

## **PROPOSAL TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2024**

Date: 2 April 2024

### **Background and Introduction to the Remuneration Policy for the Supervisory Board**

Avantium N.V.'s (**Avantium** or the **Company**) current remuneration policy was approved by the annual general meeting of shareholders in 2020. This remuneration policy included both the remuneration policy with respect to the management board (the **Management Board**) and Supervisory Board (the **Supervisory Board**). The Supervisory Board, upon recommendation of the Company's remuneration committee (the **Remuneration Committee**), proposes to amend the current remuneration policy and to split it into remuneration policies for the Management Board and the Supervisory Board, respectively. This proposal is made following an extensive consultation with shareholders and other stakeholders.

In accordance with Article 2:135a (2) of the Dutch Civil Code, every four years the Company needs to submit for adoption to the general meeting of shareholders an updated remuneration policy for both the Management Board (the **Management Board Remuneration Policy**) and the Supervisory Board (the **Supervisory Board Remuneration Policy**), taking into consideration any adjustments required on the basis of Dutch legislation or EU directives, shareholders' and shareholder representatives' feedback, and other changes deemed necessary based on remuneration trends and benchmarking.

As the last policies were adopted in 2020, the updated remuneration policies for the Management Board and the Supervisory Board will be proposed for adoption by the annual General Meeting in 2024.

Avantium is fast approaching the greatest inflection point in its history, marking the successful completion of Avantium's transition from an R&D company to a commercial organisation. In preparing for the updated remuneration policies, we have concluded a review to assess whether our established policy serves us well in attracting and retaining the desired Management Board and Supervisory Board members, and whether we are providing compensation in line with our values and long-term interests.

The objective of the Supervisory Board Remuneration Policy is to enable Avantium to attract and retain qualified Supervisory Board members, which together compose a diverse and balanced Supervisory Board with the appropriate level of skills, competences and experience required to properly supervise the (execution of the) strategy and the Company's performance. As such the remuneration policy supports the long-term development of the Company in this important phase, while aiming to fulfil all stakeholders' requirements and keeping an acceptable risk profile.

In developing this proposal, we worked with independent external advisors and continued our dialogue with our shareholder base and other stakeholders, both internal and external, to ensure that we consider their valuable input and perspectives as well as the appropriate (societal) context, and that we achieve alignment on expectations.

In our 2024 annual general meeting of shareholders (the **General Meeting**), we propose a number of changes which are described in detail in the draft Supervisory Board Remuneration Policy attached to this document. In this document we take the opportunity to highlight the key changes to the existing policy.

**Supervisory Board Remuneration Policy**

**1. Remuneration benchmark**

The Remuneration Committee conducted a limited remuneration benchmark assessment of the market competitiveness of the current compensation package of the members of the Supervisory Board, in preparation of submitting an updated Supervisory Board Remuneration Policy to the General Meeting for approval.

The limited benchmark assessment took place in view of the fact that since 2017, no changes were made to the fixed fee remuneration for the Supervisory Board. This limited review showed that compensation levels were below the median of companies of comparable size, complexity, geography, governance framework, scope and type of industry.

Given the intensity of the Supervisory Board’s involvement and their time spent in this important phase of the Company, whereby their broad international background and their personal skills, competences and experience required to oversee Avantium’s (execution of) long-term strategy and performance are of great importance to the Company, the proposal to the General Meeting is to increase the gross annual fees of the Supervisory Board as follows:

<b>Position</b>	<b>Proposed annual fee (gross)</b>	<b>Annual fee (gross) under the policy</b>	<b>% increase in fees</b>
Membership of the Supervisory Board	€ 45,000	€ 40,000	13%
Chairmanship of the Supervisory Board	€ 40,000 (additional)	€ 35,000 (additional)	14%
Membership of a committee of the Supervisory Board	€ 6,000 (per committee)	€ 5,000 (per committee)	20%
Chairmanship of the audit committee of the Supervisory Board	€ 10,000 (additional)	€ 5,000 (additional)	100%

**2. Replacing the existing ESOP  
Introduction of a RSU based Plan**

We have taken due note of our shareholders’ and shareholder representatives’ feedback in view of Best Practice Provision 3.3.2 of the Dutch Corporate Governance Code (the **Code**) related to the remuneration of Supervisory Board Members, which states that Supervisory Board members should not receive remuneration in the form of shares and/or rights to

shares. Avantium is committed to applying the principles and best practice provisions of the Code. The Code recognises that a “one-size fits all” approach does not work for a Company's governance structure by definition, and deviations can be justified. The comply-or-explain principle stresses the responsibility of the boards for the Company's governance structure and the compliance with the Code, and must provide a clear explanation on a deviation.

To continue to attract and retain top talent in a competitive global environment, and to help the Supervisory Board create sustainable added value, the Remuneration Committee maintains its view on the principle of a one-off share-based award to members of the Supervisory Board upon their appointment (and any subsequent re-appointment) and that therefore a deviation to Best Practice Provision 3.3.2 of the Code is justified. The remuneration package for its Supervisory Board members should continue to 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 development and execution of Avantium's long-term strategy.

The current remuneration policy allows the award of a one-off fixed award of options related to the Supervisory Board member's appointment under the 2016 Avantium Employee Stock Option Plan (**ESOP**) for all key employees, senior management, members of the Management Board and the Supervisory Board. As set out in the Management Board Remuneration Policy, we propose a full revamp of our incentive plans. In it, we will no longer grant awards under the ESOP to the members of the Supervisory Board, which will end once there are no more outstanding obligations under the incentive plans.

It is proposed to the General Meeting to adopt a new equity-based incentive plan in the form of restricted share units (**RSUs**) (the **RSU Plan**). Upon (re-) appointment, shares will be awarded to members of the Supervisory Board in the form of RSUs.

The RSUs are non-performance-based instruments and aim to contribute to the alignment between the interests of the Supervisory Board and other shareholders. The terms and conditions of the RSU Plan will apply.

Based on an appointment or re-appointment term of four (4) years, the number of RSUs to be granted to Supervisory Board members is:

- I. A fixed grant of 55,000 shares upon (re-)appointment of the Chair of the Supervisory Board; and
- II. A fixed grant of 20,000 shares upon (re-)appointment of other members of the Supervisory Board.

### **3. Governance – additional Governance Provision**

The Supervisory Board proposes to include provisions to allow for the possibility for the Supervisory Board to adjust a Supervisory Board member's variable remuneration if specific circumstances so require.

The Supervisory Board furthermore proposes to include provisions to allow for the Supervisory Board to grant additional remuneration in special circumstances.

#### **4. Consultation, dialogue with internal and external stakeholders**

As part of our recurring engagement with internal and external stakeholders on remuneration topics, the Supervisory Board met with shareholders, shareholder representatives and the works council.

In proposing the changes, we have taken due note of our shareholders' and shareholder representatives' feedback. The most important feedback from the external stakeholder engagement sessions evolved around the Company's maintained view on the principle of a one-off share-based award to members of the Supervisory Board upon their appointment (and any subsequent re-appointment). We refer to the section 2 hereof.

## **SUPERVISORY BOARD REMUNERATION POLICY**

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

#### **Introduction**

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

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

#### **Adoption**

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

## 1. Remuneration principles

The Supervisory Board Remuneration Policy supports the long-term development and strategy of the Company, while aiming to fulfil all stakeholders' requirements and keeping an acceptable risk profile. The Supervisory Board ensures that the policy and its implementation are linked to Avantium's strategic goals and objectives, and it is designed to encourage behaviour that is focused on long-term value creation for all stakeholders, while the highest standards of good corporate governance are adopted. The level of support from relevant stakeholders and in society for its remuneration policy is important and is taken into account. The Supervisory Board considers the external environment in which the Company operates, the relevant statutory provisions and provisions of the Dutch Corporate Governance Code 2022 (the **Code**), competitive market practice and input from Avantium's major shareholders. Furthermore, advice has been obtained from an external remuneration expert, as well as from the works council.

### 1.1. Objectives and Principles

The remuneration of the Supervisory Board serves the following objectives and principles:

- (i) enabling Avantium to attract and retain diverse Supervisory Board members with a broad international background and the right balance of personal skills, competences and experience required to oversee Avantium's (execution of) long-term strategy and performance;
- (ii) incentivising and rewarding Supervisory Board members for the utilisation of their skills and competences to the maximum extent possible to execute the tasks delegated to them including but not limited to tasks and responsibilities imposed by the Dutch Civil Code, the Code and the Company's articles of association (the **Articles of Association**);
- (iii) reflecting the responsibilities of the role and the time spent, it shall promote an adequate performance of their role;
- (iv) being transparent and compliant; and
- (v) fostering alignment with Avantium's long-term strategy and contributes to the long-term value creation of Avantium, serving the interests of all stakeholders.

As a reference, the remuneration of the Supervisory Board is benchmarked to market practice, predominantly against the reference group. As a guiding principle, the total fixed remuneration of the Supervisory Board should approach the median of the market reference.

The performance of the Supervisory Board is safeguarded through its yearly self-evaluations (in accordance with best practice provision II.2.6 of the Code) and the (re)appointment process.

## 2. Supervisory Board remuneration - components

### 2.1. Introduction

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

- (i) annual fee;
- (ii) restricted stock units; and
- (iii) travel expenses and other expenses.

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

### 2.2. Annual fee

The annual fee of the Supervisory Board members shall be as follows:

<b>Position</b>	<b>Annual fee (gross)</b>	<b>Annual fee (gross) 2020 policy</b>	<b>% change in fees</b>
Membership of the Supervisory Board	€ 45,000	€ 40,000	13%
Chairmanship of the Supervisory Board	€ 40,000 (additional)	€ 35,000 (additional)	14%
Membership of a committee of the Supervisory Board	€ 6,000 (per committee)	€ 5,000 (per committee)	20%
Chairmanship of the audit committee of the Supervisory Board	€ 10,000 (additional)	€ 5,000 (additional)	100%

All amounts mentioned in this Supervisory Board Remuneration Policy are gross amounts.

A premium is deemed appropriate for specific roles, such as Chair of the Supervisory Board, Chair of the audit committee or committee roles within the Supervisory Board.

For the historical overview of awards and all outstanding rewards (including the previous incentive plans), please refer to the Company's annual remuneration report.

### **2.3. Restricted stock units**

Effective as of 1 January 2024, a new equity-based incentive plan in the form of a restricted share units (**RSUs**) will be introduced (the **RSU Plan**). Upon (re-) appointment, shares will be awarded to members of the Supervisory Board in the form of RSUs. The RSUs are non-performance-based instruments. The terms and conditions of the RSU Plan will apply.

Based on an appointment or re-appointment term of four (4) years, the number of RSUs to be granted to Supervisory Board members is:

- I. A fixed grant of 55,000 shares upon (re-)appointment of the Chair of the Supervisory Board; and
- II. A fixed grant of 20,000 shares upon (re-)appointment of other members of the Supervisory Board.

Vesting of RSUs takes place on an annual pro rata basis during a period of four years as of the date of the grant, therefore fully vesting on the fourth anniversary following the date of the grant. If the membership of a member of the Supervisory Board is terminated / ends prior to the date of vesting, the number of shares will be decreased depending on the Supervisory Board member's end date, on an annual pro rata basis during the period of four years. Settlement of RSUs takes place in ordinary shares.

A lock-up period of one year applies from the date that the shares have fully vested.

Members of the Supervisory Board are not entitled to any dividend equivalents during the period that the RSUs have not vested.

The number of RSUs awarded may be adjusted in the event of a change in the Company's share capital that affects the value of awards made under the RSU Plan (including but not limited to a stock split and recapitalisations).

Customary sell-to-cover and net settlement clauses are part of the RSU Plan, based on which the directors are entitled to dispose of shares / RSUs as soon as they have become unconditional, in deviation from the applicable holding period and other conditions, to meet applicable tax obligations.

In the event of a change of control, the Supervisory Board may determine that: (i) the RSUs will be substituted by an equivalent award; (ii) vesting of the RSUs is prorated or accelerated; or (iii) other measures are necessary to deviate from the RSU Plan, whereby the Supervisory Board must act reasonably.

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



#### **2.4. Travel expenses and other expenses**

Supervisory Board members shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. Travel costs will be reimbursed in line with Avantium's travel policy. Any other expenses shall only be reimbursed, either in whole or in part, if incurred with the prior consent of the Chairperson. In addition, Supervisory Board members may be granted a fixed net cost allowance covering certain pre-defined out-of-pocket expenses.

The Supervisory Board may, upon recommendation of the Remuneration Committee, grant additional remuneration in special circumstances. This may concern granting increased Supervisory Board and/or committee fees, depending on the circumstances, for instance in case of a significant increase in time investment by its members. The additional annual remuneration per member will be capped at the annual Supervisory Board membership fee payable to such member. The Supervisory Board considers an increase of at least 25% a significant increase in time investment.

### **3. Supervisory Board - appointment and other arrangements**

A Supervisory Board member shall be appointed for a maximum period of four (4) years at a time, provided that, unless a member of the Supervisory Board resigns earlier, his / her appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his / her appointment. A Supervisory Board member may be reappointed once for another term of not more than four (4) years, with due observance of the diversity policy. A Supervisory Board member may subsequently be reappointed again for a period of two (2) years, which appointment may be extended once for another term of two (2) years. In the event of reappointment after an eight-year period, the Supervisory Board report (the **Supervisory Board Report**) shall include the reasons for such reappointment.

The terms and conditions of the appointment, aligned to the tenure for which respective members of the Supervisory Board are (re-)appointed, are confirmed in a contract of appointment. This contract of appointment does not include any severance, claw-back or change in control provisions.

### **4. Supervisory Board remuneration – adjustments to variable remuneration**

The variable remuneration of the members of the Supervisory Board may be reduced or members of the Supervisory Board may be obliged to repay (part of) their variable remuneration to the Company if (one of) the following circumstances apply:

- (i) Test of reasonableness (malus) – any variable remuneration awarded to a member of the Supervisory Board may be adjusted by the Supervisory Board to an appropriate level (*passende hoogte*) if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness (*redelijkheid en billijkheid*);
- (ii) Claw back - the Supervisory Board will have the authority to, in full or in part, recover (*terugvorderen*) from a member of the Supervisory Board any variable remuneration awarded on the basis of incorrect financial data in respect of

underlying targets or other circumstances of which the variable remuneration is dependent.

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

Adoption of this Supervisory Board Remuneration Policy by the General Meeting upon proposal by the Supervisory Board, after proposal by the Remuneration Committee, takes place at every change and in any case at least every four (4) years. Any amendment to this Supervisory Board Remuneration Policy is subject to the advisory vote of the works council.

All revisions of the Supervisory Board Remuneration Policy shall be accompanied by a description and explanation of all significant changes and the decision-making process followed for its determination, review and implementation. Next, it is also explained how it considers the votes and views of shareholders and other stakeholders on the Supervisory Board Remuneration Policy and reports since the most recent vote on the Supervisory Board Remuneration Policy by the General Meeting. If the General Meeting does not approve the proposed amendments to the Supervisory Board Remuneration Policy, Avantium shall continue to remunerate in accordance with the existing approved Supervisory Board Remuneration Policy and shall submit a revised policy for approval at the following General Meeting.

The Supervisory Board is responsible for the execution of the Supervisory Board Remuneration Policy.

The Remuneration Committee shall take note of the views of individual members of the Supervisory Board with regard to the amount and structure of their own remuneration. In this regard, the members of the Supervisory Board shall pay attention to the objectives of the Supervisory Board Remuneration Policy.

In the Company's annual (remuneration) report, the Supervisory Board will communicate clearly and transparently to Avantium's stakeholders how this Supervisory Board Remuneration Policy has been pursued.

The individual remuneration of the members of the Supervisory Board is set by the General Meeting, with due observance of the Supervisory Board Remuneration Policy, the Articles of Association and Dutch law.

## **6. Amendment**

The Supervisory Board has conducted a comprehensive review and comparison of its remuneration policy for the members of the Supervisory Board, which has led to this new Supervisory Board Remuneration Policy.

The last policy review and remuneration benchmark was conducted in 2020, and a next review is foreseen for 2028.

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



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

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

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