 and for the CFO it is 14.0 (2018: 10.2). For Tjerk de Ruiters (CEO until 8 August 2019) the pay ratio to the average employee is 30.1 (2018: 23.4). When applying the former calculation method (which was based on actual amounts paid to the Board of Management), the pay ratio for Tjerk de Ruiters would be 29.9 (2018: 61.7) and for the CFO 13.8 (2018: 17.4).

The overview below shows, for the last five financial years, the total remuneration (based on IFRS) of the former CEO (given that the current CEO only started in August, information regarding the former CEO is used) and CFO, the average remuneration of all Corbion employees, the internal pay ratios, and the EBITDA and EPS of Corbion.

| Name, position | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|-------|-------------|-------------|--------------|-------------|
| T. de Ruiter, (Former) CEO (A) | 2,285 | 2,280 (0%) | 2,273 (0%) | 1,805 (-21%) | 2,470 (37%) |
| E.E. Rhede van der Kloot, CFO (B) | 787 | 896 (14%) | 989 (10%) | 788 (-20%) | 1,146 (45%) |
| Average salary employee (C) | 84 | 85 (1%) | 82 (-3%) | 77 (-6%) | 82 (6%) |
| Internal pay ratio (A/C) | 27.3 | 26.9 | 27.6 | 23.4 | 30.1 |
| Internal pay ratio (B/C) | 9.4 | 10.6 | 12 | 10.2 | 14 |
| Adjusted EBITDA | 150.3 | 170.1 (13%) | 164.1 (-4%) | 131.6 (-20%) | 145.9 (11%) |
| EPS | 1.3 | 1.74 (35%) | 1.46 (-16%) | 0.93 (-36%) | 0.44 (-53%) |

Shares in the capital of the company

As at 31 December 2019, Corbion had a capital interest of 0.71%, amounting to 423,202 shares. In 2019, Corbion has neither issued new shares nor repurchased shares for the LTIP programs for the Board of Management and (senior) management and there are no intentions for that in 2020.

Share plans for employees

Corbion has an LTIP program for (senior) management, consisting of around 64 employees. The long-term incentive is measured over a performance period of three calendar years. The LTIP financial measurements are the same as for the Board of Management: EBITDA will account for 60% and EPS for 20% of the LTIP. In addition, 20% of the LTIP is determined by relative Total Shareholder Return (TSR) as compared to a specific TSR peer group. For certain groups of employees, 30% of the total LTIP is not performance related and is only restricted to continued employment for three years.

The number of conditionally granted but not yet vested shares as per 1 January 2019 for the employees jointly is as follows.

| Specification of the plan | Shares awarded, not vested per 1 January 2019 |
|---------------------------|---|
| LTIP 2016-2019 | 69,954 |
| LTIP 2017-2020 | 77,819 |
| LTIP 2018-2021 | 81,207 |

For the LTIP shares conditionally granted under the 2016-2019 plan to the employees jointly, an actual payout level of 61% has been achieved for the EBITDA target, 79% for EPS, and 100% for TSR as Corbion ranked 4th in the peer group. This has led to a total payout of 72.4% of the at-target LTIP for the employees jointly. As 30% of the total LTIP is not performance related and is only restricted to continued employment for three years, the actual payout for Senior Management is 80.7%. The number of vested shares received by the employees and Executive Committee members jointly is 53,972 representing a value of € 1,510,136 at the time of vesting (with a vesting price of € 27.98).

The number of performance shares conditionally granted to the employees jointly in 2019 (possible vesting in 2022) is 85,817 representing a value of € 2,262,136 at the time of the grant (with a grant price of € 26.36).

The overview below shows the number of conditionally granted but not yet vested shares as per 31 December 2019 for the employees jointly, the grant price of the granted shares, and the remaining vesting period.

| Specification of the plan | Grant price | Shares awarded, not vested per 31 December 2019 | Vesting date |
|---------------------------|-------------|---|--------------|
| LTIP 2017-2020 | 24.38 | 75,320 | May 2020 |
| LTIP 2018-2021 | 25.45 | 78,272 | May 2021 |
| LTIP 2019-2022 | 26.36 | 83,263 | May 2022 |

Remuneration for the Supervisory Board

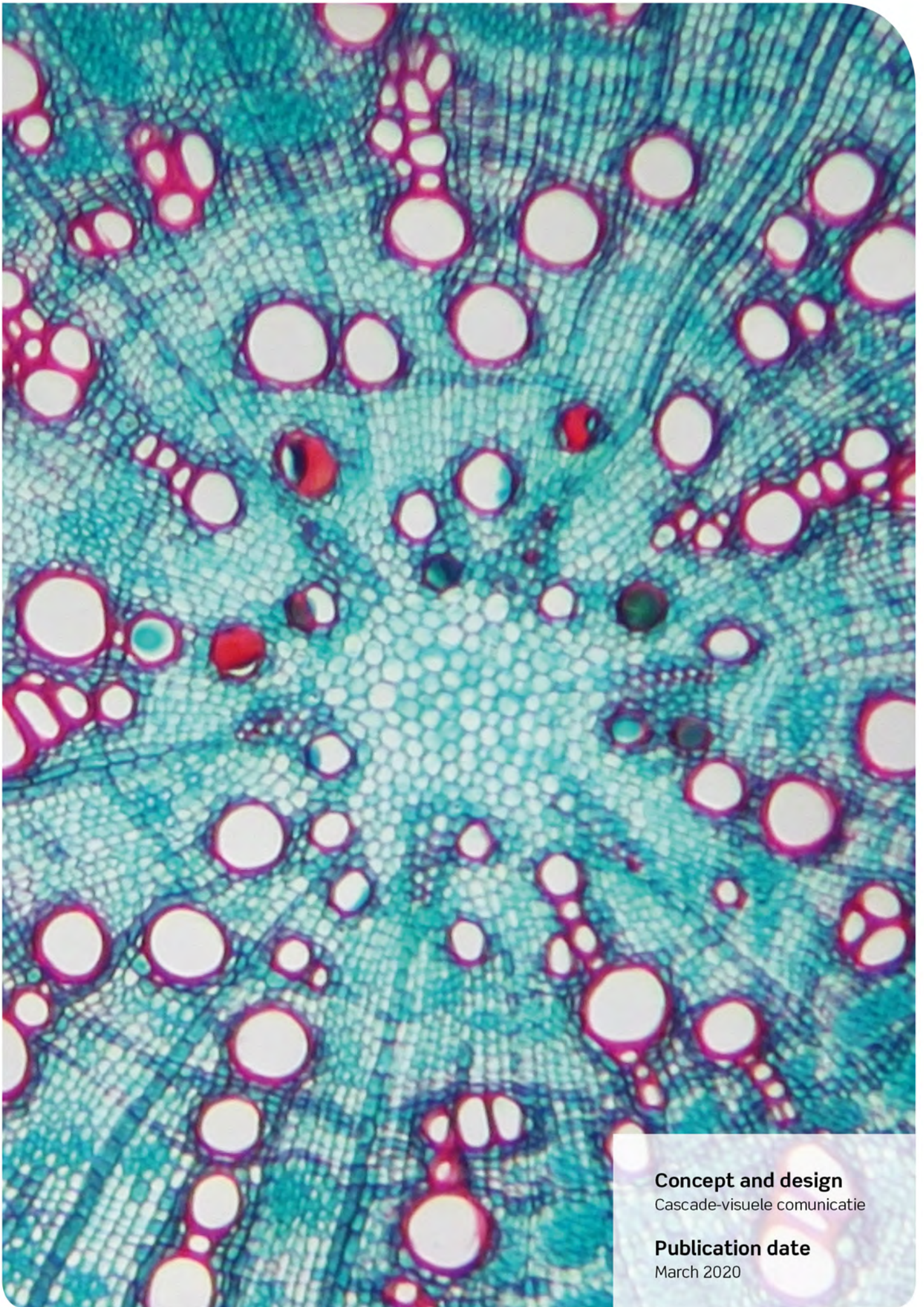
Total remuneration for members of the Supervisory Board in 2019 amounted to € 0.4 million (2018: € 0.4 million).

Each member of the Supervisory Board receives an annual base fee of € 50,000; the Vice-Chairman receives € 60,000 and the Chairman € 70,000.

For membership of the Audit Committee an additional fee of € 10,000 applies, and for the Chairman € 15,000. Members of the Appointment and Governance Committee, Remuneration Committee, or Science and Technology Committee receive an additional € 7,000 in fee; the fee for the Chairman of these committees amounts to € 9,000. In addition, members receive reimbursement of expenses.

| Breakdown remuneration Supervisory Board | | | | |
|--|--------------------|---------------------------------|---------------|------------|
| | IAS 24.17 category | Short-term employee benefits *) | | Total |
| <i>Thousands of euros</i> | Year | Base fee | Committee fee | |
| M.F.J.P. Vrijzen, Chairman (Chairman Appointment and Governance Committee / member Remuneration Committee / member Science and Technology Committee) | 2019 | 70 | 23 | 93 |
| | 2018 | 70 | 23 | 93 |
| R.H.P. Markham, Vice-Chairman (Chairman Remuneration Committee / member Appointment and Governance Committee) | 2019 | 60 | 16 | 76 |
| | 2018 | 60 | 16 | 76 |
| M.E. Doherty (member Audit Committee) | 2019 | 50 | 10 | 60 |
| | 2018 | 50 | 10 | 60 |
| J.P. de Kreij (Chairman Audit Committee) | 2019 | 50 | 15 | 65 |
| | 2018 | 50 | 15 | 65 |
| S. Riisgaard (Chairman Science and Technology Committee / member Remuneration Committee / member Appointment and Governance Committee) | 2019 | 50 | 23 | 73 |
| | 2018 | 50 | 23 | 73 |
| | Total 2019 | 280 | 87 | 367 |
| | Total 2018 | 280 | 87 | 367 |

Members of the Supervisory Board are neither entitled to variable remuneration nor to shares in the company or any option rights relating thereto. The total remuneration for each (former) member of the Supervisory Board complies with the remuneration policy for the Supervisory Board, as it fits within the boundaries of this policy and no deviations from this policy have been applied. Members of the Supervisory Board are on the payroll of Corbion nv.; they did not receive remuneration from a subsidiary or another company whose financials are consolidated by Corbion nv. Corbion does not grant loans, advances, or guarantees to members of the Supervisory Board.



Concept and design
Cascade-visuele communicatie

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