

## **REMUNERATION POLICY MANAGEMENT AND SUPERVISORY BOARD**

### **AVANTIUM N.V.**

#### **1. Introduction**

##### **1.1. General**

This remuneration policy (**Remuneration Policy**) describes the remuneration elements for the management board (**Management Board**) of Avantium N.V. (**Avantium** or the **Company**), including in their capacity as employee of a subsidiary of Avantium (together, the **Group**) and the supervisory board (**Supervisory Board**).

##### **1.2. Adoption**

This Remuneration Policy, as designed by the Supervisory Board upon the recommendation of the remuneration committee (**Remuneration Committee**) of Avantium, is adopted by Avantium's general meeting of shareholders (**General Meeting**) on 14 May 2020, and is effective per 1 January 2020.

Avantium's works council (**Works Council**) exercised its right to cast its advisory vote prior to adoption of the Remuneration Policy.

##### **1.3. Amendment**

In view of the new Dutch legislation resulting from Directive (EU) 2017/828 (Shareholder Rights Directive II (**SRD II**)), the Supervisory Board conducted a comprehensive review and comparison of its remuneration policy for the members of the Management Board and the Supervisory Board, which has led to this new Remuneration Policy.

In relation to the remuneration of the members of the Management Board, it is Avantium's intention to conduct a remuneration benchmark at least every four (4) years in order to assess the level of competitiveness of the remuneration, at which moment not only remuneration levels should be adjusted to market levels (if necessary), but also other remuneration elements may be adjusted according to new developments and/or requirements. The last policy review and remuneration benchmark was conducted in 2017, and a next review is planned for 2021. The Supervisory Board therefore decided to apply in 2020 only changes necessary to comply with the abovementioned legislation and other legislative changes and to propose, if necessary, a revision of this Remuneration Policy in 2021.

In relation to the remuneration of the members of the Supervisory Board, the General Meeting, to be held on 14 May 2020, is now invited to adopt a remuneration policy for the Supervisory Board, providing for a more detailed explanation of e.g. how the remuneration elements contribute to the strategy, long-term interests and sustainability of Avantium. The contents of the current remuneration (policy) of the Supervisory Board remain unchanged, but as part of this review the right to award share options to the members of the Supervisory Board and its applicable conditions

is now explicitly included, as a result of which such share options can be awarded by Avantium to any Supervisory Board members in accordance with this Remuneration Policy without the need to submit such award for approval by the General Meeting.

## **2. Governance of the Remuneration Policy**

Adoption of this Remuneration Policy by the General Meeting upon proposal by the Supervisory Board, after proposal by the Remuneration Committee, takes place at every change and in any case at least every four (4) years. Any amendment to this Remuneration Policy is subject to the advisory vote of the Works Council.

All revisions of the Remuneration Policy shall be accompanied by a description and explanation of all significant changes and the decision making process followed for its determination, review and implementation. Next, it is also explained how it takes into account the votes and views of shareholders and other stakeholders on the Remuneration Policy and reports since the most recent vote on the Remuneration Policy by the General Meeting. If the General Meeting does not approve the proposed amendments to the Remuneration Policy, Avantium shall continue to remunerate in accordance with the existing approved Remuneration Policy and shall submit a revised policy for approval at the following General Meeting.

The Supervisory Board is responsible for the execution of the Remuneration Policy.

In its annual (remuneration) report, the Supervisory Board will communicate clearly and transparently to Avantium's stakeholders how this Remuneration Policy has been pursued.

The remuneration of the individual members of the Management Board is determined by the Supervisory Board upon the recommendation of the Remuneration Committee.

The individual remuneration of the members of the Supervisory Board is set by the General Meeting, with due observance of the Remuneration Policy, Avantium's articles of association (**Articles of Association**) and Dutch law.

## **3. Management Board remuneration - perspectives, principles and objectives**

### **3.1. Organisational perspective: identity, mission and values of Avantium**

Avantium is a serial technology developer and a pioneer in the emerging industry of renewable and sustainable chemistry. It is our goal to develop leading technologies by creating and commercialising sustainable chemistry technology solutions. Avantium brings these technologies to the market in collaboration with like-minded partners who complement our skills and knowledge and increase our chances of achieving success for our stakeholders. We seek to take part in the opportunities for the transition towards a circular economy. It is our mission to accelerate the transition to a fossil-free world by developing ground-breaking chemicals and materials on the basis of renewable feedstock instead of fossil resources. Sustainable alternatives for fossil-based chemicals and materials include plastic bottles for drinks, films for food packaging and electronics, fibres for textiles and

even materials used in toys. In addition to, and underpinning our renewable chemistry business, Avantium also provides advanced catalysis products and services to chemical, refinery and energy companies, universities and research institutes who desire to improve the efficiency of their processes.

At Avantium, sustainability is built into our very purpose. It drives our employees, informs our technology development, and excites our commercial partners. Every technology we develop affirms our commitment to helping create a fossil-free future for the planet. We are ambitious in our approach to environmental best practice, social integrity and responsible business policies, governance and transparency.

At Avantium, we have five core values that define what we stand for and how we work with customers and partners:

- 1) We make a lasting impact;
- 2) We are determined team players;
- 3) We do the right things right;
- 4) We are pragmatic idealists; and
- 5) We have fun.

Our people and our culture are our biggest competitive advantage. We foster a safe and vibrant workplace, where our people can thrive and contribute to our mission to help build a fossil-free world. Our success is built on the ambitions, commitment and expertise of our people. We seek to attract and retain people with diverse backgrounds and talents who can turn our mission and strategy into action. We reward our employees with competitive benefit packages.

With regard to remuneration we believe that our long-term strategy and mission require us to focus the remuneration of the Management Board on the following elements:

- 1) Competitiveness in the market;
- 2) Being transparent and explainable to all stakeholders;
- 3) Being ethical, sound and sustainable;
- 4) Having a long-term focus; and
- 5) Fostering internal alignment and consistency across the Company.

### **3.2. *Internal perspective: remuneration philosophy of all Avantium employees***

Avantium wants to be a magnet for skilled and talented individuals with diverse backgrounds. Career opportunities are rewarded through a competitive compensation package, flexibility and personal development in a multicultural company operating worldwide.

We strive to offer sufficiently competitive remuneration packages and to reward at or around the median of the relevant market. Every three (3) years a salary benchmark is carried out by an external agency to benchmark Avantium's employee remuneration packages with industrial companies in our sector.

Avantium recognises successful teamwork and individual contributions to its success with bonus remuneration. Annually, an individual bonus can be granted based on

the performance of Avantium as a whole and the performance of the relevant department. Payment of the bonus remains at the discretion of the Management Board and is subject to approval by the Supervisory Board.

The Supervisory Board is of the opinion that the members of the Management Board should be remunerated accordingly. In setting the Remuneration Policy for the members of the Management Board the Supervisory Board also takes into account the internal pay ratio. The internal pay ratio between the average pay of Avantium employees vis-a-vis the average pay of the members of the Management Board is calculated based on the average remuneration (defined as gross wages, plus social securities and bonus) of the CEO vis-a-vis the median of all Avantium employees.

**3.3. External perspective: reference group and market positioning**

Our external perspective on remuneration provides us with insight into external pay ratios. We find this perspective important, as we compete with other companies for strong executive talent. To attract, motivate and retain individuals in this group, our remuneration package should always be competitive.

Similar to the remuneration philosophy for all Avantium employees, the remuneration of the Management Board should be competitive compared to a relevant reference market. To define this market, a reference group is created by the Supervisory Board, consisting of companies that are selected on criteria such as complexity, industry, data transparency and geographical area. In principle, a benchmark is conducted at least every four (4) years. In the years without a benchmark, the Supervisory Board considers the appropriateness of any change of base salary based on the market environment as well as the salary adjustments for other Avantium employees. To ensure an appropriate composition of the relevant reference market, the Supervisory Board reviews the composition of the reference group in conjunction with the frequency of the time a benchmark is conducted and may from time to time change the composition of the benchmark group taking into account the criteria set out above and below. As a guiding principle, the total direct remuneration of the Management Board is set at or around the median of the reference market.

This reference group is composed of international companies across various industries – chemicals, plastics, materials, cleantech and biotechnology, reflecting Avantium's size, profile and international scope. As a secondary comparison, we take the companies that are part of the ASCX index as a reference, acknowledging the fact that this index is frequently applied by other parties due to its high public recognisability. The companies in the reference group at the date of adoption of this Remuneration Policy are:

Accsys (NL)	DSM (NL)	Kiadis (NL)
ArgenX (BE)	Genomatica (USA)	Kendrion (NL)
Amyris (USA)	Global Bioenergies (FR)	Lanzatech (USA)
Carbios (FR)	Johnson Matthey (UK)	Metabolic Explorer (FR)
Corbion (NL)	Ioniqa (NL)	Novamont (IT)

### **3.4. Stakeholder perspective: balancing interests and sensitivities of stakeholders**

In determining executive remuneration we need to achieve an optimal balance between all stakeholders' interests such as Avantium's investors, the Management Board, employees, customers and society at large. This dialogue with stakeholders on remuneration is directly linked to the long-term financial success of the Company, the commercialisation and long-term value-creation of the Company's innovative technologies, as well as the environmental, social and governance dimensions of sustainability.

This fair balance is important but the Supervisory Board may at times have to make conscious choices on prevailing interests and not compromise on the effectiveness of the remuneration policies. In doing so, it will recognise its responsibility to explain its choices to shareholders.

### **3.5. Remuneration principles**

The Remuneration Policy supports the long-term development and strategy of the Company, while aiming to fulfil all stakeholders' requirements and keeping an acceptable risk profile. The Supervisory Board ensures that the policy and its implementation are linked to Avantium's strategic goals and objectives and it is designed to encourage behaviour that is focused on long-term value creation for all stakeholders, while the highest standards of good corporate governance are adopted. The policy is aimed at motivating for outstanding achievements, using a combination of non-financial and financial performance measures.

The Supervisory Board applies for the Management Board the principle that it wants to pay what is fair in the relevant labour market. When formulating the remuneration policy it aligns with the pay and employment conditions for Avantium's management team, senior management and other employees, considering the internal pay ratio's as disclosed in the Company's annual (remuneration) report. The level of support in society for its remuneration policy is important and is taken into account. The Supervisory Board considers the external environment in which the Company operates, the relevant statutory provisions and provisions of the Dutch Corporate Governance Code (**Code**), competitive market practice and input from Avantium's major shareholders. Furthermore, advice has been obtained from an external remuneration expert, as well as from the Works Council.

### **3.6. Objectives**

The remuneration of the Management Board serves the following objectives:

- (i) it should enable Avantium to recruit, motivate and retain highly qualified executives with the right balance of personal skills, competences and experience required to oversee (execution of) Avantium's strategy and performance;

- (ii) it intends to incentivise and reward members of the Management Board to utilize their skills and competences to the maximum extent possible to execute the tasks delegated to them including but not limited to tasks and responsibilities imposed by the Dutch Civil Code, the Code and the Articles of Association;
- (iii) it reflects the responsibilities of the role and the time spent and it intends to reward members of the Management Board with a balanced and competitive remuneration package that is focused on achieving sustainable results;
- (iv) it is transparent and compliant, adopting standards of good corporate governance;
- (v) it contributes to the long-term value creation of Avantium and aims to fulfil all stakeholders' interests. The Supervisory Board ensures that the Remuneration Policy and its implementation are linked to Avantium's strategic goals and objectives;
- (vi) it is designed to encourage behaviour that is focused on long-term value creation for all stakeholders;
- (vii) it is in line with the Company's risk appetite and risk profile, contributes to robust and effective risk management, encouraging to maintaining an acceptable risk profile; and
- (viii) it should foster internal alignment and be generally consistent for the Management Board, senior management and other employees.

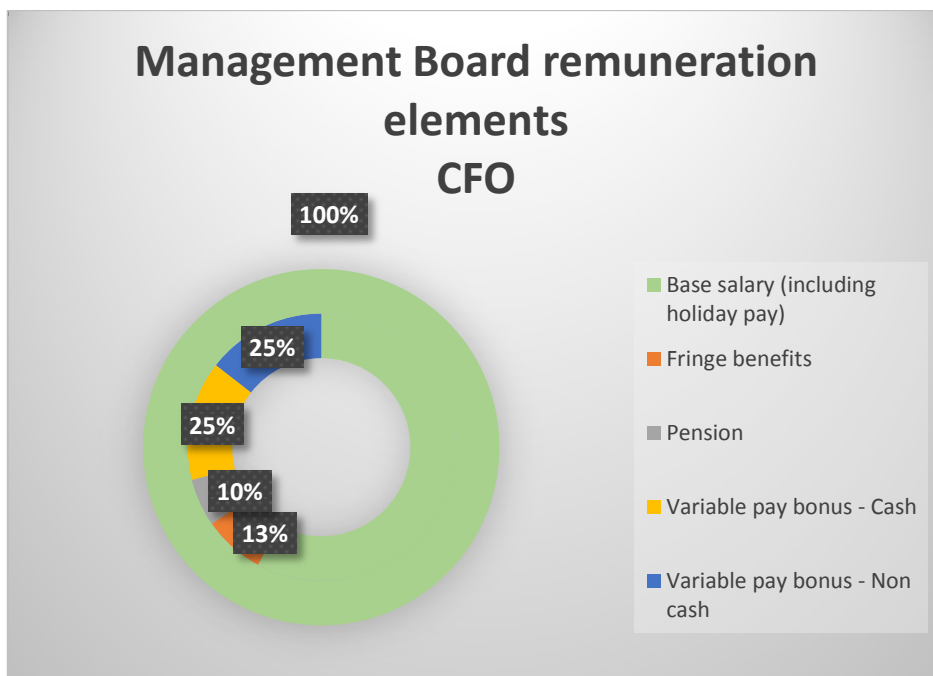
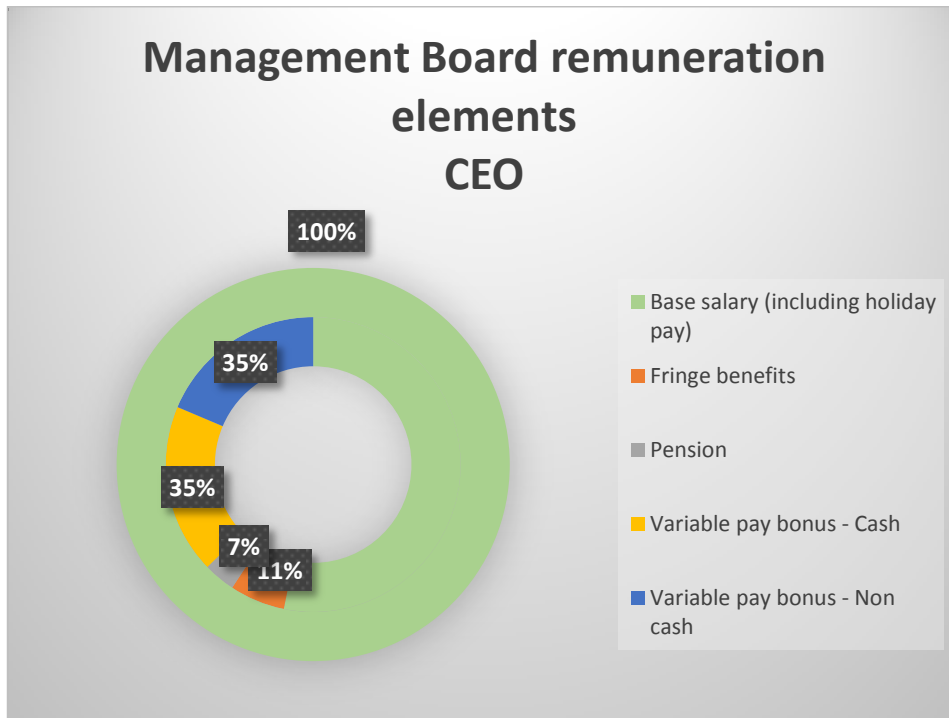
#### **4. Management Board remuneration - components**

##### **4.1. Introduction**

The total direct remuneration of the members of the Management Board consists of the following main components. Each component and the corresponding performance measures are described in this chapter:

- (i) fixed annual base salary;
- (ii) short-term annual variable remuneration (in cash);
- (iii) long-term annual variable remuneration in the form of Shares and Options (LTIP and ESOP), all as defined below; and
- (iv) allowance for pension and fringe benefits.

The table below shows the relative value of the remuneration elements fixed annual base salary, fringe benefits, pension, cash and non-cash Bonus components (as defined below) for both the CEO and the CFO level at on-target Bonus level (i.e. 100% of the on-target Bonus pay-out percentage), as set out below:



- 1) The Matching Shares award component is not included as this depends on the investment decisions made by members of the Management Board (up to 100% of the Bonus with a minimum of 50% of the Bonus)
- 2) Options are not included as the Supervisory Board has the right to award a number of Options within a certain range instead of a number of Options equal to a certain monetary value

Avantium does not grant any personal loans, guarantees or advance payments to members of the Management Board.

Avantium's Remuneration Committee shall develop proposals for the remuneration of individual members of the Management Board for consideration by the Supervisory Board.

#### **4.2. Fixed annual base salary**

The objective of the fixed annual base salary is to compensate for performance of day-to-day activities. The fixed annual base salary of the members of the Management Board is based on the level of responsibility and performance and is set at or around the median of the remuneration levels payable within the reference group.

The Remuneration Committee shall take note of the views of individual members of the Management Board with regard to the amount and structure of their own remuneration. In this regard, the members of the Management Board shall pay attention to the objectives of the Remuneration Policy.

In a year without a benchmark, the Supervisory Board considers the appropriateness of any base salary adjustment depending on market movements as well as the salary adjustments for other Avantium employees. Any such adjustment should not result in significantly exceeding the median of the reference group, whereby the Supervisory Board is at all times allowed to apply a purchasing power adjustment.

As of January 1, 2020, the fixed annual base salary of the CEO amounts to € 267,650.52 (as a result of an increase of 2.6%). The fixed annual base salary of the CFO amounts to € 235,000.

#### **4.3. Variable income, short-term and long-term**

The performance parameters are set by the Supervisory Board and consist of financial and non-financial measures, ensuring that the variable compensation (short-term and long-term) contributes to the strategy, the short- and long-term Company objectives, interests and sustainability of the Company, while taking into account Avantium's various stakeholders. The Supervisory Board assesses the extent to which performance standards are met at the end of a performance period.

The Supervisory Board has the discretionary power to adjust the incentive pay-out up- or downward if it feels that the outcome is unreasonable due to exceptional circumstances during the performance period, such as by taking into account the long-term interests and sustainability of the Company as a whole. Scenario analyses of the possible outcomes of the variable remuneration components and their effect on the remuneration of the Management Board are conducted.

#### **4.4. Short-term annual variable remuneration**



The objective of the annual variable short-term remuneration (**Bonus**) is to ensure that the members of the Management Board will be focused on realising their short-term operational objectives leading to longer term value-creation.

The Bonus refers to the annual performance-related cash and non-cash incentive that is applicable to the members of the Management Board and comprises (i) a cash component consisting of no more than 50% of the aggregate Bonus if any, and (ii) a non-cash component equivalent to the cash component which must be invested in Shares (as defined below) (**Investment Shares**). The on-target Bonus level, (i.e. 100% on-target Bonus pay-out percentage), is set at 70% of base salary for the CEO, and 50% of base salary for the CFO.

The performance measures form a balanced mix of strategic, commercial and operational performance targets, which together ensure a focus on both the (financial) performance of the Company in the short term, as well as on the sustained Company future in reaching its long-term strategic objectives. For each of the performance measures, the Supervisory Board sets challenging, but realistic targets and target levels. The target setting and performance review occur on an annual basis, except for circumstances where the Supervisory Board considers semi-annual target setting more appropriate. All performance measures are set in advance and will typically not change during the performance period, except that the Supervisory Board may adjust the targets and their relative weighting if required by significantly changed strategic priorities in any given year.

In order to achieve alignment in the remuneration structure of the Management Board and other Avantium employees, a subset of the Bonus performance measures, target setting and pay-out schemes as set out in this Remuneration Policy is applicable to the Avantium employees.

The performance measures for which the Supervisory Board sets targets and target levels for the Management Board, and their related weighting factors are as follows:

<b>Member of the MB</b>	<b>Weight factor</b>	<b>Target</b>
CEO	40%	Strategic Progress
	25%	Commercial Performance
	35%	Operational Performance
CFO	40%	Strategic Progress
	25%	Commercial Performance
	35%	Operational Performance

The on-target Bonus, i.e. the Bonus in case of on-target performance, is equal to 100% of (i) 70% of base salary for the CEO, and (ii) 50% of base salary for the CFO. The maximum Bonus, i.e. the Bonus in case of above-target performance, is equal to 150% of the on-target Bonus. If performance is below a predefined threshold level, no Bonus will be paid out. If the performance is between the

predefined threshold level and the maximum level, the Bonus is equal to a percentage between 50% to 150% of the on-target Bonus taking into account a sliding scale. As such, the Bonus pay-out levels are prorated upon the level of achievement of the aforementioned performance criteria.

***Long-term variable remuneration in the form of Shares and Options (Incentive Plans)***

On 5 October 2016, Avantium adopted (i) the 2016 Avantium Employee Stock Option Plan for all key employees, senior management and members of the Management Board (**ESOP**), and (ii) the 2016 Avantium Long Term Incentive Plan (**LTIP**) for members of the Management Board and the management team (collectively the **Incentive Plans**). The Incentive Plans encourage a long-term focus and alignment with Avantium's strategy.

**4.5. Long-Term Variable Remuneration in the form of Matching Shares (under LTIP)**

The objective of the long-term variable remuneration in the form of ordinary shares in the capital of the Company (**Shares**) (through LTIP) is to encourage the long-term commitment and retention of (*inter alia*) members of the Management Board. It further drives and rewards sound business decisions for Avantium's long-term health, and seeks to align the Management Board and shareholder interests.

The members of the Management Board participate in the LTIP. The members of the Management Board are, together with senior management, obligated to invest the total non-cash component of their (net) Bonus in Investment Shares. The non-cash component percentage is 50%. The cash component of the Bonus may, at the discretion of the relevant member of the Management Board, also be invested in Investment Shares. The Investment Shares will vest on an annual pro rata basis during a period of three (3) years following the investment date and are subject to a retention period of five (5) years following the investment date. After the end of the retention period, Avantium will match the Investment Shares in a 1:1 ratio (**Matching Shares**), i.e. one Matching Share is granted for each Investment Share. According to the LTIP, matching entitlements will be forfeited upon the termination of the employment or management service agreement for an urgent reason (*'dringende reden'*) within the meaning of Dutch law, or in case of dismissal for cause (*'gegronde reden'*) whereby the cause for dismissal concerns unsatisfactory functioning of the Management Board member. Matching entitlements will be reduced in accordance with the LTIP in case of any other reason for (earlier) termination of employment (on an annual pro rata basis during a period of three (3) years).

The objective of the LTIP is primarily that Management Board members build an equity position in the Company and so align their interests with the Company's shareholders.

For the historical overview of Matching Shares awarded to the members of the Management Board, reference is made to the Company's annual (remuneration) report (all subject to the terms and conditions of the LTIP).

**4.6. Long-term variable remuneration in the form of Share Options (under ESOP)**

On an annual basis, share options under the ESOP (**Options**) may be conditionally awarded to members of the Management Board in accordance with the performance parameters pre-determined by the Supervisory Board. The financial and qualitative performance measures applied by the Supervisory Board in awarding Options to the Management Board relate to the strategic progress, the commercial performance and the operational performance and are consistent with the performance measures applied for the senior management and key employees of Avantium, to ensure optimal alignment with the employees of Avantium that receive Options. The performance measures are chosen to try to ensure a balance is achieved between the direct interest of Avantium’s investors, the long-term financial success of the Company, the commercialisation and long-term value-creation of the Company’s innovative technologies, as well as the environmental and social and governance dimensions of sustainability. By doing so, the ESOP and the awards of Options contribute to the strategy, long-term interests and sustainability of the Company.

The award of Options are within a pre-determined range, where the actual annual award is set by the Supervisory Board:

CEO Option grant range	40,000-100,000 Options
CFO Option grant range	20,000-60,000 Options

For the historical overview of Options awarded to the members of the Management Board, reference is made to the Company’s annual (remuneration) report (all subject to the terms and conditions of the ESOP as set out above).

The exercise price at which an Option may be exercised will be stated in the personal award agreement between the Company and the relevant member of the Management Board, and will be set at the closing market quotation of a Share as derived from the listing on the market of Euronext Amsterdam N.V. and/or Euronext Brussels N.V./S.A. at the date of award. The Options will vest on an annual pro rata basis during a period of three (3) years as of the date of award, therefore fully vesting on the third anniversary following the date of the award. If the member of the Management Board is no longer employed by the Group at the date of vesting, the number of Options will be decreased as provided for in the ESOP (depending on the employment termination date, on an annual pro rata basis during a period of three (3) years). The exercise period of the Options will be up to five (5) years after the date of vesting.

**4.7. Allowance for pension and fringe benefits**

The members of the Management Board are allowed to participate in the pension plan of the Group, which is available to all Avantium employees, whereby Avantium carries the employer’s contribution of the pension contributions. The pension plan is based on a defined contribution system. New legislation in 2015 reduced the maximum pension accrued to 1.875% (from 2.15%) of the full pensionable salary.

The members of the Management Board can choose to build up the part of the pensionable salary above € 110,111 (in 2019: € 107,593) in a separate defined contribution plan. There are no arrangements for early retirement. The objective of the pension allowance is to provide competitive post-retirement benefits.

An additional remuneration element for the Management Board is expense reimbursements, such as company car costs, travel expenses, social security costs, and a contribution in health and disability insurance costs, all in accordance with applicable Avantium policies, plans and arrangements.

#### **4.8. Employment agreements and severance payments**

The members of the Management Board will continue their current employment agreements with a subsidiary of Avantium. These agreements are for an indefinite period of time and do not contain severance payment provisions. The employment agreements can be terminated by each party in accordance with statutory provisions, by observing a notice period (four (4) months for Avantium and two (2) months for the Management Board member). These employment agreements will be replaced by management service agreements with Avantium in due course, taking into account the Remuneration Policy (foreseen for the financial year 2020).

The Supervisory Board may determine that a member of the Management Board is entitled to a severance payment for the loss of income resulting from a non-voluntary termination as Management Board member. The severance payment is limited to one year's base salary in line with the Code.

### **5. Management Board remuneration - adjustments to variable remuneration**

In line with Dutch law, the variable remuneration of the members of the Management Board may be reduced or members of the Management Board may be obliged to repay (part of) their variable remuneration to the relevant Group company if (one of) the following circumstances apply:

- (i) Test of reasonableness - any variable remuneration awarded to a member of the Management Board may be adjusted by the Supervisory Board to an appropriate level (*passende hoogte*) if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness (*redelijkheid en billijkheid*);
- (ii) Claw back - the Supervisory Board will have the authority to, in full or in part, recover (*terugvorderen*) from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial data in respect of underlying targets or other circumstances of which the variable remuneration is dependent.

### **6. Supervisory Board remuneration – objectives and principles**

#### **6.1. General**

Avantium's current remuneration of the Supervisory Board was adopted by the General Meeting on 10 February 2017. In accordance with the implementation of

SRD II into Dutch law, the General Meeting is now also invited to adopt a remuneration policy for the Supervisory Board, providing for a more detailed explanation of e.g. how the remuneration elements contribute to the strategy, long-term interests and sustainability of Avantium. The contents of the current remuneration (policy) of the Supervisory Board remain unchanged, but as part of this review the right to award share options to the members of the Supervisory Board and its applicable conditions is now explicitly included. As a result such share options can be awarded by Avantium to any Supervisory Board members in accordance with this Remuneration Policy without the need to submit such award for approval by the General Meeting.

## **6.2. Objectives and Principles**

The remuneration of the Supervisory Board serves the following objectives and principles:

- (i) it should enable Avantium to attract and retain diverse Supervisory Board members with a broad international background and the right balance of personal skills, competences and experience required to oversee Avantium's (execution of) long-term strategy and performance;
- (ii) it intends to incentivise, and reward Supervisory Board members for the utilisation of their skills and competences to the maximum extent possible to execute the tasks delegated to them including but not limited to tasks and responsibilities imposed by the Dutch Civil Code, the Code and the Articles of Association;
- (iii) it reflects the responsibilities of the role and the time spent, it shall promote an adequate performance of their role;
- (iv) it is transparent and compliant; and
- (v) it is in alignment with Avantium's long-term strategy and contributes to the long-term value creation of Avantium, serving the interests of all stakeholders.

As a reference, the remuneration of the Supervisory Board is benchmarked to market practice, predominantly against aforementioned reference group and AScX companies, given Avantium's country of domicile. As a guiding principle, the total fixed remuneration of the Supervisory Board should approach the median of the market reference.

The performance of the Supervisory Board is safeguarded through its yearly self-evaluations (in accordance with best practice provision II.2.6 of the Code) and the (re)appointment process.

## **7. Supervisory Board remuneration - components**

### **7.1. Introduction**

The remuneration of Supervisory Board members consists of the following components:

- (i) annual fee;
- (ii) travel expenses and other expenses; and
- (iii) one-off fixed award of Options (ESOP) related to the member's appointment.

Avantium does not grant any personal loans, guarantees or advance payments to members of the Supervisory Board.

**7.2. Annual fee**

The annual fee of the Supervisory Board members shall be as follows:

<b>Position</b>	<b>Annual fee (gross)</b>
Membership of the Supervisory Board	€ 40,000
Chairmanship of the Supervisory Board	€ 35,000
Membership of a committee of the Supervisory Board	€ 5,000 (per committee)
Chairmanship of the audit committee of the Supervisory Board	€ 5,000 (additional)

A premium is deemed appropriate for specific roles, such as Chair of the Supervisory Board, Chair of the audit committee or committee roles within the Supervisory Board.

**7.3. Travel expenses and other expenses**

Supervisory Board members shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. Travel costs will be reimbursed in line with Avantium's travel policy. Any other expenses shall only be reimbursed, either in whole or in part, if incurred with the prior consent of the Chairperson.

**7.4. One-off fixed grant of Options (ESOP)**

In line with the previously communicated remuneration policy applicable as of 10 February 2017 and the ESOP, the members of the Supervisory Board may participate in the ESOP. The members of the Supervisory Board will be awarded Options under the ESOP upon their appointment, or as per date of adoption of the proposed Remuneration Policy for the current members of the Supervisory Board, whereby the Chair of the Supervisory Board is entitled to eighty-five thousand (85,000) Options, and the other members of the Supervisory Board are entitled to thirty thousand (30,000) Options. A member may choose not to receive the award. It may be proposed to the General Meeting to make the foregoing fixed award once more upon re-appointment of the Chair or a member of the Supervisory Board for a period of four (4) years.

Any Options or Shares in the capital of Avantium held by the Supervisory Board members serve as a long-term investment in Avantium and aim to align their respective interests with those of the other shareholders.

The exercise price at which an Option may be exercised will be stated in the personal award agreement between the Company and the relevant member of the Supervisory Board, and will be set at the closing market quotation of a Share as derived from the listing on the market of Euronext Amsterdam N.V. and/or Euronext Brussels N.V./S.A. at the date of award. The Options will vest on an annual pro rata basis during a period of three (3) years as of the date of award, therefore fully vesting on the third anniversary following the date of the award. If the membership of a member of the Supervisory Board is terminated/has ended prior to the date of vesting, the number of Options will be decreased as provided for in the ESOP (depending on the end date, on an annual pro rata basis during a period of three (3) years). The exercise period of the Options will be up to four (4) years after the date that the awarded Options have fully vested. In any case, a lock-up period of four (4) years applies from the date of the award, with the exception of a limited right of sale for sell to cover purpose. The foregoing will be confirmed in the personal award agreement between the Company and the relevant member of the Supervisory Board. The share options can be awarded by Avantium to any Supervisory Board members in accordance with this Remuneration Policy without the need to submit such award for approval by the General Meeting.

## **8. Supervisory Board - appointment and other arrangements**

A Supervisory Board member shall be appointed for a maximum period of four (4) years at a time, provided that, unless a member of the Supervisory Board resigns earlier, his/her appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his/her appointment. A Supervisory Board member may be reappointed once for another term of not more than four (4) years, with due observance of the diversity policy. A Supervisory Board member may subsequently be reappointed again for a period of two (2) years, which appointment may be extended once for another term of two (2) years. In the event of reappointment after an eight-year period, the Supervisory Board report (Supervisory Board Report) shall include the reasons for such reappointment.

The terms and conditions of the appointment, aligned to the tenure for which respective members of the Supervisory Board are (re-)appointed, are confirmed in a contract of appointment. This contract of appointment does not include any severance, claw-back or change in control provisions.

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