

# Corbion Annual Report 2020



**Corbion**  
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# Remuneration report

## Remuneration Board of Management

### Remuneration policy and its implementation in 2020

To ensure Corbion's development as a successful sustainable ingredient solutions company, the objective of the remuneration policy for the Board of Management is to create internationally competitive remuneration packages and employment conditions, which align the interests of the Board of Management with the strategic direction and horizon of the company, with a strong emphasis on performance-related pay and long-term value creation. The policy is in place since 2020 following approval by the annual General Meeting of Shareholders in that same year. The full remuneration policy is available on [our website](#). This section describes how the remuneration policy has been implemented in 2020.

The implementation of the remuneration policy contributes to long-term value creation, as the long-term incentive for the Board of Management is aimed at longer-term value creation in line with stakeholder interests, measured over a performance period of three calendar years. To ensure that short-term performance also leads to sustainable long-term value creation, the short-term and long-term incentive performance metrics are aligned (with the long-term incentive having two additional metrics). The reward for long-term performance is deliberately set higher than the short-term award to emphasize the priority of value creation and sustainability for the long term. In implementing the remuneration policy scenario analyses have been taken into consideration.

### Remuneration reference levels

The total remuneration levels – base salary, benefits allowance, short-term incentive, and long-term incentive – are based on a combined international reference group of more than twenty companies, selected based on size, all within the international guidelines as set by leading shareholder advisors (ISS). Included are nine European biotechnology companies that are active in the same or comparable industries as the company. In addition, eleven Dutch general industry companies have been selected that operate within the same governance system and societal context. Every two years a reference check is performed to independently benchmark the total compensation levels against market levels.

### Base salary

Members of the Board of Management are entitled to a base salary. Based on median market data the base salary for the CEO will be set between € 525,000 and € 625,000. For the CFO base pay is set between € 325,000 and € 425,000. The Supervisory Board will review these ranges every two years and adjust them if the median market data of the reference group justifies any such adjustment. The individual pay of the Board members will be determined by the Supervisory Board within the boundaries of the above ranges (from time to time), based on personal performance delivery. There are no automatic annual increases in the base salary levels.

As per 1 April 2020, the annual base salary for Olivier Rigaud (CEO) amounted to € 550,000 and that for Eddy van Rhede van der Kloot (CFO) amounted to € 400,000.

### Benefits allowance

Corbion does not provide (social) benefits such as a company car, individual retirement, medical or life insurance to members of the Board of Management. Therefore, and in accordance with the management services agreements, each member of the Board of Management is provided with a benefits allowance. This is a fixed annual amount of € 200,000 for the CEO and € 150,000 for the CFO to cover the cost of these types of expenses.

### Short-Term Incentive Plan (STIP)

#### Entitlements and performance measures

Members of the Board of Management are eligible for a short-term incentive. The STIP rewards operational execution and is aimed at strengthening and growing the Corbion business. The short-term incentive is paid out in cash. In case of additional overperformance the STIP part related to that is paid out in Corbion shares which are subject to a three-year lock-up period. The STIP pay-out at-target level is set at 60% of base salary for the CEO, and 50% for the CFO.

The performance measures are organic net sales growth, adjusted EBITDA (both as defined in the remuneration policy), and sustainability. Organic net sales growth and adjusted EBITDA each account for a weight of 40%. The remaining 20% is determined by sustainability targets which are in line with Corbion's focus areas, being safety performance and sustainability performance (verified responsibly sourced sugar, reduction of GHG emissions, % of products covered by sustainability assessment (Life Cycle Assessment), and Total Recordable Injury Rate).

#### Performance targets and pay-out levels

Annually, at the beginning of the year, the Supervisory Board sets a target level for each performance measure, based on previous-year performance, the annual budget, and the longer-term strategic plan. A threshold performance level is determined below which no pay-out is granted and a maximum performance level where maximum pay-out is reached.

The performance levels and performance bandwidths are as follows.

Metric	Performance level	Performance bandwidth*
Adjusted EBITDA	Threshold – maximum	Linear between 90% - 110% of at-target performance
	Overperformance	Linear between 110% - 120% of at-target performance
Organic net sales growth	Threshold – maximum	Linear with a range of 600 bps around at-target performance (equally divided below and above at-target)
	Overperformance	Linear up to 300 bps above maximum performance level
Sustainability	Threshold	1 out of the 4 targets is met
	Target	2 out of the 4 targets are met
	Maximum	3 out of the 4 targets are met
	Overperformance	All 4 targets are met

\* The Supervisory Board may determine narrower percentage ranges.

### Pay-out for STIP 2020

For 2020, the Supervisory Board applied the performance bandwidth as stated above. An actual pay-out level of 135% has been achieved for organic net sales growth, 169.2% for adjusted EBITDA, and 150% for sustainability. This has led to a total pay-out of 151.7% of the at-target STIP for both Olivier Rigaud and Eddy van Rhede van der Kloot. This resulted in (i) a payment in cash of € 475,200 for Olivier Rigaud and € 288,000 for Eddy van Rhede van der Kloot, and (ii) a payment in shares of 537 shares for Olivier Rigaud (representing a value of € 25,410 at the time of vesting (based on a vesting price of € 47.35) and 325 shares for Eddy van Rhede van der Kloot (representing a value of € 15,400 at the time of vesting (based on a vesting price of € 47.35).

### Long-Term Incentive Plan (LTIP)

#### Entitlements and performance measures

Members of the Board of Management are eligible for a long-term incentive. The LTIP is aimed at long-term value creation in line with the interests of all Corbion's stakeholders, measured over a performance period of three calendar years. The long-term incentive is paid out in Corbion shares which are subject to a shareholding requirement. Each year members of the Board of Management are entitled to a conditional grant of shares. The value of the conditional grant is 120% of base salary for the CEO, and 100% for the CFO.

The performance measures are relative total shareholder return (TSR) (30%), organic net sales growth (25%), adjusted EBITDA (20%), sustainability (12.5%), and return on capital employed (ROCE) (12.5%).

#### Performance targets and pay-out levels

Prior to each conditional grant the Supervisory Board sets target levels for the performance measures TSR, organic net sales growth, adjusted EBITDA, ROCE, and sustainability (verified responsibly sourced sugar, reduction of GHG emissions, % of products covered by sustainability assessment (Life Cycle Assessment), and Total Recordable Injury Rate). A threshold performance level is determined below which no pay-out is granted and a maximum performance level where maximum pay-out is reached.

The performance levels and performance bandwidths are as follows.

Metric	Performance level	Performance bandwidth*
<b>TSR</b>	Threshold – maximum	See below
<b>Adjusted EBITDA</b>	Threshold – maximum	Linear between 75% - 125% of at-target performance
<b>Organic net sales growth**</b>	Threshold – maximum	Linear with a range of 600 bps around at-target performance (equally divided below and above at-target)
<b>ROCE***</b>	Threshold – maximum	Linear between 75% - 125% of at-target performance, whereby the threshold level will be set at the weighted average of the pre-tax WACC(s) as reported in the annual report
<b>Sustainability</b>	Threshold	1 out of the 4 targets is met
	Target	2 or 3 out of the 4 targets are met
	Maximum	All 4 targets are met

\* The Supervisory Board may determine narrower percentage ranges.

\*\* The performance over a 3-year period will be calculated as the average of the annual organic net sales growth rates as reported in the respective annual reports for those 3 years.

\*\*\* The performance over a 3-year period will be calculated as the average of the annual ROCE results as reported in the respective annual reports for those 3 years.

For relative TSR performance, threshold pay-out is set at meeting the eighth position in the peer group. Target pay-out is achieved at the fourth and fifth position in the peer group and maximum pay-out is achieved at reaching the first and second position in the peer group. The following table illustrates the ranking and the corresponding vesting percentage.

Ranking	1	2	3	4	5	6	7	8	9-16
Percentage of TSR-metric-linked performance shares vesting	150%	150%	125%	100%	100%	75%	50%	50%	0%

At the end of the three-year performance period, relative TSR performance of the company versus the TSR peer group will be independently assessed by a leading bank in the Netherlands.

#### Pay-out for the LTIP 2017-2020 series and granted shares for the LTIP 2020-2023 series

The number of conditionally granted but not yet vested shares as per 1 January 2020 for each of the members of the Board of Management is as follows.

Name, position	Specification of the plan	Shares awarded, not vested per 1 January 2020
O. Rigaud, CEO	LTIP 2017-2020	0
E. van Rhede van der Kloot, CFO		11,772
O. Rigaud, CEO	LTIP 2018-2021	0
E. van Rhede van der Kloot, CFO		12,259
O. Rigaud, CEO	LTIP 2019-2022	20,865
E. van Rhede van der Kloot, CFO		12,140

The LTIP 2017-2020 series was based on the following performance measures: EBITDA (60%), Earnings per Share (EPS) (20%), and TSR (20%). For the LTIP shares conditionally granted under this plan to Eddy van Rhede van der Kloot, an actual pay-out level of 83.3% has been achieved for the EBITDA target, 67.1% for EPS, and 75% for TSR as Corbion ranked 6th in the peer group. This has led to a total pay-out of 78.4% of the at-target LTIP for Eddy van Rhede van der Kloot. The number of vested shares received by Eddy van Rhede van der Kloot is 9,229 representing a value of € 318,409 at the time of vesting (based on a vesting price of € 34.50). Eddy van Rhede van der Kloot used the option of selling shares to finance the income tax due on the vested shares.

The number of performance shares conditionally granted to Olivier Rigaud in 2020 (possible vesting in 2023) is 22,260 representing a value of € 660,009 at the time of the grant (based on a grant price of € 29.65). The number of performance shares conditionally granted to Eddy van Rhede van der Kloot in 2020 (possible vesting in 2023) amounts to 13,491 representing a value of € 400,008 at the time of the grant (based on a grant price of € 29.65).

The overview below shows the number of conditionally granted but not yet vested shares as per 31 December 2020 for each of the members of the Board of Management, the grant price of the granted shares, and the remaining vesting period.

Name, position	Specification of the plan	Grant price	Shares awarded, not vested per 31 December 2020	Vesting date
O. Rigaud, CEO	LTIP 2018-2021	25.45		May 2021
E. van Rhede van der Kloot, CFO			12,259	
O. Rigaud, CEO	LTIP 2019-2022	26.36	20,865	May 2022
E. van Rhede van der Kloot, CFO			12,140	
O. Rigaud, CEO	LTIP 2020-2023	29.65	22,260	May 2023
E. van Rhede van der Kloot, CFO			13,491	

## Overview remuneration

The total annual remuneration for the Board of Management in 2020 amounted to € 2.4 million including STIP over 2020 (2019: € 1.5 million excluding former CEO; € 3.7 million including former CEO). The table below shows the amounts the respective member of the Board of Management (i) received/was entitled to in 2020 (base salary, STIP, benefits allowance) and (ii) received/was entitled to in 2020 by way of vesting (LTIP).

Thousands of euros	Year	Base salary	STIP	LTIP	Benefits allowance	Other compensation	Relocation	Total
O. Rigaud*, CEO	2020	550	501		200			1,251
	2019	275	151		100		30	556
E. van Rhede van der Kloot, CFO	2020	400	303	318	150			1,171
	2019	398	160	283	150			991
<b>Total</b>	<b>2020</b>	<b>950</b>	<b>804</b>	<b>318</b>	<b>350</b>			<b>2,422</b>
<b>Total</b>	<b>2019</b>	<b>673</b>	<b>311</b>	<b>283</b>	<b>250</b>		<b>30</b>	<b>1,547</b>

\* Olivier Rigaud as of 1 July 2019

The ratio between the fixed remuneration (base salary and benefits allowance) versus the variable remuneration (STIP, LTIP, and other compensation) is for Olivier Rigaud 60% versus 40% (based on the at-target amounts, it would have been 43% versus 57%), and for Eddy van Rhede van der Kloot 47% versus 53%.

The table below shows the remuneration costs based on the applicable IFRS standard and does not necessarily reflect the actual amounts paid.

	IAS 24.17 category	Short-term employee benefits		Share- based payments	Post- employment benefits	Other long- term benefits	Termination benefits	Total
Thousands of euros	2020	Base salary*	STIP	LTIP	Pension benefits	Other benefits	Termination benefits	
O. Rigaud		760	501	369				1,630
E. van Rhede van der Kloot		560	303	363				1,226
<b>Total Board of Management</b>		<b>1,320</b>	<b>804</b>	<b>732</b>				<b>2,856</b>
T. de Ruiter		323	171	279	13			786
<b>Total former Board of Management</b>		<b>323</b>	<b>171</b>	<b>279</b>	<b>13</b>			<b>786</b>

	IAS 24.17 category	Short-term employee benefits		Share- based payments	Post- employment benefits	Other long- term benefits	Termination benefits	Total
Thousands of euros	2019	Base salary*	STIP	LTIP	Pension benefits	Other benefits	Termination benefits	
O. Rigaud **		410	151	135				696
E. van Rhede van der Kloot		558	160	428				1,146
<b>Total Board of Management</b>		<b>968</b>	<b>311</b>	<b>563</b>				<b>1,842</b>
T. de Ruiter		811	784	875				2,470
<b>Total former Board of Management</b>		<b>811</b>	<b>784</b>	<b>875</b>				<b>2,470</b>

\* Base salary also includes social security contributions and compensation, mainly allowances for expenses

\*\* Olivier Rigaud as of 1 July 2019

The total remuneration for each (former) member of the Board of Management complies with the remuneration policy for the Board of Management, as it stays within the boundaries of this policy and no deviations from this policy have been applied. Members of the Board of Management are on the payroll of Corbion nv; they did not receive any remuneration from a subsidiary or other company whose financials are consolidated by Corbion nv. Corbion does not grant loans, advances, or guarantees to members of the Board of Management. Corbion did not revise or claw back any variable remuneration. No severance payment has been made to members of the Board of Management.

## Internal pay ratios and five-year performance overview

In line with good corporate governance practices regarding remuneration policies, Corbion measures the internal pay ratios within the company on a yearly basis. More specifically, Corbion has calculated the pay ratio of the Board of Management relative to the average company employee. For the Board of Management, the total remuneration cost (based on IFRS) is used. The average remuneration of all Corbion employees is calculated as the total remuneration of all Corbion employees on IFRS basis (see Note 6 to the consolidated financial statements) divided by the average number of Corbion employees on an FTE basis. The average number of FTEs is calculated on a monthly basis. The average remuneration of all Corbion employees in 2020 amounted to € 87,415 (2019: € 81,934).

For the CEO, the pay ratio to the average employee is 18.6 (2019: 16.6 on an annualized basis as he started on 1 July 2019) and for the CFO it is 14.0 (2019: 14.0).

The overview below shows, for the last five financial years, the total remuneration (based on IFRS) of the former CEO (as the current CEO started in July 2019, information relating to the former CEO is used), the CFO, the average remuneration of all Corbion employees, the internal pay ratios, and the adjusted EBITDA and EPS of Corbion.

Name, position	2016	2017	2018	2019	2020
O. Rigaud, CEO (A)*					1,629 (20% <sup>***</sup> )
E. van Rhede van der Kloot, CFO (B)	896 (14%)	989 (10%)	788 (-20%)	1,146 (45%)	1,226 (7%)
T. de Ruiter, (former) CEO (C)**	2,280 (0%)	2,273 (0%)	1,805 (-21%)	2,470 (37%)	
Average salary employees (D)	85 (1%)	82 (-3%)	77 (-6%)	82 (6%)	87 (7%)
Internal pay ratio (A/D)				16.6 <sup>***</sup>	18.6
Internal pay ratio (B/D)	10.6	12	10.2	14	14
Internal pay ratio (C/D)	26.9	27.6	23.4	30.1	
Adjusted EBITDA	170.1 (13%)	164.1 (-4%)	131.6 (-20%)	145.9 (11%)	158.8 (9%)
EPS	1.74 (35%)	1.46 (-16%)	0.93 (-36%)	0.44 (-53%)	1.24 (182%)

\* Olivier Rigaud as of 1 July 2019

\*\* Tjerk de Ruiter until 8 August 2019

\*\*\* On an annualized basis as Olivier Rigaud started on 1 July 2019

## Shares in the capital of the company

As at 31 December 2020, Corbion had a capital interest of 0.63%, amounting to 371,121 shares. In 2020, Corbion has neither issued new shares nor repurchased shares for the LTIP programs for the Board of Management and (senior) management and there are no intentions to that effect in 2021.



## Share plans for employees

Corbion has an LTIP program for (senior) management, composed of around 66 employees, and an LTIP program for the Executive Committee members (not being members of the Board of Management). The long-term incentive covers a performance period of three calendar years. The LTIP performance measures are the same as for the Board of Management: TSR (30%), organic net sales growth (25%), adjusted EBITDA (20%), sustainability (12.5%), and ROCE (12.5%). For (senior) management, 30% of the total LTIP is not performance related and is only restricted to continued employment for three years.

The total number of conditionally granted but not yet vested shares as per 1 January 2020 for (senior) management and Executive Committee members (not being members of the Board of Management) is as follows.

Specification of the plan	Shares awarded, not vested per 1 January 2020
LTIP 2017-2020	75,320
LTIP 2018-2021	78,272
LTIP 2019-2022	83,263

The LTIP 2017-2020 series was based on the following performance measures: EBITDA (60%), Earnings per Share (EPS) (20%), and TSR (20%). For the LTIP shares conditionally granted under this plan to the employees jointly, an actual pay-out level of 83.3% has been achieved for the EBITDA target, 67.1% for EPS, and 75% for TSR as Corbion ranked 6th in the peer group. This has led to a total pay-out of 78.4% of the at-target LTIP for the Executive Committee members (not being members of the Board of Management). As 30% of the total LTIP is not performance related and is only restricted to continued employment for three years, the actual pay-out for (senior) management is 84.9%. The total number of vested shares received by (senior) management and Executive Committee members (not being members of the Board of Management) is 57,654 representing a value of € 1,989,063 at the time of vesting (based on a vesting price of € 34.50).

The total number of performance shares conditionally granted to (senior) management and Executive Committee members (not being members of the Board of Management) in 2020 (possible vesting in 2023) is 90,037 representing a value of € 2,669,597 at the time of the grant (based on a grant price of € 29.65).

The table below shows the number of conditionally granted but not yet vested shares as at 31 December 2020 for (senior) management and Executive Committee members (not being members of the Board of Management) jointly, the grant price of the granted shares, and the remaining vesting period.

Specification of the plan	Grant price	Shares awarded, not vested per 31 December 2020	Vesting date
LTIP 2018-2021	25.45	72,877	May 2021
LTIP 2019-2022	26.36	74,978	May 2022
LTIP 2020-2023	29.65	85,136	May 2023

## Remuneration for the Supervisory Board

Total remuneration for members of the Supervisory Board in 2020 amounted to € 0.4 million (2019: € 0.4 million).

Each member of the Supervisory Board receives an annual base fee of € 50,000; the Vice-Chairman receives € 60,000 and the Chairman € 70,000.

For membership of the Audit Committee an additional fee of € 10,000 applies and for the Chairman € 15,000. Members of the Appointment and Governance Committee, Remuneration Committee, or Science and Technology Committee receive an additional € 7,000 in fee; the fee for the Chairman of these committees amounts to € 9,000. In addition, members receive reimbursement of expenses.

<b>Breakdown remuneration Supervisory Board</b>				
	<b>IAS 24.17 category</b>	<b>Short-term employee benefits *)</b>		<b>Total</b>
<b>Thousands of euros</b>	<b>Year</b>	<b>Base fee</b>	<b>Committee fee</b>	
M. Vrijzen, Chairman (Chairman Appointment and Governance Committee / member Remuneration Committee / member Science and Technology Committee)	2020	70	23	93
	2019	70	23	93
R. Markham, Vice-Chairman (Chairman Remuneration Committee / member Appointment and Governance Committee)	2020	60	16	76
	2019	60	16	76
L. Doherty (member Audit Committee)	2020	50	10	60
	2019	50	10	60
I. Haaijer (member Audit Committee/ member Science and Technology Committee) (started 29 June 2020)	2020	25	4	29
	2019			
S. Schmitz (member Audit Committee) (started 29 June 2020; stepped down as of 14 September 2020)	2020	15	0	15
	2019			
J. de Kreij (Chairman Audit Committee)	2020	50	15	65
	2019	50	15	65
S. Riisgaard (Chairman Science and Technology Committee / member Remuneration Committee / member Appointment and Governance Committee)	2020	50	23	73
	2019	50	23	73
	<b>Total 2020</b>	<b>320</b>	<b>91</b>	<b>411</b>
	<b>Total 2019</b>	<b>280</b>	<b>87</b>	<b>367</b>

\* Excluding expenses

Members of the Supervisory Board are neither entitled to variable remuneration nor to shares in the company or any option rights relating thereto. The total remuneration for each (former) member of the Supervisory Board complies with the remuneration policy for the Supervisory Board, as it stays within the boundaries of this policy and no deviations from this policy have been applied. Members of the Supervisory Board are on the payroll of Corbion nv; they did not receive remuneration from a subsidiary or another company whose financials are consolidated by Corbion nv. Corbion does not grant loans, advances, or guarantees to members of the Supervisory Board.

## Remuneration former member of the Board of Management

Mr. Tjerk de Ruiter stepped down as CEO and Chairman of the Board of Management as at 8 August 2019. The contract of assignment with Mr. De Ruiter expired on 12 May 2020.

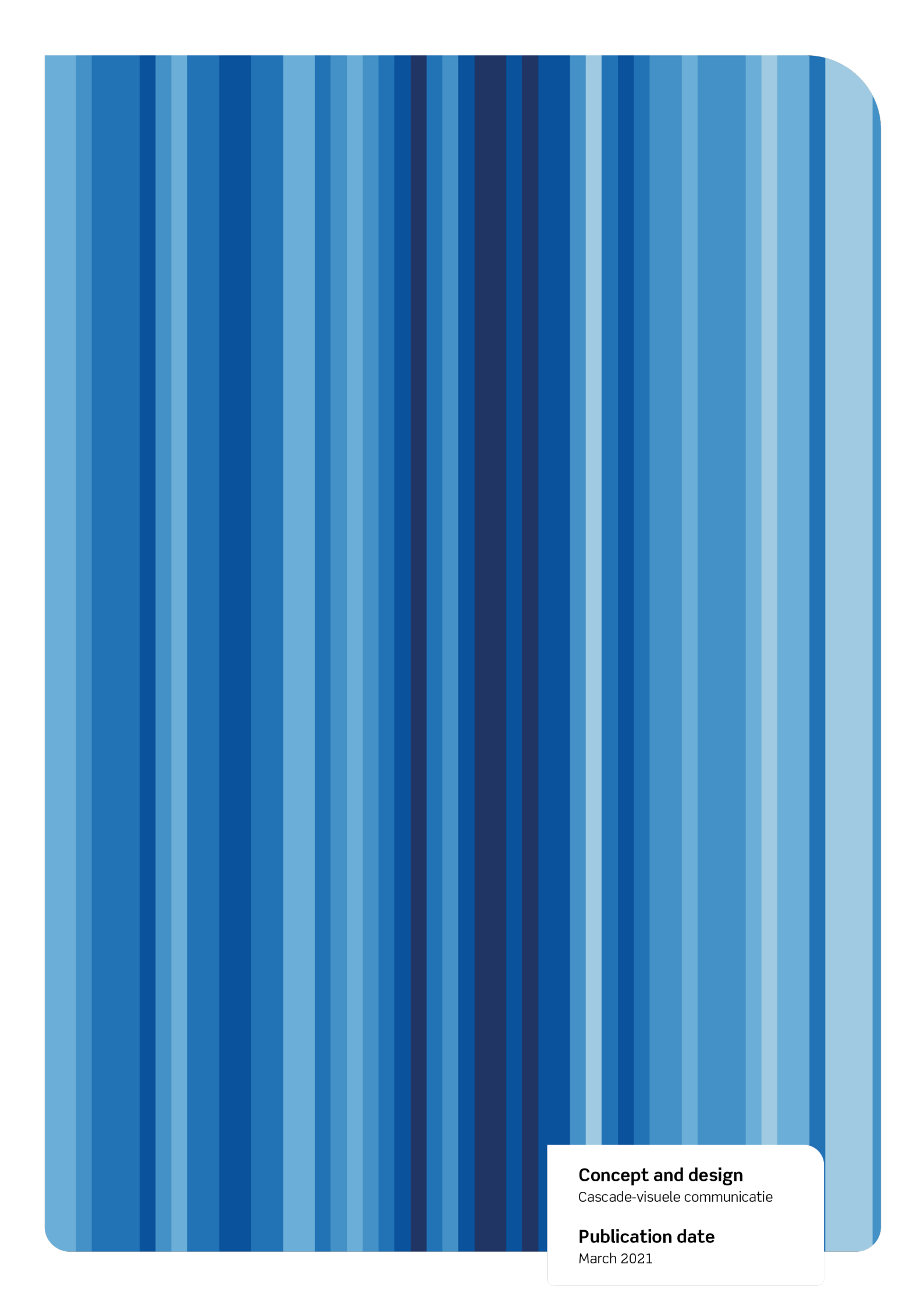
For the STIP, an actual pay-out level of 135% has been achieved for organic net sales growth, 169.2% for adjusted EBITDA, and 150% for sustainability. This has led to a total pay-out of 151.7% of the at-target STIP for Tjerk de Ruiter (pro-rata entitlement). This resulted in (i) a payment in cash of € 162,000 and a payment in shares of 183 shares (representing a value of € 8,663 at the time of vesting (based on a vesting price of € 47.35)

The LTIP 2017-2020 series was based on the following performance measures: EBITDA (60%), Earnings per Share (EPS) (20%), and TSR (20%). For the LTIP shares conditionally granted under this plan to Tjerk de Ruiter, an actual pay-out level of 83.3% has been achieved for the EBITDA target, 67.1% for EPS, and 75% for TSR as Corbion ranked 6th in the peer group. This has led to a total pay-out of 78.4% of the at-target LTIP for Tjerk de Ruiter. The number of vested shares received by Tjerk de Ruiter is 18,491. Tjerk de Ruiter used the option of selling shares to finance the income tax due on the vested shares.

The table below shows the amounts which Tjerk de Ruiter (i) received/was entitled to in 2020 (base salary, STIP, benefits allowance) and (ii) received/was entitled to in 2020 by way of vesting (LTIP).

Thousands of euros	Year	Base salary	STIP	LTIP	Benefits allowance	Special share award	Other compensation	Relocation	Total
T. de Ruiter (former CEO)	2020*	225	171	591	75			40	1,102
	2019	600	284	555	200		500		2,139

\* Until 12 May 2020



**Concept and design**

Cascade-visuele communicatie

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