



Remuneration Report 2021

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 2021. Below, I will reflect briefly on the year, our remuneration policy and the key motivations behind our decisions with regard to rewards and targets.

Looking back, 2021 was a defining year for Avantium on its way to commercialising its breakthrough technology. The company made significant progress in the execution of its business plan, and an important number of strategic targets were met.

In December 2021, Avantium announced that it had taken a positive Final Investment Decision (FID) with regard to the construction of its FDCA Flagship Plant. This positive FID concluded two intense years during which the company worked diligently to satisfy the three key conditions it had defined as being necessary to meet prior to starting the construction of its FDCA Flagship Plant: (i) securing sufficient financing; (ii) finalising the engineering and establishing the supply chain; and (iii) obtaining sufficient offtake commitments for the FDCA Flagship Plant. In early December 2021, Avantium secured the financing for the construction of the FDCA Flagship Plant with €90 million in debt financing from a consortium of Dutch banks and the Dutch government-backed impact investment fund, Invest-NL. As a consequence, all three key conditions had been fulfilled, allowing the company to take a positive FID to proceed with the construction of the FDCA Flagship Plant.

Avantium also achieved important milestones in relation to its other technologies. For example, for its Ray Technology, Avantium completed the application validation for both plantMEG™ and plantMPG™. In April 2021, Avantium and sugar beet processor Cosun Beet Company agreed a term sheet to establish a joint venture to construct a first commercial plant to produce plantMEG™ and plantMPG™ using Ray Technology. In addition, Avantium commenced pre-pilot testing of its Volta Technology at various partners' sites in Europe.

The company has also encountered some setbacks. In particular, due to an accident, operations were temporarily halted in the Ray Technology demonstration plant in Delfzijl.

In 2021, revenues in all of the Avantium business segments started to recover, as problems related to the pandemic began to resolve. Avantium Catalysis continued to be affected by COVID-19 travel

restrictions, which prevented installations, maintenance and upgrades of Flowrence® systems at customers' sites. However, the division was able to maintain business continuity in contract research – running catalysis experiments on behalf of customers throughout the year. Avantium's consolidated revenues increased by 11% from €9.9 million in 2020 to €10.9 million in 2021.

During 2021, Avantium continued to manage its cash prudently. The company's cash position (including restricted cash) was €34.9 million as at 31 December 2021, as a result of a successful capital raise that took place in April 2021, raising €27.8 million through an accelerated bookbuild. Net cash outflow (cash flow excluding the capital raise) for the year was €18.1 million, versus €18.8 million in 2020.

Our remuneration policy for the Management Board aims to support the long-term development of the company in a highly dynamic environment. To optimally balance all relevant interests, it takes account of Avantium's long-term strategic objectives, seeks to be consistent with the company's overall remuneration policy and respects the interests and opinions of the various stakeholder groups.

In 2021, the Remuneration Committee met three times. In addition to detailed discussions on the corporate targets, and then assessment of their level of subsequent achievement, special attention was paid to the topic of further refining the strategic key performance indicators (KPIs) and considering the extent to which they could be more transparently communicated externally without releasing commercially sensitive information.

The Remuneration Committee had intended to propose, if necessary, a revision of the remuneration policy in 2022. After careful consideration, the Remuneration Committee concluded that no revisions were currently necessary. The Committee had listened carefully to shareholders' feedback on the Remuneration Report 2020 and the remuneration policy for the members of the Management Board and the Supervisory Board. This resulted in an adjusted approach in reporting, including the level of reporting transparency on target setting and achievement, which is reflected in the Remuneration Report 2021. The Committee also concluded that taking into account all relevant factors, no adjustments would be proposed to the Management Board's and senior management's remuneration at this time.

The Remuneration Committee has carefully weighed all aspects of this challenging but in many ways successful year, and has taken care to ensure that the impact of the year's events were reflected in a fair application of the remuneration policy and the assessment of this year's target achievement. The fact that Avantium made significant progress on the delivery of its business plan, and was able to meet important strategic milestones and targets, is reflected in the remuneration to be paid to the Management Board.

After careful consideration and following the proposal made by the Remuneration Committee on the target achievements for each of the goals identified for 2021, the Supervisory Board made the following decisions:

- The annual performance-related cash and non-cash variable remuneration (Bonus) for 2021 realised a target achievement of 83.75% of the on-target Bonus pay-out percentage (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 assessment of the achievement of the company's 2021 goals will form the basis for the cash incentive bonus payment to all staff, and will be used, together with the assessment of the achievement of an individual's personal goals, to determine the Management Board's and senior management's annual performance-related cash bonus component (Short-Term Incentive) and the non-cash long-term annual variable incentive component (Long-Term Incentive).
- The actual timing of the (cash) pay-out of the Bonus will be decided in Q2 2022.

Based on feedback by shareholders on the remuneration policy and the Remuneration Report 2020, as discussed during and after the General Meeting of 2021, the Remuneration Committee reviewed Avantium's decision to be restrictive with regard to the disclosure of the Management Board's exact targets, both in advance and retrospectively in view of the Remuneration Committee's assessment of the targets' realisation. Although the Committee maintains its view that these goals qualify as strategically and commercially sensitive information, it realises that more transparency towards its external stakeholders is strongly desired. The company has therefore sought to continue to evolve its level of disclosure related to corporate targets, in order, among other reasons, to confirm that the targets set are fully in line with the long-term strategy of Avantium to maximise the value of its technologies. The 2022 targets represent a list of long- and short-term goals that are aligned with the company's execution of its strategy. As an important element thereof, these goals should drive the company's performance on environmental, social and governance (ESG) criteria. As a technology leader in sustainable and circular chemicals and plastics, Avantium aims to meet ESG standards and plans to report in a transparent way on its progress in implementing its Sustainability Plan (Chain Reaction 2030).

The Remuneration Committee continues to believe that the one-off fixed award of share options to members of the Supervisory Board upon their appointment is important in attracting the required level of talent to the company. 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 the company's performance and the ongoing development and execution of its long-term strategy. The Committee believes that 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 Supervisory Board 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 need for further changes. The Remuneration Committee intends to submit an updated version of Avantium's remuneration policy for the Management Board and the Supervisory Board for approval during the 2023 General Meeting, including any updates to address further developments in remuneration practices and taking into consideration any adjustments resulting from remuneration benchmark assessments and feedback received from shareholders. We remain committed to remuneration practices and policies that allow us to attract, retain and motivate high-performing employees while paying close attention to appropriate alignment with all stakeholders.

I look forward to discussing the policy and actual remuneration practices in the 2022 Annual General Meeting of Shareholders, 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 2021. 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 18 May 2022 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 this remuneration policy in 2022. After careful consideration, the Remuneration Committee concluded not to endorse any revisions this year. Revisions would primarily comprise adjustments resulting from the Committee's due consideration to the feedback received from shareholders on the Remuneration Report 2020 and the remuneration policy for the members of the Management Board and the Supervisory Board. The Remuneration Committee concluded that the adjusted approach in

reporting, including its level of reporting transparency on target setting and achievement, may for this year be addressed in the Remuneration Report 2021. It furthermore concluded that given that the Management Board's and senior management's remuneration continues to fall within a competitive range of approximately 20% around the median market levels payable within the reference groups of industrial companies in our sector, no adjustments are proposed at this time.

Based on feedback from shareholders on the remuneration policy and the Remuneration Report 2020, as discussed during and after the General Meeting of 2021, the Remuneration Committee reviewed Avantium's decision to be restrictive on the disclosure of the Management Board's exact actual targets, both in advance and retrospectively in view of the Remuneration Committee's assessment of the targets' realisation. Although the Committee maintains its view that these qualify as strategically and commercially sensitive information, it realises that more transparency towards its external stakeholders is strongly desired, among other reasons in order to confirm that the targets set are fully in line with the long-term strategy of Avantium to maximise the value of its technologies.

The 2022 targets represent a list of long- and short-term goals that are aligned with the company's execution of its strategy. As an important element thereof, these goals should drive the company's performance on environmental, social and governance (ESG) criteria. As a technology leader in sustainable and circular chemicals and plastics, Avantium aims to meet ESG standards and plans to report in a transparent way its progress on implementing its Sustainability Plan (Chain Reaction 2030).

The Remuneration Committee 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 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.

The Remuneration Committee intends to submit an updated version of Avantium's remuneration policy for the Management Board and the Supervisory Board for approval during the 2023 Annual

General Meeting of Shareholders, including any updates to address further developments in remuneration practices or to take into consideration any adjustments resulting from remuneration benchmark assessments and feedback received from shareholders during and prior to the General Meeting.

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 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, US 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.

Management Board Remuneration 2021

The remuneration paid to the members of the Management Board in 2021 was based on Avantium's remuneration policy and its governance process.

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 (LITP) 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.

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 2021 the full year base salary of the CEO, Tom van Aken, remained at €267,800. The full year base salary for the CFO, Bart Welten, remained at €235,000.

In view of the COVID-19 pandemic and owing to the partial achievement of the company's strategic goals in 2020, at the request of the Management Board, any considered salary increases were not implemented in 2021.

ii) Short-Term Annual Variable Remuneration

The objective of the short-term annual variable 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 downwards 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 and 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 and 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, in relation to Avantium's strategy and long-term objectives, as set out in the remuneration policy (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). 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 2021. The operational performance targets are financial targets, consisting of budget cash runway components.

Although Avantium maintains its view that detailed targets qualify as strategically and commercially sensitive information, it realises that more transparency towards its external stakeholders is strongly desired, both in advance on target setting and retrospectively in view of the Remuneration Committee's assessment of the targets' realisation. Among other reasons, this will confirm that the targets set are fully in line with the long-term strategy of Avantium to maximise the value of its technologies.

For the annual bonus 2021, 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 2021, the performance targets and their relative weighting were set in the middle of February 2021 as follows:

Name	Weight factor	Target
T.B. van Aken	73%	Strategic Differentiators
	8%	Commercial Performance
	20%	Operational Performance
B.J.J.V. Welten	73%	Strategic Differentiators
	8%	Commercial Performance
	20%	Operational Performance

As set out in the section 'Letter from the Chair of the Remuneration Committee', 2021 was a defining year for Avantium on its way to commercialising its breakthrough technologies. Avantium made significant progress in the execution of its business plan, and an important number of strategic targets were met in 2021.

The Remuneration Committee has carefully weighed all aspects of this challenging but in many ways successful 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 and this year's target achievement. The fact that Avantium made significant progress on the delivery of its business plan, and was able to meet some of its important strategic milestones and targets, is reflected in the remuneration to be paid to the Management Board.

After careful consideration and following the proposal made by the Remuneration Committee on the target achievements for each of the goals identified for 2021, the Supervisory Board made the following decisions:

- The annual performance-related cash and non-cash variable remuneration (Bonus) realised a target achievement of 83.75% of the maximum of 100% of the on-target Bonus pay-out percentage.
- The evaluation of the company's 2021 targets will form the basis for the cash incentive bonus payment to all staff, and will be used to determine the pay-out to the Management Board and senior management's annual performance related cash bonus component (Short-Term Incentive) and the non-cash long term annual variable incentive component (Long-Term Incentive).
- The actual timing of the (cash) pay-out of the Bonus will be decided in Q2 2022.

In line with Avantium's performance in 2021, as set out in the Annual Report (section 'The Value We Created in 2021'), it was concluded that Strategic Differentiator targets were partly achieved, Commercial targets were partly achieved and Operational Performance targets were partly achieved. This resulted in the conclusion of the Supervisory Board that 83.75% of the targets have been achieved. The Supervisory Board has not used any upwards or downwards discretion.

The overall average achievement of the Management Board members for performance year 2021 amounts therefore to 83.75% of the maximum achievable bonus. The maximum achievable bonus for Tom van Aken is 70% (therefore resulting in a variable remuneration for 2021 of 59% of his annual base salary). The maximum achievable bonus for Bart Welten is 50% (therefore resulting in a variable remuneration for 2021 of 42% of his annual base salary).

Name	Weight factor	Target	Measured performance	Total performance in 2021
T.B. van Aken	73%	Strategic Differentiators	91%	84%
	8%	Commercial Performance	67%	
	20%	Operational Performance	63%	
B.J.J.V. Welten	73%	Strategic Differentiators	91%	84%
	8%	Commercial Performance	67%	
	20%	Operational Performance	63%	

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 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. Based on the feedback from shareholders on the remuneration policy and the Remuneration Report 2020, as discussed prior to and after the General Meeting of 2021, the delivery of the Matching Shares requires a clarification. These Matching Shares are delivered by the company at the end of the five-year retention (lock-up) period of the Investment Shares.

The objective of the plan is that Management Board members build an equity position in the company.

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 are fully vesting on the third anniversary following the date of the award. The exercise period of the Options will be up to five years after the date of vesting. Based on the feedback from shareholders on the remuneration policy and the Remuneration Report 2020, as discussed prior to and after the General Meeting of 2021, the vesting period of the Options requires a clarification. The Options vest at the end of a three-year vesting term and not on an annual pro rata basis during this three-year vesting period. Only in the event that the member of the Management Board is no longer employed by the company at the date of vesting will the number of options be decreased as provided for in the ESOP (depending on the employment termination date and cause of leave, on an annual pro rata basis during a period of three years).

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 2021, 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 2021.

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 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.

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 ¹¹	Short-term bonus ¹²	Long-term award ¹³	Post-employee benefits			
Management Board member								
T.B. van Aken								
2021	268	25	157	119	20	589	53%	47%
2020	268	26	—	127	19	440	71%	29%
B.J.J.V. Welten								
2021	235	27	98	25	27	411	70%	30%
2020	228	26	—	25	25	304	92%	8%
Total - 2021	503	52	255	144	46	1,000	60%	40%
Total - 2020	495	52	—	152	44	744	80%	20%

The total remuneration based on IFRS in 2021 for Tom van Aken amounted to €584,000 (2020: €430,000) due to the share-based payment expenses of €114,000 recognised during the year (2020: €117,000). The total remuneration based on IFRS in 2021 for Bart Welten amounted to €439,000 (2020: €307,000) due to the share-based payment expenses of €52,000 recognised during the year (2020: €29,000).

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 2021 remuneration of all Avantium employees vis-à-vis the 2021 remuneration of the CEO. Since 2020, we have also included pension contributions and long-term incentive components.

¹¹ Other benefits mainly include contributions to social security plans and benefits in kind such as company cars, medical expenses and legal expenses.

¹² Including the cash and non-cash part of the awarded bonus for the specific performance year.

¹³ 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 2021 pay ratio is 6:1 for the CEO. The pay ratio for 2020 would have been 5:1 based on the specific guidance provided by the Monitoring Commissie Corporate Governance Code in December 2020 on the calculation methodology of the pay ratio.¹⁴

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.

(In €1,000)	2021	% change	2020	% change	2019	% change	2018	% change	2017
Management Board member									
T.B. van Aken	589	34%	440	2%	432	41%	306	-17%	368
B.J.J.V. Welten	411	35%	304	0%	—	0%	—	0%	—
F.C.H Roerink (former CFO)	—	0%	—	-100%	616	120%	280	-13%	321
Average employee salary	91	12%	81	15%	70	0%	70	7%	66

	2021	% change	2020 ¹⁵	% change	2019	% change	2018	% change	2017
Total company performance	84%	—%	—%	-100%	65%	122%	29%	-66%	86%
Strategic Differentiators	73%	—%	—%	-100%	67%	168%	25%	-63%	68%
Commercial Performance	8%	—%	—%	-100%	55%	175%	20%	-80%	100%
Operational Performance	20%	—%	—%	-100%	100%	11%	90%	-10%	100%

The table includes information on a four-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.

¹⁴ Starting as of 1 January 2021, the value of the share-based component of the remuneration is determined at the time of assignment in accordance with the applicable rules under IFRS. Before 1 January 2021, the value of the share-based component of the remuneration was determined based on the value of the options that vested during the year and the net of the share price at vesting date less the exercise price.

¹⁵ The company's performance and achievement of the performance measures for 2020 was set to zero percent herein; as the Management Board and senior management decided to forfeit their respective annual cash bonus, the company elected 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 during the year	Shares vested during the year	Value of matching shares vested during the year in EUR ¹⁶	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	—	—	413	2,216	—	—
		n/a	14/5/2020	14/5/2023	14/5/2025	15,365	—	—	5,122	27,452	10,243	—
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
Total Management Board members						45,612	—	—	5,535	29,668	10,243	22,806
Total former Management Board members						7,719	—	—	—	—	—	7,719

¹⁶ 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 ¹⁷	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	—	—	—	—	—	50,000
		28/3/2018	28/3/2021	8 years	5.34	50,000	—	—	2,778	—	—	50,000
		16/5/2019	16/5/2022	8 years	2.60	100,000	—	—	33,333	64,521	11,111	88,889
14/5/2020	14/5/2023	8 years	3.59	50,000	—	—	16,667	24,679	22,222	27,778		
19/5/2021	19/5/2024	8 years	4.56	—	50,000	—	11,111	—	38,889	11,111		
B.J.J.V Welten, CFO	ESOP	14/5/2020	14/5/2023	8 years	3.59	50,000	—	—	16,667	24,679	22,222	27,778
		19/5/2021	19/5/2024	8 years	4.56	—	30,000	—	6,667	—	23,333	6,667
Total Management Board members						629,157	80,000	—	87,222	113,878	117,778	591,379

In 2021, 80,000 additional share options were granted to the Management Board. The share-based payment expenses of the Management Board of €167,000 comprise the part of the share-based compensation (note 12) contributable to the share options granted in previous years.

¹⁷ 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.

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 the year	Value of share options exercised during the year ¹⁸	Share options unvested as at 31 December	Share options vested as at 31 December
F.C.H. Roerink, former CFO	ESOP	4/11/2010	4/11/2013	10 years	0.10	16,500	(16,500)	—	—	108,930	—	—
		30/11/2011	30/11/2014	10 years	0.10	90,000	(90,000)	—	—	560,851	—	—
		1/10/2015	15/3/2017	10 years	0.10	14,300	(14,300)	—	—	84,272	—	—
		2/3/2017	15/3/2017	10 years	0.10	13,000	(13,000)	—	—	76,611	—	—
		28/3/2018	28/3/2021	8 years	5.34	18,333	(18,333)	—	—	99 ¹⁹	—	—
		16/5/2019	16/5/2022	8 years	2.60	13,333	—	—	—	—	—	13,333
		Total former Management Board members				165,467	(152,133)	—	—	831,662	—	13,333

¹⁸ 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.

¹⁹ The exercise of this series resulted in limited proceeds due to the series not being in the money at the time of exercise.

Management Board Remuneration 2022

The Remuneration Committee intended to propose, if necessary, a revision of this remuneration policy in 2022. After careful consideration, the Remuneration Committee concluded not to endorse any revisions this year. Revisions would primarily comprise adjustments resulting from the Committee's due consideration to the feedback from shareholders on the Remuneration Report 2020 and the remuneration policy for the members of the Management Board and the Supervisory Board. The Remuneration Committee concluded that the adjusted approach in reporting, including its level of reporting transparency on target setting and achievement, may for this year be addressed in the Remuneration Report 2021. It furthermore concluded that given that the Management Board's and senior management's remuneration continues to fall within a competitive range of approximately 20% around the median market levels payable within the reference groups of industrial companies in our sector, no adjustments are proposed at this time.

For 2022, salary increases for the Management Board and senior management are not yet considered; such may be addressed in due course.

As per the Remuneration Policy, 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 and the sustained company future in reaching its long-term strategic objectives.

Based on feedback from shareholders on the remuneration policy and the Remuneration Report 2020, as discussed during and after the General Meeting of 2021, the Remuneration Committee reviewed Avantium's decision to be restrictive on the disclosure of the Management Board's exact actual targets, both in advance and retrospectively in view of the Remuneration Committee's assessment of the targets' realisation. Although it maintains its view that these qualify as strategically and commercially sensitive information, the Committee realises that more transparency towards its external stakeholders is strongly desired, in order, among other reasons, to confirm that the targets set are fully in line with the long-term strategy of Avantium to maximise the value of its technologies.

For 2022, the targets represent a list of long- and short-term goals that are aligned with the company's execution of its strategy. As an important element thereof, these goals should drive the company's performance on environmental, social and governance (ESG) criteria. As a technology leader in sustainable and circular chemicals and plastics, Avantium aims to meet ESG standards and plans to report in a transparent way its progress on implementing its Sustainability Plan (Chain Reaction 2030). The Remuneration Committee therefore recommended to the Supervisory Board to include additional performance measures on ESG criteria in the performance measures mix.

For the annual bonus 2022, the performance measures therefore include ESG performance targets in addition to the mix of strategic, commercial and operational performance targets. Their focus and relative weighting will be as reflected in the below table:

Performance measure	CEO	CFO
Strategic	60%	40%
Commercial	15%	15%
Operational	15%	35%
ESG	10%	10%
Total performance	100%	100%

These targets are only being disclosed to the extent they are not share-price or competition sensitive. For this reason, some of these targets are reflected with a generic description.

The maximum achievable bonus for Tom van Aken is 70% of his annual base salary. The maximum achievable bonus for Bart Welten is 50% of his annual base salary.

Performance measure	Objective	Target
Strategic	Secure financing and partnerships	<ol style="list-style-type: none"> 1. Ensure that the group's business operations are timely, prudently and sufficiently funded, on the basis of obtaining the mandate from its shareholders to raise €45 million in equity capital and against satisfactory conditions. 2. Secure sustainable progress in the area of partnerships.
Strategic	Achieve strategic milestones	<ol style="list-style-type: none"> 1. Timely execute Financial Close following Renewable Polymers' positive FID. 2. Meet strategic milestones in relation to the Cosun Beet Company joint venture partnering.
Strategic	Business & Technology Planning	Meet strategic milestones in relation to Avantium's earlier-stage technologies.

Performance measure	Objective	Target
Commercial	Drive commercial performance	<ol style="list-style-type: none"> 1. Meet strategic milestones on Renewable Polymers offtake commitments. 2. Meet Catalysis business performance parameters.
Operational	Drive operational performance	<ol style="list-style-type: none"> 1. Meet EPC milestones and financials. 2. Meet Ray Technology operational milestones.
ESG	Chain Reaction 2030 implementation	<ol style="list-style-type: none"> 1. Ecological: complete certified LCAs for YXY Technology (PEF) and Ray Technology (plantMEG, plantMPG). 2. Operations: calculate direct GHG emissions from our Flagship Plant, pilot plants and laboratory activities and improve on the baseline. 3. Supply chain: develop and initiate a supplier code of conduct and product stewardship plan. 4. People: establish a diversity and inclusion plan (including KPIs) and improve on the baseline.
ESG	Safety and health	<ol style="list-style-type: none"> 1. Safety #1 organisation: 0 accidents using OSHA LTI classification. 2. Engage staff and minimise staff turnover <10% (FY).

Supervisory Board Remuneration 2021

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 2021.

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 2021, 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.

Based on the feedback by shareholders on the remuneration policy and the Remuneration Report 2020, as discussed prior to and after the General Meeting of 2021, the vesting period of the Options requires a clarification. The Options vest at the end of a three-year vesting term and not on an annual pro rata basis during this three-year vesting period. Only if the membership of a member of the Supervisory Board is terminated or has ended prior to the date of vesting will the number of options be decreased as provided for in the ESOP (on an annual pro rata basis during a period of three years). 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 exercise period of the Options will be up to four (4) years after the date that the awarded Options have fully vested.

Total Overview of Supervisory Board Remuneration 2021

(In €1,000)	Fixed remuneration		Variable remuneration		Total remuneration	% of fixed remuneration	% of variable remuneration
	Membership ²⁰	Committees	Other compensation ²¹	Long-term award ²²			
E. Moses	66	13	—	42	121	65%	35%
M.B.B. Jou	40	15	—	15	70	79%	21%
C.A. Arnold	35	13	5	—	53	91%	9%
M.G. Kleinsman	40	10	—	—	50	100%	—%
G.E. Schoolenberg	35	9	—	—	44	100%	—%
Total - 2021	216	60	5	57	338	82%	18%

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)	2021	2020	2019	2018	2017
E. Moses	121	133	3	—	—
M.G. Kleinsman	50	50	50	50	27
M.B.B. Jou	70	47	—	—	—
C.A. Arnold	53	14	—	—	—
G.E. Schoolenberg	44	13	—	—	—
Total Supervisory Board members	338	257	53	50	27
Remuneration of former Supervisory Board members					
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
Total former Supervisory Board members	—	44	209	235	154
Total remuneration	338	301	262	285	181

²⁰ 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 rata basis). The 2021 membership fees exclude the fees covering the onboarding period of Nils Björkman prior to his appointment, amounting to €13,000.

²¹ Other compensation includes expenditures related to travel.

²² 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.

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	
J.S. Wolfson (former member)	ESOP	2/3/2017	2/3/2020	10 years	9.80	
J.M. van der Eijk (former member)	ESOP	2/3/2017	2/3/2020	10 years	9.80	

Information regarding the reported financial year										
	Specification of plan	Number of 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 ²³	Value of share options exercised during the year ²⁴	Share options unvested as at 31 December	Share options vested as at 31 December
E. Moses	ESOP	85,000	—	—	—	28,333	41,954	—	37,778	47,222
M.B.B. Jou	ESOP	30,000	—	—	—	10,000	14,807	—	13,333	16,667
C.A. Arnold	ESOP	30,000	—	—	—	10,000	—	—	16,667	13,333
J.S. Wolfson (former member)	ESOP	4,000	—	—	—	—	—	—	—	4,000
J.M. van der Eijk (former member)	ESOP	4,000	—	—	—	—	—	—	—	4,000
Total Supervisory Board members		145,000	—	—	—	48,333	56,761	—	67,778	77,222
Total former Supervisory Board members		8,000	—	—	—	—	—	—	—	8,000

As per 31 December 2021, the following Supervisory Board members held Options:

- 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 Schoonenberg chose not to receive the award.

²³ 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.

²⁴ 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.

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. Based on the feedback from shareholders on the remuneration policy and the Remuneration Report 2020, as discussed prior to and after the General Meeting of 2021, the company, in particular the Remuneration Committee, understands that this deviation from the Dutch Corporate Governance Code Best Practice Provision 3.3.2 continues to be a controversial remuneration topic. The company would like to continue the dialogue on this topic in view of an updated remuneration policy.



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

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