



**ANNUAL GENERAL MEETING AVANTIUM N.V.**

**THURSDAY 14 MAY 2020**

### Agenda

1 Opening

#### *Review 2019*

2 Annual Report for the financial year 2019

3 Remuneration Report 2019 (*advisory vote*)

4 Adoption of the Annual Accounts 2019 (*voting item*)

#### *Discharge of liability*

5 (a) Discharge from liability of members of the Management Board for the performance of their duties in financial year 2019 (*voting item*)

5 (b) Discharge from liability of members of the Supervisory Board for the performance of their duties in financial year 2019 (*voting item*)

#### *Remuneration policies*

6 (a) Adoption of the remuneration policy for the Management Board (*voting item*)

6 (b) Adoption of the remuneration policy for the Supervisory Board (*voting item*)

#### *Composition Management Board*

7 Appointment of Mr B. Welten as a statutory member of the Management Board (*voting item*)

#### *Composition Supervisory Board*

8 Appointment of Mrs M. Jou as member of the Supervisory Board (*voting item*)

#### *Authorisation shares*

9 (a) Designation of the Management Board to issue up to 5% ordinary shares and to exclude pre-emptive rights in connection with the Company's long term incentive and share-based compensation plans (*voting item*)

9 (b) Designation of the Management Board to issue 20% ordinary shares and to exclude pre-emptive rights (*voting item*)

9 (c) Authorisation of the Management Board to repurchase shares in the share capital of Avantium on behalf of Avantium (*voting item*)

#### *Other (corporate) affairs*

10 Appointment of PricewaterhouseCoopers Accountants N.V. as external auditor for the financial year 2020 (*voting item*)

11 Any other business

12 Closing (including Q&A)

### Explanatory notes

#### *Review 2019*

#### **Agenda Item 2 - Annual Report for the financial year 2019**

The Management Board will give a presentation on the performance of Avantium in 2019 as described in the Annual Report 2019. Under this item, the Annual Report of the Supervisory Board will also be discussed. The shareholders will then be invited to ask questions.

#### **Agenda Item 3 - Remuneration Report 2019**

Avantium has prepared the Remuneration Report for the Management Board and the Supervisory Board for the financial year 2019 in accordance with the requirements of the revised EU Shareholder Rights Directive, as implemented into Dutch law on 1 December 2019. Pursuant to this new legislation, the General Meeting will have an advisory vote on the Remuneration Report. It is proposed to the General Meeting to approve the Remuneration Report 2019.

The Remuneration Report is included on pages 58-68 of the Annual Report 2019 and it has been published separately on Avantium's website <https://www.avantium.com/corporate-governance/#remuneration>

#### **Agenda Item 4 - Adoption of the Annual Accounts 2019**

The Annual Accounts 2019 were published on 25 March 2020 and are submitted for adoption by the General Meeting in this meeting. It is proposed to adopt the Annual Accounts 2019.

#### *Discharge of liability*

#### **Agenda Item 5 (a) - Discharge from liability of members of the Management Board**

It is proposed to discharge the members of the Management Board in office in 2019 from liability for the performance of their duties in financial year 2019, insofar as the performance of such duties is disclosed in the Annual Accounts 2019 or has otherwise been publicly disclosed prior to the adoption of the Annual Accounts 2019.

#### **Agenda Item 5 (b) - Discharge from liability of members of the Supervisory Board**

It is proposed to discharge the members of the Supervisory Board in office in 2019 from liability for the performance of their duties in financial year 2019, insofar as the performance of such duties is disclosed in the Annual Accounts 2019 or has otherwise been publicly disclosed prior to the adoption of the Annual Accounts 2019.

#### *Remuneration policies*

#### **Introduction to agenda items 6 (a) and (b)**

On 1 December 2019, the revised EU Shareholder Rights Directive II was implemented into Dutch law ("SRD II"). SRD II introduces new rules on director remuneration, which apply to the remuneration of both the Management Board and the Supervisory Board. SRD II also introduces new requirements for the remuneration policy. The Supervisory Board, together with its Remuneration Committee, has adjusted the remuneration policy for the Management Board and has drawn up a remuneration policy for the Supervisory Board in order to comply with SRD II. The Supervisory Board submits the new remuneration policy for the Management Board and the new remuneration policy for the Supervisory Board to the General Meeting for adoption under agenda items 6 (a) and (b) respectively, in order to comply with SRD II and the new Dutch legislation.

### **Agenda Item 6 (a) - Adoption of the remuneration policy for the Management Board**

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.

The Works Council has positively advised on the remuneration policy for the Management Board, and will get the opportunity to explain its advice during the General Meeting.

It is proposed to adopt the remuneration policy of the Management Board as included in the meeting documents and as published on Avantium's website <https://www.avantium.com/corporate-governance/#shareholders-meeting>. If adopted, this remuneration policy is effective per 1 January 2020.

### **Agenda Item 6 (b) - Adoption of the remuneration policy for the Supervisory Board**

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 the proposed remuneration policy.

The remuneration of the Supervisory Board is designed to attract qualified leaders with the right balance of personal skills, a broad international background, competences and experience required to oversee (the execution of) Avantium's strategy, its performance and long-term value creation, serving the interests of all stakeholders.

The fixed remuneration and expenses provisions remain unchanged. In line with the previously communicated policy on remuneration, the members of the Supervisory Board may participate in the Company's Employee Share Option Plan (ESOP). It is proposed to award share options under the ESOP to the members of the Supervisory Board upon their appointment, or as per the date of adoption of the proposed remuneration policy for the current members of the Supervisory Board, whereby the chairman of the Supervisory Board is entitled to a one-off fixed award of eighty-five thousand (85,000) share options, and the other members of the Supervisory Board are entitled to a one-off fixed award of thirty thousand (30,000) share options. 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 share 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 a share option may be exercised will be stated in the personal award agreement between Avantium and the relevant member of the Supervisory Board, and will be set at the closing market quotation of an Avantium 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 share options will vest on an annual pro rata basis during a period of three (3) years following 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 share 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 share options will be up to four (4) years after the date that the awarded share 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 Avantium 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.

If the membership of a member of the Supervisory Board is terminated/has ended prior to the date of vesting, the number of share 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 share options will be up to four (4) years after the date that the awarded share 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 sale for sell to cover purpose.

The foregoing will be confirmed in the personal award agreement between Avantium and the relevant member of the Supervisory Board.

The Company does not grant any loans to members of the Supervisory Board.

The Works Council has positively advised on the remuneration policy of the Supervisory Board, and will get the opportunity to explain its advice during the General Meeting.

It is proposed to adopt the remuneration policy of the Supervisory Board as included in the meeting documents and as published on Avantium's website <https://www.avantium.com/corporate-governance/#shareholders-meeting>. If adopted, this remuneration policy will be effective per 1 January 2020.

### *Composition Management Board*

#### **Agenda Item 7 - Appointment of Mr B. Welten as a statutory member of the Management Board**

In accordance with article 14.4 of Avantium's articles of association, the Supervisory Board submits a nomination for the appointment of Mr Bart Welten as member of the Management Board. Bart Welten joined Avantium as Chief Financial Officer (CFO) in January 2020.

#### **- *Details of the proposed candidate:***

**Nationality:** Dutch

#### **Resume:**

Mr Bart J.J.J. Welten (1960) holds a law degree from Leiden University (Netherlands) and an MBA from Boston College (USA).

Mr Welten brings 30 years of experience in finance to Avantium and has extensive knowledge of the chemical and life-sciences industries. Bart Welten started his career in 1985, as a management consultant in Amsterdam. He joined Royal Gist-brocades in 1988 where he held several finance positions in The Netherlands and Italy. After the acquisition of Gist-brocades by DSM, Mr Welten became interim CFO for Catalytica Pharmaceuticals in North Carolina. In 2002, he joined the start-up Kiadis Pharma as a CFO. Mr Welten returned to DSM in 2003 where he worked at DSM Anti-Infectives and as CFO of DSM Resins. From 2012 to 2019, he served as the CFO of Centrient Pharmaceuticals (formerly the joint-venture of DSM and Sinochem) in Singapore and managed the sale of the company to Bain Capital.

Bart Welten currently holds the following role outside of Avantium:

- Member of the Supervisory Board of Sanquin

The proposal to appoint Mr Welten as statutory member of the Management Board is made taking into account the limitation to the number of functions as prescribed by applicable law, and the Management Board Regulations.

The Supervisory Board proposes to appoint Mr Welten for a first four-year term as member of the Management Board, ending following the close of the Annual General Meeting in 2024. He holds the role of CFO.

The Works Council has been timely provided with the opportunity to determine its position and provide advice on the appointment of Mr B. Welten as statutory member of the Management Board, and has endorsed.

### **Remuneration of Mr B. Welten**

Mr Welten is currently employed under an employment agreement with Avantium Support B.V., a subsidiary of the Company. The employment agreement will be replaced by a management service agreement with Avantium N.V. (foreseen for the financial year 2020).

Upon appointment, the key terms of his employment agreement, which are in line with the proposed remuneration policy for the Management Board, are:

- An annual base salary of two hundred thirty five thousand Euro (EUR 235,000).
- An annual bonus arrangement with an on-target bonus opportunity equal to 50% of his annual base salary and a maximum bonus opportunity equal to 75% of his annual base salary, divided into (i) a 50% cash component; and (ii) a 50% non-cash component which must be invested in Investment Shares. The cash component of the bonus may, at the discretion of Mr Welten, also be invested in Investment Shares. The share 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. The Investment Shares are subject to a retention period of five (5) years. After the end of the retention period, the company will match the Investment Shares in a 1:1 ratio, i.e. one matching share is granted for each Investment Share. For more information on the Company's incentive plans, please see the 'Remuneration Report' of the Annual Report 2019 and the Remuneration Policy.
- An annual contribution for pension and other fringe benefits amounting to approximately 23% of his annual base salary.
- The agreement is for an indefinite period of time and does not contain severance payment provisions.
- A termination notice period of four (4) months applies for the Company, and two (2) months for Mr Welten.

On 20 December 2019, the Supervisory Board decided upon the award of fifty thousand (50.000) share options to the newly appointed CFO Bart Welten, (in two tranches of twenty-five thousand (25.000) share options each, the first award at the end of his first business day of employment (January 15 2020) and the second, subject to his appointment as member of the Management Board by the General Meeting, at the end of the business day of the General Shareholders Meeting in May 2020) – with an exercise price determined on (i) the basis of the date of employment; (ii) the date of the Annual General Meeting (on or around 14 May 2020); and (iii) the rules of the Company's Employee Stock Option Plan, including the personal award agreement between the Company and Mr Welten.

### **Agenda Item 8 - Appointment of Mrs M. Jou as member of the Supervisory Board**

In accordance with article 21.3 of Avantium's articles of association, the Supervisory Board submits a nomination for the appointment of Mrs Jou as member of the Supervisory Board.



- ***Details of the proposed candidate:***

**Nationality: Taiwanese**

**Resume**

Mrs Michelle B.B. Jou (1969) holds a Bachelor of Arts degree in French from Fu-Jen University (Taiwan) and an MBA from the EMLYON Business School (France).

Michelle Jou has over 20 years of professional experience in the chemical industry in Asia and Europe, where she has served in a variety of positions in sales, marketing and supply chain management. In 2003, Michelle Jou joined Covestro (formerly Bayer MaterialScience) in the company's central departments in Shanghai. She later took on the role of VP of the Polycarbonates Business Unit in China and Hong Kong. In 2012 Mrs Jou was named Senior VP of Commercial Operations in the Asia region. In 2016, she became President of Covestro's global Polycarbonates Segment, headquartered in Shanghai.

In line with the Supervisory Board profile, Mrs Jou adds the following desired specific knowledge and experience:

- International Executive Experience, with a specialist knowledge of the Asian region which represents major growth markets for Avantium's renewable materials and chemicals;
- Extensive commercial experience from the chemicals and plastics industries

Mrs Jou has extensive and relevant experience by education and through the various roles she holds and has held at Covestro, a world-leading supplier of polymer materials.

She is fluent in Mandarin, Cantonese, French and English.

The proposal to appoint Mrs Jou is made taking into account the limitation to the number of functions as prescribed by applicable law, and the Supervisory Board Regulations and its Supervisory Board profile, including the diversity policy. Mrs Jou qualifies as independent Supervisory Board member within the meaning of the Dutch Corporate Governance Code. She holds no Avantium shares.

The Works Council has been timely provided with the opportunity to determine its position and provide advice on appointment of Mrs M. Jou as member of the Supervisory Board, and is in favour thereof.

It is proposed to appoint Mrs Jou as a member of the Supervisory Board in accordance with the nomination of the Supervisory Board for a period of four (4) years with effect from the date of this meeting, ending by close of the Annual General Meeting to be held in 2024.

**Remuneration of Mrs M. Jou**

In line with the proposed remuneration policy for the Supervisory Board, and subject to Mrs Jou's appointment, she will receive a remuneration in the amount of forty thousand Euro (EUR 40,000) gross. If elected as a member of the remuneration committee, the nomination committee and/or the audit committee of the Supervisory Board, this remuneration will be increased with an annual amount of five thousand Euro (EUR 5,000) gross per each

membership. She will furthermore be entitled to a one-off fixed award of thirty-thousand (30,000) share options subject to the terms of the proposed remuneration policy and the ESOP.

### *Authorisation shares*

#### **Agenda Item 9 (a) and (b)**

##### **Introduction**

It is desirable for the Management Board to have restricted authority to issue ordinary shares and to grant rights to subscribe for ordinary shares, in order to be able to provide for financial flexibility for investments in its acceleration towards commercialisation, its operations (e.g. for running costs), and/or capital expenditures, and furthermore to grant option rights in connection with Avantium's long term incentive and share-based compensation plans for employees, management team and Management and Supervisory Board members.

In accordance with Article 6 and 7 of the Articles of Association, the General Meeting, by virtue of the resolution adopted on 15 May 2019, has extended the period during which the Management Board is authorised to issue shares and to limit or exclude the pre-emptive rights when issuing ordinary shares by 18 months. This authorization will therefore end on 15 November 2020 if it is not extended or renewed. Resolutions whereby the Management Board exercises these powers to issue ordinary shares and to limit or exclude the pre-emptive rights when issuing ordinary shares, are subject to approval by the Supervisory Board.

#### **Agenda Item 9 (a) – Designation of the Management Board to issue up to 5% ordinary shares in connection with the Company's long term incentive and share-based compensation plans and to exclude pre-emptive rights**

A proposal is submitted to the General Meeting to designate the Management Board as the corporate body authorised: 1) to issue ordinary shares, which includes the granting of rights to subscribe for ordinary shares as provided for in Article 6 of the Articles of Association, where this authorization of the Management Board is limited to a number of ordinary shares with a nominal value amounting to 5% of the issued capital at the time of issue, and 2) to limit or exclude pre-emptive rights of existing shareholders, as provided for in Article 7 of the Articles of Association, for a period of 18 months from the date of this General Meeting (i.e. up to and including 14 November 2021). The issue price will be determined by the Management Board. Avantium wishes to make use of the authority sought under this proposal for the purpose of servicing option rights in connection with Avantium's long term incentive and share-based compensation plans for employees, management team, Management Board and Supervisory Board. This resolution will replace the current authorizations of the Management Board to issue shares and to exclude pre-emptive rights granted by the General Meeting on 15 May 2019.

#### **Agenda Item 9 (b) – Designation of the Management Board to issue 20% ordinary shares and to exclude pre-emptive rights**

A proposal is submitted to the General Meeting to designate the Management Board as the corporate body authorised: 1) to issue ordinary shares, which includes the granting of rights to subscribe for ordinary shares as provided for in Article 6 of the Articles of Association, where this authorization of the Management Board is limited to a number of ordinary shares with a nominal value amounting to 20% of the issued capital at the time of issue, and 2) to limit or exclude pre-emptive rights of existing shareholders, as provided for in Article 7 of the Articles of Association, for a period of 18 months from the date of this General Meeting (i.e. up to and including 14 November 2021). The issue price will be determined by the Management Board. Avantium wishes to make use of the authority sought under this proposal for the purpose of providing for financial flexibility for investments in its acceleration towards commercialisation of Avantium's lead programmes, its operations (e.g. for running costs), and/or for mergers and acquisitions. This resolution will replace the current authorizations of the Management Board to issue shares and to exclude pre-emptive rights granted by the General Meeting on 15 May 2019.

### **Agenda Item 9 (c) - Authorisation of the Management Board to repurchase shares in the share capital of Avantium on behalf of Avantium**

In accordance with article 9 of Avantium's articles of association, Avantium may repurchase its own shares by virtue of a resolution of the Management Board, which resolution is subject to the approval of the Supervisory Board. Under section 2:98 of the DCC and article 9.4 of Avantium's articles of association, this requires authorisation by the General Meeting.

It is proposed that the General Meeting authorises the Management Board – subject to the approval of the Supervisory Board – to repurchase, for a period of 18 months effective as of the date of this meeting (i.e. up to and including 14 November 2021), on a stock exchange or otherwise, fully paid-up (depository receipts for) shares in the capital of Avantium on behalf of Avantium up to a maximum of 10% of the issued share capital of Avantium as at the date of this meeting. The purchase price shall not be lower than ten (10) eurocent and not higher than 110% of the average of the closing price of a share as reported in the official price list of Euronext Amsterdam and/or Euronext Brussels over the five (5) trading days preceding the date of purchase.

This repurchase authorisation provides the Management Board, subject to the approval of the Supervisory Board, the flexibility to reduce Avantium's outstanding share capital, if required.

The proposed authorisation will replace the current authorisation granted to the Management Board on 15 May 2019.

### *Other (corporate) affairs*

### **Agenda Item 10 - Appointment of PricewaterhouseCoopers Accountants N.V. as external auditor for the financial year 2020**

Pursuant to article 393, book 2 of the Dutch civil code, the General Meeting charges an external auditor with the task of auditing the financial statements.

The Management Board and the Audit Committee have evaluated the activities performed for the Company by PricewaterhouseCoopers Accountants N.V. (PwC). It is apparent that PwC is capable of forming an independent judgement concerning all matters that fall within the scope of its auditing task; there is a good balance between the effectiveness and efficiency of PwC's actions, for example in relation to auditing costs, risk management and reliability.

On this basis, the Supervisory Board, upon recommendation of its Audit Committee, proposes to reappoint PricewaterhouseCoopers Accountants N.V. as the external auditor of Avantium for the financial year 2020.

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