

Remuneration Report 2016

This remuneration report of the Supervisory Board of IMCD N.V. describes the remuneration policy for IMCD's Management Board as proposed by the Supervisory Board and adopted by the General Meeting in 2014 and how the remuneration policy was implemented in 2016 and is envisaged to be implemented in the next years. The remuneration policy includes the long term incentive plan (for the annual award of conditional performance shares) that was approved by the General Meeting on 26 June 2014. Details of the actual costs pertaining to the remuneration of the members of the Management Board and the Supervisory Board in the financial year 2016 are included in note 50 of the financial statements to the annual report 2016.

Remuneration Policy

The Supervisory Board, based on the advice of the Remuneration Committee, determines the remuneration and other terms of employment of the individual members of the Management Board within the scope of the remuneration policy as adopted by the General Meeting and in accordance with the articles of association.

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with IMCD's long-term strategy. The remuneration packages of the members of the Management Board are set directionally around the median of remuneration levels payable within a peer group of comparable national and international companies relevant to IMCD from a labor market perspective. In setting the remuneration levels for the Management Board, the Supervisory Board takes into account the internal relativity to the positions below the Management Board as well.

Pursuant to the remuneration policy, the remuneration packages of the members of the Management Board consist of fixed and variable components including a fixed annual base salary, a short-term incentive plan (annual cash bonus), a long-term incentive plan (conditional performance shares), pension and fringe benefits and severance arrangements in line with the provisions of Dutch law and the Dutch Corporate Governance Code (the "Code").

The objective of the short-term incentive ("STI") plan is to ensure that the members of the Management Board will be focused on realizing their short-term operational objectives leading to longer term value creation. On an annual basis, STI performance conditions will be set by the Supervisory Board on or before the beginning of the relevant calendar year. These performance conditions include criteria reflecting IMCD's financial performance and may also include qualitative criteria related to IMCD's and/ or individual performance. The annual 'at target' STI amount will be paid out when the predefined targets are realized, while the maximum STI amount might be paid out in

case of substantial outperformance of the predefined targets. If realized performance is below a certain threshold level, no STI will be paid out. The maximum total amount payable under the STI plan equals 1.5 times the 'at target' opportunity and 75% of the annual base salary.

The purpose of the long-term incentive ("LTI") plan is to drive long-term performance, support retention and to further strengthen the alignment with shareholders' interests. The LTI plan is structured in a way that contributes to the simplicity and transparency of the IMCD's overall remuneration policy. Under the LTI plan the Management Board members are eligible to annual awards of conditional performance shares. The conditional performance shares may become unconditional and vest after the end of a three-year performance period. Vesting is subject to continuous employment and to the achievement of pre-determined performance conditions. In accordance with the Code an additional holding period of two years is applicable to the vested shares. The value of the annual LTI plan at (the conditional) grant date is aligned with competitive market levels and equals 50% of the annual base salary at the at-target level and 75% at the maximum pay-out level. The number of conditional performance shares that vest after three years may vary between 0% and 150% of the conditionally granted number of shares, depending on the extent to which the applicable performance conditions have been satisfied. Performance is measured by a combination of pre-defined financial targets (at group level) to be set by the Remuneration Committee of the Supervisory Board.

In line with Dutch law and the Code, the variable remuneration of the Management Board members may be reduced or (partly) recovered if certain circumstances apply. For any variable remuneration component conditionally awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board will have the power to adjust the value downwards or upwards (test of reasonableness). In addition, the Supervisory Board will have the authority under the Code and Dutch law to recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (claw back). In case of a share price increase due to a public offer on IMCD's shares or in the situation of an intended legal merger or demerger or other significant transactions, the remuneration of a Management Board member that was received in the form of shares may be reduced by an amount equal to the value increase of the shares.

Remuneration of the Management Board in 2016

In formulating its proposal for the remuneration policy, as approved by the General Meeting in 2014, and in determining the remuneration and other terms of employment of the individual members of the Management Board, the Supervisory Board engaged external remuneration experts. In their advice on the design of the short term and long term incentive plan these experts benchmarked against a selective peer group and performed scenario analyses to gain insight in the possible outcomes of the

contemplated incentive plans. In 2016 the Supervisory Board evaluated the implementation of the remuneration policy against actual Management Board performance and assessed the possible outcomes of the variable remuneration components and the related performance targets and metrics used, also against external benchmarks. On the basis of this evaluation and also taking into account the internal pay differentials with the positions below the Management Board, the Supervisory Board concluded that the remuneration policy and the current Management Board remuneration structures and levels have provided for balanced and competitive remuneration packages that focus on sustainable results and are aligned with IMCD's long-term growth strategy.

At IMCD's IPO in 2014 the Management Board members were re-appointed as managing directors (*statutair directeur*) by the General Meeting for four year terms. The service agreements and the remuneration for each of the Management Board members were determined by the Supervisory Board with due observance of the remuneration policy. In accordance with Dutch law and the Code, the service agreements with the Management Board members contain provisions related to severance arrangements with a maximum payment of the gross fixed annual salary, claw back and adjustment of the variable remuneration components as a result of a public offering or other exceptional circumstances (fairness review). Pursuant to the service agreements the Management Board members receive customary fringe benefits including a fixed expense allowance and a company car.

The Management Board members participate in the 'IMCD pension scheme', a collective defined benefit plan based on average pay, insured by AEGON Levensverzekering N.V. In accordance with Dutch pension legislation, with effect of 1 January 2015 the pensionable salary is capped at EUR 100,000. In 2016 the pension premiums for the participation of the Management Board members were paid for by the company. Pension rights are accrued for in the financial statements in accordance with IFRS / IAS 19. IMCD N.V. nor any of its group companies provided any loans, advances or guarantees for the benefit of the Management Board members.

The costs and amounts payable for the remuneration of the Management Board members charged to IMCD N.V. and its group companies with respect to the financial year 2016 are as follows:

EUR 1,000	Year	Salary	Bonus	Share based payment	Pension	Other	Total
P.C.J. van der Slikke	2016	513	283	246	39	44	1,125
	2015	510	383	147	36	42	1,118
H.J.J. Kooijmans	2016	377	208	181	32	36	834
	2015	375	281	108	31	38	833
Total	2016	890	491	427	71	80	1,959
	2015	885	664	255	67	80	1,951

Base salary

At IMCD's IPO and with effect from July 2014 the annual base salaries of the Management Board members were set at EUR 510,000 for the CEO and at EUR 375,000 for the CFO. In 2015 these base salaries remained unchanged and no inflation correction was administered. For the calendar years 2016 and 2017 the base salaries were corrected for inflation on the basis of the Dutch Consumer Price Index over the relevant calendar year as determined by Statistics Netherlands (*Centraal Bureau voor de Statistiek (CBS)*).

STI 2016

The 'at target' STI opportunity (annual cash bonus) for members of the Management Board equals 50% of the annual base salary, while the maximum amount equals 75%. Upon the proposal of the Remuneration Committee the targets for the STI 2016 were set by the Supervisory Board at the beginning of the calendar year 2016. For 2016 qualitative, non-financial, STI performance criteria related to the Management Board's performance (with a maximum amount of 15% of total STI) were introduced. The remaining 85% of total STI 2016 was based on financial performance criteria related to organic growth (with a relative weight of two thirds) and to growth through acquisitions (with a relative weight of one third), both measured by EBITA. For both financial STI criteria performance ranges for at-target, maximum and minimum (threshold) pay-out levels were determined. For commercial and strategic reasons, no further details of the STI performance targets that were set for 2016 are disclosed. On the basis of IMCD's audited financial statements for 2016 the Supervisory Board determined to grant 1.1 times the STI 'at target' opportunity 2016 to each of the Management Board members, resulting in a 2016 STI gross cash payment of 283,005 to the CEO and 207,978 to the CFO.

LTI 2016

The 'at target' level for the award of conditional performance shares under the LTI plan (annualized value) is 50% of the base salary with a maximum of 75%. The number of shares conditionally granted at-target is set by dividing 50% of the base salary by the average IMCD share price during the month December of the preceding year. The number of conditional performance shares that vest after three years may vary between 0% and 150% of the conditionally granted number of shares, depending on the extent to which the applicable LTI performance conditions have been satisfied. The LTI performance targets that were set for 2015 were continued for the LTI 2016. The 2016 LTI performance targets are based on cash earnings per share growth and relative total shareholder return (TSR) performance within a relevant peer group selected by the Supervisory Board. Both performance parameters have a relative weight of 50% and are measured over a performance period of three calendar years. For both LTI criteria the at-target, maximum and minimum levels were determined. If the LTI performance targets are met at the maximum level, the maximum of 150% of the conditional shares granted, equaling 75% of the annual base salary, will be awarded. If performance is below the minimum levels, 0% of the conditional shares will vest.

The TSR peer group for 2016 consists of:

- Brenntag AG (Xetra)
- DKSH Holding Ltd (Virtex)
- Bunzl Plc (London Stock Exchange)
- Rexel SA (Euronext Paris)
- Electrocomponents Plc (London Stock Exchange)
- Premier Farnell Plc (London Stock Exchange)
- Wolseley Plc (London Stock Exchange)
- Travis Perkins Plc (London Stock Exchange)
- Univar Inc. (Nasdaq)
- Fagron (Euronext Brussel)
- Aceto Corp (Nasdaq)

For commercial and strategic reasons, no further details of the LTI performance targets that were set for 2016 are disclosed. Under the LTI Plan for 2016 the CEO was granted 11,479 conditional performance shares at the maximum level of 75% of the base salary, with a corresponding fair value of EUR 337,500. On the same basis, the CFO was granted 8,440 conditional performance shares, with a corresponding fair value of EUR 247,500. If and to the extent the LTI targets are met, these shares may vest in 2019, after which they will be subject to an additional holding period of two years. No conditional performance shares vested in 2016.

With respect to the envisaged implementation of the remuneration policy in 2017 and the subsequent year currently no material changes in the structure and metrics of the Management Board remuneration are expected. The TSR peer group is reviewed and updated annually by the Supervisory Board and it is anticipated that for 2017 Fagron will be replaced by Nexeo (Nasdaq).

Remuneration of the Supervisory Board members

The General Meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the General Meeting in respect of the remuneration of the chairman, the vice-chairman and the other members of the Supervisory Board. The remuneration of the Supervisory Board may not be made dependent on the Company's results and none of the members of the Supervisory Board may receive shares, options for shares or similar rights to acquire shares as part of their remuneration. In 2014 the General Meeting approved a proposal of the Supervisory Board for annual fixed fee levels for the individual Supervisory Board members that are in line with supervisory board remuneration levels payable within a peer group of comparable companies relevant to IMCD. The annual fee levels for the Supervisory Board members are as follows:

- Chairman of the Supervisory Board: EUR 60,000
- Other Members of the Supervisory Board: EUR 40,000
- Chairman of the Audit Committee: EUR 10,000
- Member of the Audit Committee: EUR 7,000
- Chairman of the Remuneration Committee: EUR 8,000
- Member of the Remuneration Committee: EUR 5,000

Until IMCD's AGM of May 2016 no Supervisory Board fees were paid to the non-independent members of the Supervisory Board that related to IMCD's former majority shareholder Emma (BC) Holdings SCA (Bain Capital).