





# Remuneration Report 2020

## Letter from the Chair of the Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to report on the Committee's activities in 2020. Below, I will reflect briefly on the year, our remuneration policy, the reasons for not amending our remuneration policy in 2021 and the key motivations behind our decisions with regard to rewards and targets.

2020 was an unprecedented year, with the COVID-19 pandemic affecting every aspect of our daily lives and business. It triggered an unforeseen impact on the company's activities and those of our business partners.

When the pandemic hit, Avantium responded swiftly and appropriately, initiating stringent protocols to increase already strict hygiene and safety precautions in our offices, laboratories and pilot plants, in order to protect the health and well-being of our employees and partners. Day-to-day office work was moved online overnight, with employees staying in remote daily contact within their teams and across the company. Operations continued to run safely at our plants and laboratories throughout 2020.

While Avantium made significant progress in the execution of its business plan, not all strategic targets were met in 2020. The Renewable Polymers business unit focused on reaching a positive FID for the FDCA flagship plant. Avantium had set high ambitions for 2020 and the management team had anticipated that it would be in a position to take an investment decision by the end of 2020. However, the COVID-19 pandemic affected negotiations with financial, commercial and other strategic partners, with these discussions taking longer than previously foreseen. However, in spite of challenging circumstances, Avantium has formed partnerships to shape the value chain of PEF. Avantium has also conditionally secured €95 million<sup>1</sup> of the €150 million target (excluding 20% contingency) for the FDCA flagship plant.

Avantium Renewable Chemistries made good progress with the other lead technology programmes, such as Ray Technology, with the demonstration plant celebrating the first full year of operations in Delfzijl. The plant was successfully commissioned and started up in 2020.

The COVID-19 pandemic had a significant impact on Avantium Catalysis, leaving it unable to install and maintain its Flowrence systems at customers' sites. On the other hand, Avantium Catalysis was

able to maintain business continuity in contract research – running catalysis experiments on behalf of customers throughout 2020.

During 2020, Avantium continued to manage its cash effectively. The cash position was €26.6 million as at 31 December 2020, with a net cash outflow of €18.8 million in 2020.

While Avantium recorded lower consolidated revenues in 2020 (€9.9 million), the company was able to make progress on the individual grant programmes it participates in. The income from government grants was €8.4 million. Furthermore, Avantium successfully secured additional grants in 2020, including a €7.5 million grant awarded by the National Programme Groningen for the construction of the FDCA flagship plant and a €5.4 million grant from the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland – RVO), designated for the FDCA pilot plant in Geleen.

Our remuneration policy for the Management Board 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. To optimally balance all relevant interests, it takes account of Avantium's long-term strategic objectives, consistency with Avantium's company-wide remuneration policy and the interests of the various stakeholder groups.

Last year, the Supervisory Board conducted a comprehensive review and comparison of its remuneration policy for the members of the Management Board and the Supervisory Board in view of the new Dutch legislation resulting from Directive (EU) 2017/828 (Shareholder Rights Directive II (SRD II)). This led to the creation of a new remuneration policy, as adopted by the General Meeting on 14 May 2020, with an effective date of 1 January 2020.

The Remuneration Committee intended to propose, if necessary, a revision of this remuneration policy in 2021. After careful consideration, the Committee concluded not to endorse any revisions this year. Revisions would primarily comprise adjustments resulting from the recently conducted remuneration benchmark exercise designed to assess the level of competitiveness of the Management Board's and senior management's remuneration compared to industrial companies in our sector. However, for all the compensation elements, the Management Board remuneration falls within a competitive range of +/-20% around the median market levels payable within the reference groups, which is in line with our remuneration policy, and so no adjustments are proposed at this time.

<sup>1</sup> Subject to multiple conditions, including the fulfilment of the key conditions for the FID. Please see p. 30 of the Annual Report 2020 for all financing elements related to the €95 million.



The Remuneration Committee has carefully weighed all aspects of this challenging year, and has taken particular care to ensure that the impact of the year's events were reflected in a fair application of the remuneration policy. The fact that Avantium made significant progress on the delivery of its business plan, but was unable to meet all strategic targets, albeit in an extraordinary year, is reflected in the remuneration to be paid to the Management Board.

After careful consideration and following the proposal made by the Remuneration Committee, the Supervisory Board took the following decisions:

- After consultation with the Management Board, it was agreed that the benchmark exercise conducted in early 2021 would not lead to any proposed amendments to the remuneration policy at this time.
- In view of the only partial achievement of the company's strategic goals and the ongoing impact of COVID-19, to accept the Management Board's proposal to forfeit the short-term annual variable remuneration in cash (Bonus) and the long-term annual variable remuneration in the form of shares (LTIP) for 2020.

Based on feedback by shareholders on the remuneration policy and the Remuneration Report 2019, as discussed prior to and during the General Meeting of 2020, the Remuneration Committee reviewed Avantium's decision not to disclose the Management Board's exact actual targets in advance. However, it maintained its view that these qualify as strategically and commercially sensitive information, while confirming that the targets set are fully in line with the long-term strategy of Avantium to maximise the value of its technologies. The Remuneration Committee furthermore maintains its view on the one-off fixed award of share options to members of the Supervisory Board upon their appointment. The remuneration package for its Supervisory Board members should enable Avantium to attract and retain diverse members with a broad international background and the right balance of personal skills, competences and experience required to oversee Avantium's (execution of its) long-term strategy and performance. The one-off fixed award of share options contributes to Avantium's long-term value creation and serves as a long-term investment in Avantium, aiming to align the members' respective interests with those of the other shareholders.

The Remuneration Committee will continue to regularly assess Avantium's remuneration policy and advise the Supervisory Board on the further alignment of the interests of management with those of shareholders and other stakeholders. We remain committed to relevant and clear remuneration in line with remuneration practices and our policies.

I look forward to discussing the policy and actual remuneration practices in the 2021 General Meeting, and will be happy to answer any questions you may have.

**Edwin Moses**  
Chair of the Remuneration Committee

## Introduction

This Remuneration Report provides a summary of the remuneration policy of Avantium's Management Board and Supervisory Board, as well as an overview of the remuneration of the members of the Management Board and the Supervisory Board paid in the financial year 2020. This Remuneration Report is prepared in accordance with the relevant parts of Section 135, Book 2 of the Dutch Civil Code, in line with the EU guidelines based on the EU Shareholders' Rights Directive. The remuneration is furthermore determined in accordance with the remuneration policy adopted at the General Meeting on 14 May 2020, with an effective date of 1 January 2020. After approval by the Supervisory Board, the Remuneration Report will be submitted to the General Meeting on 19 May 2021 for an advisory vote of our shareholders, in line with Section 135b subsection 2, Book 2 of the Dutch Civil Code.

## Remuneration Policy

### Introduction and Governance of the Remuneration Policy

The last update of the remuneration policy was adopted by the General Meeting on 14 May 2020 and became effective as per 1 January 2020. In view of the new Dutch legislation resulting from Directive (EU) 2017/828 (Shareholder Rights Directive 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 the latest remuneration policy.

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. The policy 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 remuneration policy is aimed at motivating the accomplishment of outstanding achievements, using a combination of non-financial and financial performance measures.

The Remuneration Committee intended to propose, if necessary, a revision of its remuneration policy in 2021. After careful consideration, the Committee concluded that it would not endorse any revisions this year. Revisions would primarily have comprised adjustments resulting from the recently conducted remuneration benchmark exercise undertaken to assess the competitiveness of the Management Board's and senior management's remuneration compared to industrial companies in the same sector. However, for all the compensation elements, the Management Board



remuneration falls within a competitive range of +/-20% around the median market levels payable within the reference groups, which is in line with our current remuneration policy. The Remuneration Committee therefore concluded that there was no need to change the policy at this time.

Based on feedback by shareholders on the remuneration policy and the Remuneration Report 2019, as discussed prior to and during the General Meeting of 2020, the Remuneration Committee reviewed Avantium's decision not to disclose the exact actual targets in advance. However, it maintained its view that these qualify as strategically and commercially sensitive information, while confirming that the targets set are fully in line with the long-term strategy of Avantium to maximise the value of its technologies. The Remuneration Committee furthermore maintains its existing view on the arguments to offer a one-off fixed award of share options to the members of the Supervisory Board upon their appointment.

The Supervisory Board is responsible for the execution of the remuneration policy. The Remuneration Committee will continue to regularly assess the remuneration policy and advise the Supervisory Board on the further alignment of the interests of management with those of shareholders and other stakeholders.

## External Perspective: Reference Group and Market Positioning

As with the remuneration philosophy for all Avantium employees, the remuneration of the Management Board should be competitive compared with 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 geography, governance framework, scope and type of industry. In principle, a benchmark is conducted at least once every four 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.

As a guiding principle, the total direct remuneration of the Management Board is set at or around the median of the reference market.

In early 2021, in line with the remuneration policy, the Supervisory Board conducted a remuneration benchmark assessment of the market competitiveness of the current compensation package of the members of the Management Board. The Supervisory Board carefully reviewed the reference group for the benchmark assessment and amended it according to the above-mentioned criteria. Geographically, the amended reference group consists primarily of listed western European companies and, exceptionally, some non-European companies that are highly relevant from a talent market perspective or industry perspective. Furthermore, the weighting of UK and Swiss companies does not exceed 50% of the reference group. From a scope and type of industry point of view, the

reference group includes companies of comparable size that are primarily active in the (specialty) chemicals and materials, and biotechnology industries.

The companies in the reference group for the Management Board remuneration benchmark assessment performed in 2021 are:

- Accsys Technologies PLC (UK)
- Amyris Inc (US)
- BRAIN Biotechnology Research and Information Network AG (DE)
- Carbios SA (FR)
- Evolva Holding SA (CH)
- Global Bioenergies SA (FR)
- Holland Colours NV (NL)
- IBU-tec advanced materials AG (DE)
- Iofina PLC (UK)
- Isagro SpA (IT)
- Metabolic Explorer SA (FR)
- Nabaltec AG (DE)
- SICIT Group SpA (IT)
- Treatt PLC (UK)
- Versarien PLC (UK)
- Zotefoams PLC (UK)

The remuneration benchmark assessment was performed on the following compensation elements:

- Base salary
- Target short-term incentive (STI)
- Total cash compensation (TCC) – base salary plus STI
- Annualised expected value of the long-term incentive (LTI)
- Total direct compensation (TDC) – TCC plus LTI

The outcome of the 2021 benchmark resulted in the conclusion that for all of the compensation elements, the Management Board remuneration falls within a competitive range of +/-20% around the median market levels payable within the reference group, which is in line with our remuneration policy. After careful consideration and following the proposal made by the Remuneration Committee, the Supervisory Board, in consultation with the Management Board, decided that, given that the conclusions of the 2021 benchmark would result only in minor adjustments and in the light of the overall performance in 2020, no changes will be proposed to the General Meeting for inclusion in and amendment of the remuneration policy in 2021.



## Management Board Remuneration 2020

The remuneration paid to the members of the Management Board in 2020 was based on Avantium's remuneration policy and its governance process. In view of the incomplete achievement of the company's strategic goals, the short-term annual variable remuneration (in cash) and the long-term annual variable remuneration in the form of shares (LTIP) were forfeited by the Management Board and the management team.

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

- i. fixed annual base salary;
- ii. short-term annual variable remuneration (in cash);
- iii. long-term annual variable remuneration in the form of shares (LTIP) and options (employee stock option plan, or ESOP); and
- iv. allowance for pension and fringe benefits.

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

Bart Welten joined Avantium as CFO in January 2020 and was appointed as member of the Management Board on 14 May 2020.

Upon appointment, the key terms of his employment agreement are:

- An annual base salary of two hundred and thirty five thousand euro (€235,000);
- All other remuneration components are in line with the company's remuneration policy for the Management Board.

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 Bart Welten.

### i) Fixed Annual Base Salary

The objective of the fixed annual base salary is to compensate for the 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.

In line with the remuneration policy, in 2020 the base salary of CEO Tom van Aken increased by 2.7% to an annual base salary of €267,800. On 15 January 2020, Bart Welten was appointed CFO. The full year base salary for the CFO remained at €235,000.

In view of the COVID-19 pandemic and owing to the partial achievement of the company's strategic

goals, at the request of the Management Board, any considered salary increases will not be implemented in 2021.

### ii) Short-Term Annual Variable Remuneration

The objective of the short-term annual variable short-term remuneration is to ensure that the members of the Management Board focus 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 Investment Shares (see under iii.a Long-Term Investment Plan in the form of Matching Shares).

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. This power was not used in 2020, nor was any remuneration recovered from present or former Management Board members.

### Performance Measures

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 performance targets are specific, measurable and are formulated and communicated at the beginning of each financial year (except for circumstances where the Supervisory Board considers semi-annual target-setting more appropriate), although the Supervisory Board may adjust the targets and their relative weighting if required by significantly changed strategic priorities in any given year. Following a presentation by the Management Board, the Supervisory Board sets the targets – based on strategic progress, commercial performance and operational performance. These targets are based on Avantium's strategy and long-term objectives, as set out in the remuneration policy ([www.avantium.com/corporate-governance/#remuneration](http://www.avantium.com/corporate-governance/#remuneration)). When the performance criteria are set, the interests of all stakeholders are taken into account.



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 the remuneration policy is applicable to Avantium employees.

The strategic progress targets are based on value creation for shareholders and realising strategic focus. The targets for commercial performance are based on securing strategic partnerships for the commercialisation of technology programmes and reaching the commercialisation phase of the different technology programmes (path from laboratory scale to demonstration scale and finally commercialisation scale). The operational performance targets are financial targets, consisting of budget cash runway components. Avantium does not disclose the exact actual targets, as these qualify as strategically and commercially sensitive information, and as such are share price and competition sensitive. The targets set are fully in line with the long-term strategy of Avantium to maximise the value of the company's technologies.

For the annual bonus 2020, 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. 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 of the bonus 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 bonus pay-out levels are prorated upon the level of achievement of the aforementioned performance targets.

For the annual bonus 2020, the performance targets and their relative weighting were set in early February 2020 as follows:

| Name            | Weight factor | Target                    |
|-----------------|---------------|---------------------------|
| T.B. van Aken   | 40%           | Strategic Differentiators |
|                 | 25%           | Commercial Performance    |
|                 | 35%           | Operational Performance   |
| B.J.J.V. Welten | 40%           | Strategic Differentiators |
|                 | 25%           | Commercial Performance    |
|                 | 35%           | Operational Performance   |

As set out in the section 'Letter from the Chair of the Remuneration Committee' on p. 74 of this Remuneration Report, the year 2020 has been an exceptional year. Despite the restrictions and challenges presented by the COVID-19 pandemic, 2020 was a year of progress for Avantium. Our three business units all recorded successes and made advances in line with our overall strategy. The effects of the pandemic, however, meant that we were not able to meet all of our targets. One such target was to take a positive FID on the construction of the FDCA flagship plant and formalise approval for the project by the end of 2020. The COVID-19 pandemic affected negotiations with financial, commercial and other strategic partners, with these discussions taking longer than previously foreseen.

The current state of the company, both in light of aforementioned delays in delivering some of the business plans as well as the impact of COVID-19, requires prudence and careful cost control. In light thereof, the Management Board and the senior management decided to forfeit their annual cash bonus for 2020. This also results in the forfeiture of the non-cash bonus component. The Supervisory Board agreed with this decision and appreciated this response of management to the challenging circumstances.

### iii) Long-Term Variable Remuneration in the Form of Shares (LTIP) and Options (ESOP)

On 5 October 2016, Avantium adopted the ESOP for all key employees, senior management and members of the Management Board and the LTIP for the 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.

#### iii.a) Long-Term Investment Plan in the Form of Matching Shares

The members of the Management Board are obligated to invest the total non-cash component of their (net) bonus in shares to be delivered by the company (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 years following the investment date and are subject to a retention period of five 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); that is, one Matching Share is granted for each Investment Share.



The objective of the plan is that Management Board members build an equity position in the company. As part of the decision to forfeit the "short-term annual variable remuneration in cash" component of the 2020 bonus, the long-term annual variable remuneration component of the bonus in the form of shares, including the associated future matching shares, was concurrently forfeited.

### iii.b) Long-Term Variable Remuneration in the Form of Share Options (under the 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. These parameters 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 who receive options. Options are awarded within a pre-determined range, as stated in the remuneration policy (Section 4.6), where the actual annual award is set by the Supervisory Board.

The options will vest on a monthly pro rata basis during a period of three 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 years). The exercise period of the options will be up to five years after the date of vesting.

### iii.3) Adjustments to Variable Remuneration

In line with Dutch law, the variable remuneration of the members of the Management Board may be reduced, or Management Board members may be obliged to repay (part of) their remuneration to the company, if one of the circumstances as described in Section 5 (Management Board Remuneration: Adjustments to Variable Remuneration) of the remuneration policy apply. In 2020, no adjustments based upon this section of the remuneration policy were made.

### iv) Allowance for Pension and Fringe Benefits

The members of the Management Board are allowed to participate in Avantium's pension plan, 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. 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 (2020) in a separate defined contribution plan. There are no arrangements for early retirement.

The members of the Management Board are entitled to additional remuneration elements, such as company car costs, travel expenses, social security costs and a contribution to health and disability insurance, all in line with applicable Avantium policies, plans and arrangements. The table hereafter provides a breakdown of the remuneration of the members of the Management Board in 2020.

## Employment Agreements and Severance Payments

The members of the Management Board continued their current employment agreements with Avantium Support B.V., a subsidiary of the company. These agreements are for an indefinite period of time and do not contain severance payment provisions. The intention is to replace these employment agreements with management agreements with Avantium N.V. during the financial year 2021, following the General Meeting of 19 May 2021; the agenda for the General Meeting includes the proposed reappointment of Tom van Aken as CEO.

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. In line with the Dutch Corporate Governance Code, any severance payment is limited to one year's base salary.

In 2020, Frank Roerink received a severance payment of €235,000, which related to his resignation effective 31 December 2019. He remained eligible for variable remuneration over the financial year 2019 and received this remuneration over 2019 (including the LTIP component) fully in cash, in January 2020.

## Total Remuneration Received by Members of the Management Board

| (In €1,000)                        | Fixed remuneration |                             | Variable                      |                              |                    |                        | Total remuneration | % of fixed remuneration | % of variable remuneration |
|------------------------------------|--------------------|-----------------------------|-------------------------------|------------------------------|--------------------|------------------------|--------------------|-------------------------|----------------------------|
|                                    | Salary             | Other benefits <sup>2</sup> | Short-term bonus <sup>3</sup> | Long-term award <sup>4</sup> | Severance payments | Post-employee benefits |                    |                         |                            |
| <b>Management Board member</b>     |                    |                             |                               |                              |                    |                        |                    |                         |                            |
| <b>T.B. van Aken</b>               |                    |                             |                               |                              |                    |                        |                    |                         |                            |
| 2020                               | 268                | 26                          | -                             | 127                          | -                  | 19                     | 440                | 71%                     | 29%                        |
| 2019                               | 261                | 27                          | 119                           | 8                            | -                  | 17                     | 432                | 71%                     | 29%                        |
| <b>B.J.J.V. Welten</b>             |                    |                             |                               |                              |                    |                        |                    |                         |                            |
| 2020                               | 228                | 26                          | -                             | 25                           | -                  | 25                     | 304                | 92%                     | 8%                         |
| 2019                               | -                  | -                           | -                             | -                            | -                  | -                      | -                  | 0%                      | 0%                         |
| <b>F.C.H. Roerink (former CFO)</b> |                    |                             |                               |                              |                    |                        |                    |                         |                            |
| 2020                               | -                  | -                           | -                             | -                            | -                  | -                      | -                  | 0%                      | 0%                         |
| 2019                               | 235                | 32                          | 92                            | 6                            | 235                | 17                     | 616                | 46%                     | 54%                        |
| <b>Total - 2020</b>                | <b>495</b>         | <b>52</b>                   | <b>-</b>                      | <b>152</b>                   | <b>-</b>           | <b>44</b>              | <b>744</b>         | <b>80%</b>              | <b>20%</b>                 |
| <b>Total - 2019</b>                | <b>496</b>         | <b>59</b>                   | <b>210</b>                    | <b>14</b>                    | <b>235</b>         | <b>34</b>              | <b>1,048</b>       | <b>56%</b>              | <b>44%</b>                 |

<sup>2</sup> Other benefits mainly include contributions to social security plans and benefits in kind such as company cars, medical expenses and legal expenses.

<sup>3</sup> Including the cash and non-cash part of the awarded bonus for the specific performance year.

<sup>4</sup> Including the value of the various performance share-based plans that vested during the year. The value of the LTIP reward is calculated based on the number of matching shares that have vested and of the share price at the date of vesting. The value of the ESOP reward is calculated based on the number of share options that have vested during the year and the net of the share price at vesting date less the exercise price.

The total remuneration based on IFRS in 2020 for Tom van Aken amounted to €430,000 (2019: €540,000) due to the share-based payment expenses of €117,000 recognised during the year (2019: €117,000). The total remuneration based on IFRS in 2020 for Bart Welten amounted to €307,000 (2019: €nil) due to the share-based payment expenses of €29,000 recognised during the year (2019: €nil). The total remuneration based on IFRS in 2020 for Frank Roerink (former CFO) amounted to €nil (2019: €668,000) due to the share-based payment expenses of €nil recognised during the year (2019: €57,000).





## Internal Pay Ratio

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-à-vis the average pay of the CEO is calculated based on the average 2020 remuneration of all Avantium employees vis-à-vis the 2020 remuneration of the CEO.

For the year 2020, we included pension contributions and long-term incentive components. The 2020 pay ratio is 5:1 for the CEO. The pay ratio for 2019 would have been 6:1 with inclusion of pension contributions and long-term incentive components.

The following table provides an overview of the remuneration of the members of the Management Board compared with the average total remuneration of an Avantium employee (defined as gross wages, holiday allowance, other benefits, pension, Bonus and long-term awards) and company performance since the listing of the company's shares in 2017.

The table includes information on a three-year period as of 2017, the year Avantium became a publicly traded company.

It is noted that Frank Roerink's severance payment is included in his total remuneration for the year 2019.

| (In Euro x 1,000)              | 2020      | % change | 2019      | % change | 2018      | % change | 2017      |
|--------------------------------|-----------|----------|-----------|----------|-----------|----------|-----------|
| <b>Management Board member</b> |           |          |           |          |           |          |           |
| T.B. van Aken                  | 440       | 2%       | 432       | 41%      | 306       | -17%     | 368       |
| B.J.J.V. Welten                | 304       | 0%       | -         | 0%       | -         | 0%       | -         |
| F.C.H Roerink (former CFO)     | -         | -100%    | 616       | 120%     | 280       | -13%     | 321       |
| Average employee salary        | <b>81</b> | 15%      | <b>70</b> | 0%       | <b>70</b> | 7%       | <b>66</b> |

|                                  | 2020 <sup>5</sup> | % change | 2019       | % change | 2018       | % change | 2017       |
|----------------------------------|-------------------|----------|------------|----------|------------|----------|------------|
| <b>Total company performance</b> | -%                | -100%    | <b>65%</b> | 122%     | <b>29%</b> | -66%     | <b>86%</b> |
| Strategic Differentiators        | -%                | -100%    | 67%        | 168%     | 25%        | -63%     | 68%        |
| Commercial Performance           | -%                | -100%    | 55%        | 175%     | 20%        | -80%     | 100%       |
| Operational Performance          | -%                | -100%    | 100%       | 11%      | 90%        | -10%     | 100%       |

<sup>5</sup> The company's performance and achievement of the performance measures for 2020 have been set to zero percent herein; as the Management Board and senior management decided to forfeit their respective annual cash bonus, the company elects not to disclose the realised achievement of the 2020 performance targets.



## Number of Investment Shares and Matching Shares Outstanding and Awarded to the Management Board

| Management Board member                      | Specification of plan   | The main conditions of share plans |            |              |                         | Information regarding the reported financial year |                                  |                           |                               |   |  |  |
|--|-------------------------|------------------------------------|------------|--------------|-------------------------|---|----------------------------------|---------------------------|-------------------------------|---|--|--|
|  |                         | Performance period                 | Award date | Vesting date | End of retention period | Number of awards outstanding 1 January            | Shares allocated during the year | Shares forfeited the year | Shares vested during the year | Value of matching shares vested during the year in EUR <sup>6</sup> | Matching shares unvested as at 31 December | Shares subject to retention period as at 31 December |
| T.B. van Aken, CEO                           | LTIP- Investment shares | 2017-2018                          | 16/3/2018  | 16/3/2018    | 16/3/2023               | 7,441   | -                                | -                         | -                             | -   | -  | 7,441  |
|  |                         | 2019-2020                          | 14/5/2020  | 14/5/2023    | 14/5/2025               | -   | 15,365                           | -                         | -                             | -   | -  | 15,365   |
|  | LTIP- Matching shares   | n/a                                | 16/3/2018  | 16/3/2021    | 16/3/2023               | 7,441   | -                                | -                         | 2,480                         | 8,433   | 4,961                                      | -  |
|  |                         | n/a                                | 14/5/2020  | 14/5/2023    | 14/5/2025               | -   | 15,365                           | -                         | -                             | -   | 15,365                                     | -  |
| F.C.H Roerink, former CFO                    | LTIP- Investment shares | 2017-2018                          | 16/3/2018  | 16/3/2018    | 16/3/2023               | 5,789   | -                                | -                         | -                             | -   | -  | 5,789  |
|  | LTIP- Matching shares   | n/a                                | 16/3/2018  | 16/3/2021    | 16/3/2023               | 1,930   | -                                | -                         | -                             | -   | -  | 1,930  |
| <b>Total Management Board members</b>        |                         |                                    |            |              |                         | <b>14,882</b>                                     | <b>30,730</b>                    | <b>-</b>                  | <b>2,480</b>                  | <b>8,433</b>  | <b>20,326</b>                              | <b>22,806</b>  |
| <b>Total former Management Board members</b> |                         |                                    |            |              |                         | <b>7,719</b>                                      | <b>-</b>                         | <b>-</b>                  | <b>-</b>                      | <b>-</b>  | <b>-</b>                                   | <b>7,719</b>   |

<sup>6</sup> The value of matching shares vested during the year is expressed in EUR and is determined by the share price at vesting date.

## Number of Options Outstanding and Awarded to the Management Board

| Management Board member               | Specification of plan | The main conditions of share option plans |              |                 |                                     | Information regarding the reported financial year |                                       |   |                                      |  |  |  |
|---------------------------------------|-----------------------|---|--------------|-----------------|-------------------------------------|---|---------------------------------------|---|--------------------------------------|--|--|--|
|                                       |                       | Award date                                | Vesting date | Exercise period | Exercise price of the option in EUR | Number of options outstanding as at 1 January     | Share options granted during the year | Share options forfeited during the year | Share options vested during the year | Value of share options vested during the year <sup>7</sup> | Share options unvested as at 31 December | Share options vested as at 31 December |
| T.B. van Aken, CEO                    | ESOP                  | 19/10/2006                                | 19/10/2009   | 10 years        | 7.60                                | 20,230  | -                                     | -                                       | -                                    | -  | -  | 20,230                                 |
|                                       |                       | 1/10/2008                                 | 1/10/2011    | 10 years        | 0.10                                | 20,657  | -                                     | -                                       | -                                    | -  | -  | 20,657                                 |
|                                       |                       | 1/5/2009                                  | 1/5/2012     | 10 years        | 0.10                                | 35,000  | -                                     | -                                       | -                                    | -  | -  | 35,000                                 |
|                                       |                       | 1/5/2010                                  | 1/5/2013     | 10 years        | 0.10                                | 29,770  | -                                     | -                                       | -                                    | -  | -  | 29,770                                 |
|                                       |                       | 4/11/2010                                 | 4/11/2013    | 10 years        | 0.10                                | 28,000  | -                                     | -                                       | -                                    | -  | -  | 28,000                                 |
|                                       |                       | 30/11/2011                                | 30/11/2014   | 10 years        | 0.10                                | 135,000   | -                                     | -                                       | -                                    | -  | -  | 135,000                                |
|                                       |                       | 1/10/2015                                 | 15/3/2017    | 10 years        | 0.10                                | 22,000  | -                                     | -                                       | -                                    | -  | -  | 22,000                                 |
|                                       |                       | 1/10/2015                                 | 15/3/2017    | 10 years        | 9.80                                | 7,500   | -                                     | -                                       | -                                    | -  | -  | 7,500                                  |
|                                       |                       | 2/3/2017                                  | 15/3/2017    | 10 years        | 0.10                                | 13,000  | -                                     | -                                       | -                                    | -  | -  | 13,000                                 |
|                                       |                       | 2/3/2017                                  | 15/3/2017    | 10 years        | 9.80                                | 18,000  | -                                     | -                                       | -                                    | -  | -  | 18,000                                 |
|                                       |                       | 17/5/2017                                 | 17/5/2020    | 8 years         | 10.58                               | 50,000  | -                                     | -                                       | 5,556                                | -  | -  | 50,000                                 |
|                                       |                       | 28/3/2018                                 | 28/3/2021    | 8 years         | 5.34                                | 50,000  | -                                     | -                                       | 16,667                               | 153  | 2,778                                    | 47,222                                 |
| 16/5/2019                             | 16/5/2022             | 8 years                                   | 2.60         | 100,000         | -                                   | -   | 33,333                                | 92,917                                  | 44,444                               | 55,556   |  |  |
| 14/5/2020                             | 14/5/2023             | 8 years                                   | 3.59         | -               | 50,000                              | -   | 11,111                                | 25,403                                  | 38,889                               | 11,111   |  |  |
| B.J.J.V Welten, CFO                   | ESOP                  | 14/5/2020                                 | 14/5/2023    | 8 years         | 3.59                                | -   | 50,000                                | -                                       | 11,111                               | 25,403   | 38,889                                   | 11,111                                 |
| <b>Total Management Board members</b> |                       |   |              |                 |                                     | <b>529,157</b>                                    | <b>100,000</b>                        | <b>-</b>                                | <b>77,778</b>                        | <b>143,875</b>   | <b>125,000</b>                           | <b>504,157</b>                         |

<sup>7</sup> The value of share options vested during the year is expressed in EUR and is determined by the share price at vesting date less the exercise price.

In 2020, 100,000 additional share options were granted to the Management Board. The share-based payment expenses of the Management Board of €145,000 comprise the part of the share-based compensation (note 14) contributable to the share options granted in previous years.

On 20 December 2019, the Supervisory Board decided to award fifty thousand (50,000) share options to 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 (15 January 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 Meeting in May 2020. The exercise price was determined on the date of the General Meeting (on or around 14 May 2020) and (iii) the rules of the company's ESOP, including the personal award agreement between the company and Bart Welten.



## Number of Options Outstanding and Awarded to Former Management Board Member

| Management Board member                      | Specification of plan | The main conditions of share option plans |              |                 |                                     | Information regarding the reported financial year |   |   |                                  |   |  |  |
|--|-----------------------|---|--------------|-----------------|-------------------------------------|---|---|---|----------------------------------|---|--|--|
|  |                       | Award date                                | Vesting date | Exercise period | Exercise price of the option in EUR | Number of options outstanding as at 1 January     | Share options exercised during the year | Share options forfeited during the year | Share options vested during year | Value of share options exercised during the year <sup>8</sup> | Share options unvested as at 31 December | Share options vested as at 31 December |
| F.C.H. Roerink, ESOP former CFO              |                       | 1/10/2008                                 | 1/10/2011    | 10 years        | 0.10                                | 14,098  | (14,098)                                | -                                       | -                                | 82,547  | -  | -                                      |
|  |                       | 1/5/2009                                  | 1/5/2012     | 10 years        | 0.10                                | 25,000  | (25,000)                                | -                                       | -                                | 146,381   | -  | -                                      |
|  |                       | 1/5/2010                                  | 1/5/2013     | 10 years        | 0.10                                | 22,432  | (22,432)                                | -                                       | -                                | 131,345   | -  | -                                      |
|  |                       | 4/11/2010                                 | 4/11/2013    | 10 years        | 0.10                                | 16,500  | -                                       | -                                       | -                                | -   | -  | 16,500                                 |
|  |                       | 30/11/2011                                | 30/11/2014   | 10 years        | 0.10                                | 90,000  | -                                       | -                                       | -                                | -   | -  | 90,000                                 |
|  |                       | 1/10/2015                                 | 15/3/2017    | 10 years        | 0.10                                | 14,300  | -                                       | -                                       | -                                | -   | -  | 14,300                                 |
|  |                       | 2/3/2017                                  | 15/3/2017    | 10 years        | 0.10                                | 13,000  | -                                       | -                                       | -                                | -   | -  | 13,000                                 |
|  |                       | 17/5/2017                                 | 17/5/2020    | 8 years         | 10.58                               | 26,667  | -                                       | (26,667)                                | -                                | -   | -  | -                                      |
|  |                       | 28/3/2018                                 | 28/3/2021    | 8 years         | 5.34                                | 18,333  | -                                       | -                                       | -                                | -   | -  | 18,333                                 |
|  |                       | 16/5/2019                                 | 16/5/2022    | 8 years         | 2.60                                | 13,333  | -                                       | -                                       | -                                | -   | -  | 13,333                                 |
| <b>Total former Management Board members</b> |                       |   |              |                 |                                     | <b>253,663</b>                                    | <b>(61,530)</b>                         | <b>(26,667)</b>                         | <b>-</b>                         | <b>360,273</b>  | <b>-</b>                                 | <b>165,467</b>                         |

<sup>8</sup> The value of share options exercised during the year is expressed in EUR and is determined by the share price at exercise date less the exercise price.



## Supervisory Board Remuneration 2020

### Remuneration Policy for the Supervisory Board

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

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

#### i) Annual Fee

The remuneration policy determines the annual (gross) fees for each position of the Supervisory Board, separated into membership and chairpersonship of the Supervisory Board and membership and chairpersonship of a Committee.

In line with the remuneration policy, the members of the Supervisory Board received the following annual (gross) fees:

- Membership of the Supervisory Board: €40,000;
- Chairpersonship of the Supervisory Board: €35,000 (additional);
- Membership of a Committee of the Supervisory Board: €5,000 (per Committee); and
- Chairpersonship of the Audit Committee of the Supervisory Board: €5,000 (additional).

The table hereafter provides a breakdown of the Supervisory Board members' remuneration in 2020.

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

#### ii) Travel Expenses and Other Expenses

Supervisory Board members are reimbursed for all reasonable costs incurred in connection with their attendance of meetings. Travel costs are reimbursed in line with Avantium's travel policy. Any other expenses are only reimbursed, either in whole or in part, if incurred with the prior consent of the Chair of the Supervisory Board. Over the year 2020, physical attendance of meetings was reduced to a minimum in light of the COVID-19 pandemic. Travel costs were therefore limited.

#### iii) One-Off Fixed Awards of Options (ESOP) Related to the Member's Appointment

The members of the Supervisory Board may participate in the ESOP. Options are awarded under the ESOP upon a member's 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.

The options will vest on monthly pro rata basis during a period of three 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 Supervisory 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 appointment termination date, on an annual pro rata basis during a period of three years). The exercise period of the options will be up to five years after the date of vesting.

## Total Overview of Supervisory Board Remuneration 2020

| (In €1,000)                                   | Fixed remuneration      |            | Variable remuneration            |                               | Total      |
|---|-------------------------|------------|----------------------------------|-------------------------------|------------|
|   | Membership <sup>9</sup> | Committees | Other compensation <sup>10</sup> | Long-term award <sup>11</sup> |            |
| E. Moses                                      | 75                      | 15         | -                                | 43                            | 133        |
| M.B.B. Jou                                    | 25                      | 6          | 1                                | 15                            | 47         |
| C.A. Arnold                                   | 10                      | 3          | 1                                | -                             | 14         |
| M.G. Kleinsman                                | 40                      | 10         | -                                | -                             | 50         |
| G.E. Schoolenberg                             | 10                      | 3          | -                                | -                             | 13         |
| D.J. Lucquin (member until 30 September 2020) | 30                      | 7          | 7                                | -                             | 44         |
| <b>Total - 2020</b>                           | <b>190</b>              | <b>44</b>  | <b>9</b>                         | <b>58</b>                     | <b>301</b> |

<sup>9</sup> The membership fee excludes the fee covering the onboarding period prior to the respective appointments, being equal to the prorated base membership fee (€40,000 on pro rate basis).

<sup>10</sup> Other compensation include expenditures related to travel.

<sup>11</sup> Long-term award includes the value of the ESOP plan. The value of the ESOP reward is calculated based on the number of share options that have vested during the year and the net of the share price at vesting date less the exercise price.

The following table provides detail on the total remuneration received by each Supervisory Board member in accordance with the period the company's shares are traded on Euronext:

| (In €1,000)  | 2020       | 2019       | 2018       | 2017       |
|--|------------|------------|------------|------------|
| E. Moses   | 133        | 3          | -          | -          |
| M.G. Kleinsman                                     | 50         | 50         | 50         | 27         |
| M.B.B. Jou (member since 14 May 2020)              | 47         | -          | -          | -          |
| C.A. Arnold (member since 30 September 2020)       | 14         | -          | -          | -          |
| G.E. Schoolenberg (member since 30 September 2020) | 13         | -          | -          | -          |
| <b>Total Supervisory Board members</b>             | <b>257</b> | <b>53</b>  | <b>50</b>  | <b>27</b>  |
| D.J. Lucquin (member until 30 September 2020)      | 44         | 50         | 50         | 53         |
| R.W. van Leen (member until 31 December 2019)      | -          | 30         | -          | -          |
| K. Verhaar (member until 20 December 2019)         | -          | 90         | 80         | 6          |
| G.E.A. Rijnen (member until 15 May 2019)           | -          | 21         | 55         | 50         |
| J.S. Wolfson (member until 15 May 2019)            | -          | 18         | 50         | 45         |
| <b>Total former Supervisory Board members</b>      | <b>44</b>  | <b>209</b> | <b>235</b> | <b>154</b> |
| <b>Total remuneration</b>                          | <b>301</b> | <b>262</b> | <b>285</b> | <b>181</b> |

## Number of Options Supervisory Board

|                                      | The main conditions of share option plans |            |              |                 |                                     |  |
|--------------------------------------|---|------------|--------------|-----------------|-------------------------------------|--|
|                                      | Specification of plan                     | Award date | Vesting date | Exercise period | Exercise price of the option in EUR |  |
| E. Moses                             | ESOP                                      | 14/5/2020  | 14/5/2023    | 8 years         | 3.59                                |  |
| M.B.B. Jou                           | ESOP                                      | 14/5/2020  | 14/5/2023    | 8 years         | 3.59                                |  |
| C.A. Arnold                          | ESOP                                      | 30/9/2020  | 30/9/2023    | 8 years         | 5.78                                |  |
| G.E.A. Reijnen<br>(former member)    | ESOP                                      | 15/4/2015  | 15/4/2019    | 10 years        | 9.80                                |  |
|                                      |   | 2/3/2017   | 2/3/2020     | 10 years        | 9.80                                |  |
| J.S. Wolfson (former<br>member)      | ESOP                                      | 19/4/2013  | 19/4/2016    | 10 years        | 0.10                                |  |
|                                      |   | 2/3/2017   | 2/3/2020     | 10 years        | 0.10                                |  |
|                                      |   | 2/3/2017   | 2/3/2020     | 10 years        | 9.80                                |  |
| J.M. van der Eijk<br>(former member) | ESOP                                      | 14/12/2012 | 14/12/2015   | 10 years        | 0.10                                |  |
|                                      |   | 2/3/2017   | 2/3/2020     | 10 years        | 0.10                                |  |
|                                      |   | 2/3/2017   | 2/3/2020     | 10 years        | 9.80                                |  |

|   | Information regarding the reported financial year |  |                                       |   |   |                                      |   |  |  |  |
|---|---|--|---------------------------------------|---|---|--------------------------------------|---|--|--|--|
|   | Specification of plan                             | Number of vested options outstanding 1 January | Share options granted during the year | Share options exercised during the year | Share options forfeited during the year | Share options vested during the year | Value of share options vested during the year <sup>12</sup> | Value of share options exercised during the year <sup>13</sup> | Share options unvested as at 31 December | Share options vested as at 31 December |
| E. Moses                                      | ESOP  | -  | 85,000                                | -                                       | -                                       | 18,889                               | 43,185  | -  | 66,111                                   | 18,889                                 |
| M.B.B. Jou                                    | ESOP  | -  | 30,000                                | -                                       | -                                       | 6,667                                | 15,242  | -  | 23,333                                   | 6,667                                  |
| C.A. Arnold                                   | ESOP  | -  | 30,000                                | -                                       | -                                       | 3,333                                | -   | -  | 26,667                                   | 3,333                                  |
| G.E.A. Reijnen<br>(former member)             | ESOP  | 10,000   | -                                     | -                                       | (10,000)                                | -                                    | -   | -  | -  | -                                      |
|   |   | 4,000  | -                                     | -                                       | (4,000)                                 | -                                    | -   | -  | -  | -                                      |
| J.S. Wolfson<br>(former member)               | ESOP  | 10,000   | -                                     | (10,000)                                | -                                       | -                                    | -   | 57,621   | -  | -                                      |
|   |   | 1,000  | -                                     | (1,000)                                 | -                                       | -                                    | -   | 5,762  | -  | -                                      |
|   |   | 4,000  | -                                     | -                                       | -                                       | -                                    | -   | -  | -  | 4,000                                  |
| J.M. van der Eijk<br>(former member)          | ESOP  | 4,000  | -                                     | -                                       | 4,000                                   | -                                    | -   | -  | -  | 4,000                                  |
| <b>Total Supervisory Board members</b>        |   | -  | <b>145,000</b>                        | -                                       | -                                       | <b>28,889</b>                        | <b>58,427</b>   | -  | <b>116,111</b>                           | <b>28,889</b>                          |
| <b>Total former Supervisory Board members</b> |   | <b>33,000</b>                                  | -                                     | <b>(11,000)</b>                         | <b>(10,000)</b>                         | -                                    | -   | <b>63,383</b>  | -  | <b>8,000</b>                           |

<sup>12</sup> The value of share options vested during the year is expressed in EUR and is determined by the share price at vesting date less the exercise price.

<sup>13</sup> The value of share options exercised during the year is expressed in EUR and is determined by the share price at exercise date less the exercise price.



During the financial year 2020, after the approval of the remuneration policy in the General Meeting on 14 May 2020, and following their respective appointments, Edwin Moses, Michelle Jou and Cynthia Arnold accepted the one-off fixed Options award related to their appointment:

- Edwin Moses, Chair of the Supervisory Board: eighty-five thousand (85,000) options;
- Michelle Jou, member of the Supervisory Board: thirty thousand (30,000) options; and
- Cynthia Arnold, member of the Supervisory Board: thirty thousand (30,000) options.

Margret Kleinsman and Trudy Schoolenberg chose not to receive the award.

### **Deviation from the Dutch Corporate Governance Code Best Practice Provision 3.3.2**

Best Practice Provision 3.3.2 states that Supervisory Board members may not be awarded remuneration in the form of shares and/or rights to shares. However, Avantium believes that the remuneration package for its Supervisory Board members should enable Avantium to attract and retain top talent – and the right balance of personal skills, competences and experience - in a competitive and global environment. This enables the Supervisory Board to focus on the creation of sustainable added value and to oversee Avantium's (execution of its) long-term strategy and performance. This one-off fixed award of share options contributes to the long-term value creation of Avantium and serves as a long-term investment in Avantium, aiming to align the members' respective interests with those of the other shareholders.





If you have any questions or remarks regarding this report,  
we invite you to contact us.

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Published on 24 March 2021