

## **MANAGEMENT BOARD REMUNERATION POLICY**

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

#### **Introduction**

The remuneration policy for the management board (the **Management Board Remuneration Policy**) of Avantium N.V. (**Avantium** or the **Company**), supports the long-term development of the Company in a highly dynamic environment, while aiming to fulfil all stakeholders' requirements and keeping an acceptable risk profile. In the explanation of our remuneration principles, we will therefore apply different perspectives in order to optimally balance all relevant interests:

- Organizational perspective: how is the remuneration policy aligned with the mission, vision and long-term strategy of Avantium?
- Internal perspective: is this remuneration policy consistent with and proportionate to our remuneration structures and levels within the Company as a whole?
- External perspective: does the remuneration policy provide for competitive executive remuneration in relation to external benchmarks?
- Stakeholder perspective: does the remuneration policy align with the interests of Avantium's stakeholders and does it strike a fair balance?

#### **Adoption**

This Management Board Remuneration Policy, as designed by the Supervisory Board upon the recommendation of the remuneration committee (the **Remuneration Committee**) of Avantium, is adopted by Avantium's general meeting of shareholders (the **General Meeting**) on 15 May 2024, and is effective as per 1 January 2024.

Avantium's works council (the **Works Council**) exercised its right to cast its advisory vote prior to adoption of the Management Board Remuneration Policy. The positive advice of the Works Council is part of the meeting documents for the General Meeting.

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

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

Avantium is active in renewable and circular polymer materials business and in the industry of renewable chemistry. We develop proprietary chemical technologies and production processes to convert bio-based feedstock into high-performing, cost-competitive and sustainable products, such as plant-based plastics. Avantium commercialises these technologies and production processes, as well as the related sustainable products that we manufacture.

Avantium believes in a fossil-free world. Its mission is to bring to the market novel, cost-competitive, sustainable polymer materials with superior performance characteristics, contributing to reducing carbon emissions, plastic pollution and dependency on fossil resources. We aim to realise our mission by technology and product deployment through commercialisation of our own production and technologies through licensing, joint-ventures and partnerships, thereby working closely with partners throughout the entire value chain. With its research, products and technologies, Avantium is determined to drive the de-fossilisation of the chemical industry and to support the transition from fossil-based to sustainable plastics and materials by using renewable feedstocks to achieve a circular economy and to build a more sustainable world and sustainable future for all, thereby creating value for the environment, society and its investors.

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.

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.

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

Avantium wants to attract and retain 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. Generally, every three (3) to four (4) 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.

In setting the Management Board Remuneration Policy, the Supervisory Board also takes into account the internal pay ratio. The internal pay ratio between the average pay of Avantium employees vis-à-vis the average pay of the members of the Management Board is calculated based on the specific guidance on the calculation methodology of the pay ratio effective as from 1 January 2023 as provided in the Dutch Corporate Governance Code 2022 (the **Code**).

### **1.3. 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 approved by the Supervisory Board, consisting of companies that are selected on criteria such as size, complexity, geography, governance framework, scope and type of industry, and the need for flexibility towards future growth.

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, with a willingness to accept a deviation of up to 20% above or below the median.

The 2024 reference group is composed of companies across various relevant industries – chemicals (7 out of the 12), paper and forest products, electrical equipment, containers and packaging and automobile components, reflecting Avantium's size, profile and international scope. The companies in the reference group at the date of adoption of this Management Board Remuneration Policy are:

Accsys Technologies PLC*	Carbios SAS*	Holland Colours N.V.
Alfen N.V.	Corbion N.V.*	Kendrion N.V.*
BRAIN Biotech AG	Evolva Holding SA	METabolic Explorer S.A.*
Cabka N.V.	Global Bioenergies SA*	Sif Holding N.V.
*In the 2020 MB peer group used for benchmarking		

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

In determining executive remuneration, we aim to achieve a fair 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 policy. In doing so, it will recognise its responsibility to explain its choices to shareholders.

## **2. Remuneration principles**

The Management Board 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 Management Board Remuneration Policy is aimed at motivating for outstanding

achievements, using a combination of non-financial and financial performance measures.

The Supervisory Board applies the principle that it wants to remunerate the Management Board in a manner that is fair in the relevant labour market. When formulating the Management Board Remuneration Policy, it aligns with the pay and employment conditions for Avantium's management team, senior management and other employees, considering the internal pay ratios as disclosed in the Company's annual (remuneration) report. The level of support from relevant stakeholders and in society for its Management Board 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 the 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.

### 2.1. Objectives

The remuneration of the Management Board serves the following objectives:

- (i) enabling Avantium to recruit, motivate and retain highly qualified executives with the right balance of personal skills, competences and experience required to oversee (the execution of) Avantium's strategy and performance;
- (ii) incentivising and rewarding 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 Company's articles of association (the **Articles of Association**);
- (iii) rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on achieving sustainable results, reflecting the anticipated responsibilities of the role and the time spent;
- (iv) being transparent and compliant, adopting standards of good corporate governance;
- (v) contributing to the long-term value creation of Avantium and accommodating all stakeholders' interests. The Supervisory Board ensures that the Management Board Remuneration Policy and its implementation are linked to Avantium's strategic goals and objectives;
- (vi) encouraging behaviour that is focused on long-term value creation for all stakeholders;
- (vii) reflecting the Company's risk appetite and risk profile, contributing to robust and effective risk management, encouraging to maintaining an acceptable risk profile; and
- (viii) fostering internal alignment and be generally consistent for the Management Board, senior management and other employees.

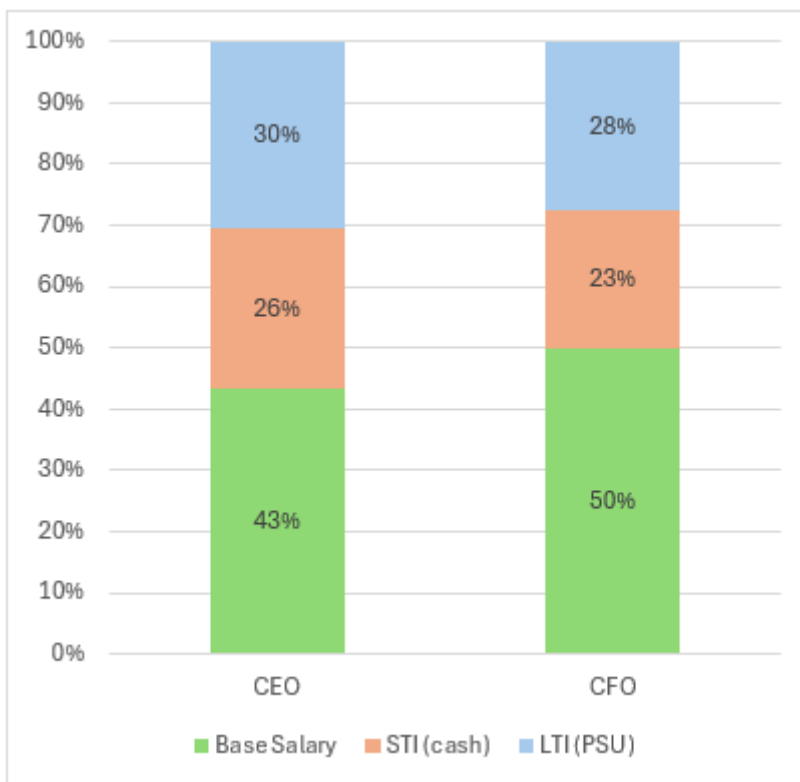
### 3. Management Board remuneration - components

#### 3.1. Introduction

The total direct compensation (**TDC**) 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) Base Salary: fixed component paid in cash as a representation of complexity of position and strategic importance to the Company;
- (ii) Short-Term Incentive (STI): variable component paid in cash to create a rigorous pay-for-performance relation through annual financial and non-financial targets for the respective performance year;
- (iii) Long-Term Incentive (LTI): variable component granted in performance share units (**PSUs**) to create direct alignment with long-term shareholder value subject to an underpin assessment; and
- (iv) Other benefits and pensions: fixed component in line with Company policy.

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



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.

### **3.2. 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, with a willingness to accept a deviation of up to 20% above or below the median.

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 exceeding the median of the reference group by more than 20%, whereby the Supervisory Board is at all times allowed to apply a purchasing power adjustment.

Effective January 1, 2024, the fixed annual base salary of the CEO and CFO will be adjusted to reflect the externally benchmarked median, whereby the fixed gross annual salary of the CEO will amount to EUR 342,500 and of the CFO will amount to EUR 255,000. Based on the benchmark results, the CEO's base salary is positioned a step towards the current market standards' median, with a smaller adjustment for the CFO's remuneration given his position in the benchmark results. When Avantium has reached the inflection point, the new reference group allows moving the CEO closer to the median overtime.

### **3.3. Short-term annual variable remuneration (STI)**

The objective of the annual variable short-term remuneration (**STI**) 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 STI refers to the annual performance-related cash that is applicable to the members of the Management Board. The on-target bonus level, (i.e. 100% on-target bonus pay-out percentage), is set at (i) 60% of base salary for the CEO, and (ii) 45% of base salary for the CFO. Both new percentages significantly exceed the median, emphasizing the importance of pay for performance during the forthcoming transition period from a pre-revenue company to profitability.

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. The performance measures form a balanced mix of ESG, 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, in its sole discretion, adjust the targets and their relative weighting if required by significantly changed strategic priorities in any given year (reference is made to the Governance provisions).

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

<b>Target</b>	<b>Weight Factor</b>
ESG Performance	10% - 20%
Strategic Progress	25% - 35%
Financial Performance	20% - 30%
Commercial Performance	10% - 20%
Operational Performance	15% - 25%

Non-financial targets will therefore be between 40% and 60% of the overall targets 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 Management Board Remuneration Policy is applicable to the Avantium employees.

**3.4. Long-term annual variable remuneration (LTI)**

On an annual basis, shares will be conditionally awarded to members of the Management Board in the form of PSUs under a new equity-based incentive plan (the **New LTIP**). The terms and conditions of the New LTIP will apply.

The number of PSUs to be granted is based on the fixed annual base salary of 70% for the CEO and 55% for the CFO. The LTI percentage above the reference market median (60%) underlines the principle of pay for performance and aims to ensure that the CEO’s compensation remains congruent with the Company’s long-term objectives and shareholders’ interests.



The number of PSUs granted each year is determined firstly, in 2024 based on the closing share price on 15 May 2024, secondly in 2025 using a volume weighted one-year average share price (VWAP) on the date of publication of the 2025 annual report, and thereafter using a volume weighted two-year average share price (VWAP) on the date of publication of the annual report. Subject to the Supervisory Board's underpin assessment, the PSUs will vest three (3) years from the date of award, and subject to a lock-up period of five (5) years from the date of award, with the exception of customary sell-to-cover sales in order to meet applicable tax obligations.

Under the New LTIP, the Supervisory Board will apply an underpin assessment at vesting. It will assess the long-term value creation during the vesting period, to determine whether vesting should occur, taking into consideration the Management Board member's overall performance during the vesting period. In this underpin assessment, the Supervisory Board evaluates (i) the long-term value creation by the Management Board over the vesting period, and (ii) whether any (part) of the fundamental events (financial and non-financial) have occurred. The Supervisory Board will, on the basis thereof, assess whether and to what extent Management Board members are entitled to the (shares corresponding to the) PSUs.

On the basis thereof, the Supervisory Board will, in its sole discretion, assess whether the entitlement to (a part of) the PSUs will be forfeited.

The annual remuneration report will report on the evaluation outcome of the underpin assessment, to the extent related to awards which vesting period has ended in the relevant reporting year, including the number of forfeited and vested PSUs and subsequent awarded shares.

The fundamental event(s) that threaten long-term continuity and long-term value creation of the Company may include but are not limited to:

Financial events:

- The inability to attract funding to pursue the ongoing activities of the Company;
- Significant underperformance of the share price, EBITDA, revenue and/or cashflow outlook for the Company;

Non-Financial events:

- The significant underperformance of the FDCA Flagship Plant;
- Safety event resulting in significant injury or the loss of life and / or significant damage;
- A significant event has occurred (or failed to occur) in relation to the Company's Environmental, Social and Governance policies and reasonably expected obligations (for the avoidance of doubt including CSRD obligations);

- The inability of the Company to deliver on the long-term licensing strategy; and
- Compliance issue resulting in Company being unable to operate in one or more of its primary markets;

where circumstances of the event(s) are / were within control of the incumbent Management Board.

Any awards to members of the Management Board under the New LTIP are subject to customary leaver provisions, which are to be interpreted and applied by the Supervisory Board in its sole and absolute discretion. Under the New LTIP, the Supervisory Board may, in its sole discretion, decide with respect to any good leaver whether (i) a pro-rated number of PSUs shall vest, (ii) the applicable vesting scheme continues to apply, or (iii) any other vesting conditions apply in the sole discretion of the Supervisory Board.

Any awards to members of the Management Board under the New LTIP are subject to customary leaver provisions, which are to be interpreted and applied by the Supervisory Board in its sole and absolute discretion.

### **3.5. Allowance for pension and fringe benefits**

The members of the Management Board are allowed to participate in the pension plan of the Company, 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. The pension contribution for the members of the Management Board is currently limited to a pensionable salary of €128,810 (2023) and they are currently not compensated for the gap between the pensionable salary and the base salary. There are no arrangements for early retirement.

If revisions are made to the Dutch pension act, the Supervisory Board reserves the right to make such accommodations as it deems reasonable.

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.

### **3.6. Service Agreements**

Each of the Management Board members provide services on the basis of a services agreement with the Company.

The term of the services agreement shall be for a definite term which in principle shall be equal to the respective term for which each is appointed as member of the Management Board by the General Meeting. The Company's notice period shall be 4 months, unless the Supervisory Board wishes to extend the notice period to 6 months.

Each agreement will have customary provisions on protective covenants and confidentiality.

#### ***Severance payments***

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 the termination as Management Board member. The severance payment is limited to one year's base salary in line with the Code. Any severance or compensation granted by a court in relation to termination of the management agreement shall be deducted from the severance payment.

#### ***Recruitment and appointment; flexibility to provide compensation for lost remuneration elements***

The Supervisory Board retains the flexibility to provide (one-off) compensation upon appointment of a new member of the Management Board, to address the loss of certain expense reimbursements, other loss of income and / or variable remuneration awards that the appointee forfeits from previous employment as a direct result of joining Avantium. The Supervisory Board will ensure that such sign-on arrangements are no more generous than the original awards or payment they are replacing. Depending on the circumstances at the time, the Supervisory Board may determine the type of award, in cash or shares and the payout or vesting conditions that apply for which the Supervisory Board will aim to offer a like-for-like comparison where possible. The Supervisory Board will provide clear insight in applying any such arrangements in the annual remuneration report.

## **4. Governance provisions**

### **4.1. Share ownership guidelines**

The members of the Management Board are required to build and retain a personal shareholding in Avantium (within five years from the date of appointment with extra time granted if requirements increase significantly) emphasising confidence in the strategy and long-term performance and success of the Company.

The current requirement is 150% for the CEO and 100% for the CFO of their individual fixed annual gross base salary (the **Holding**). The value of the share ownership is determined annually, and the Supervisory Board shall aim to apply a consistent calculation method. The Holding may be built up by retaining all after-tax shares from the New LTIP and does not require personal share purchases. The Supervisory Board will allow members of the Management Board a period of five years to build up the respectively shareholding, taking into account the New LTIP has a three-year vesting period. Members of the Management Board will retain the flexibility to sell shares to cover taxes due in relation to the New LTIP or old incentive plans. At its discretion, the Supervisory Board may waive the shareholding requirement for a limited period of time in the event of extraordinary circumstances, including significant changes in share price.

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

In line with article 2:135 DCC, 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 Company if (one of) the following circumstances apply:

- (i) Test of reasonableness (malus) - 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.

#### **4.3. Derogation**

The Supervisory Board may, in circumstances that are deemed exceptional by the Supervisory Board, decide to temporarily derogate from the provisions on fixed annual base salary, as per section 3.2 of the Management Board Remuneration Policy, ultimately until a new remuneration policy is approved by the General Meeting. Exceptional circumstances shall cover only situations in which the derogation from the Management Board Remuneration Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability, as determined by the Supervisory Board at its reasonable discretion. Circumstances may include the necessity of the appointment of an interim or a new member of the Management Board due to unforeseen circumstances (eg illness of sitting member), the outbreak of a crisis or serious financial events.

#### **4.4. Discretion**

The Supervisory Board reserves the discretionary authority to adjust STI and LTI objectives, amounts and awards in case of exceptional circumstances or one-off events outside the Management Board's span of control (for example strategic portfolio disposals, significant acquisitions, accounting changes or exceptional one-off costs) or if the individual has committed serious misconduct or violated Avantium's Code of Conduct.

The Supervisory Board has the discretionary authority to adjust actual pay-outs under both the STI and LTI, if any, where the outcomes are not considered a fair representation of actual performance delivered, in line with article 2:135 of the Dutch Civil Code.

Any discretion applied will be disclosed in the annual remuneration report.

## **5. Governance of the Management Board Remuneration Policy**

Adoption of this Management Board 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 Management Board Remuneration Policy is subject to the advisory vote of the Works Council.

All revisions of the Management Board 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 considers the votes and views of shareholders and other stakeholders on the Management Board Remuneration Policy and reports since the most recent vote on the Management Board Remuneration Policy by the General Meeting. If the General Meeting does not approve the proposed amendments to the Management Board Remuneration Policy, Avantium shall continue to remunerate in accordance with the existing approved Management Board 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 Management Board Remuneration Policy.

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

## **6. Amendment**

The Supervisory Board has conducted a comprehensive review and comparison of its remuneration policy for the members of the Management Board, which has led to this new Management Board Remuneration Policy. The last policy review and remuneration benchmark was conducted in 2020, and a next review is planned for 2028.

Any amendments to this Management Board Remuneration Policy are subject to adoption by the General Meeting, upon a proposal of the Supervisory Board.

All revisions of the Management Board Remuneration Policy shall be accompanied by a description and explanation of all significant changes, the decision-making process followed for its determination, review and implementation, measures to avoid or manage conflicts of interests and pay ratios. Next, the description shall also explain how it takes into account the votes and views of shareholders and other stakeholders of the Remuneration Policy since the most recent vote on the Remuneration Policy by the General Meeting.

When the General Meeting does not approve the proposed amendments to the Management Board Remuneration Policy, the Company shall continue to remunerate in accordance with the existing adopted Management Board Remuneration Policy and shall submit a revised policy for approval at the following General Meeting.

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