

IMCD Remuneration Policy

This remuneration policy, including the long-term incentive ("LTI") plan, as included herein is approved by the General Meeting on 9 May 2018, to replace the previous remuneration policy adopted by the General Meeting on 26 June 2014 with immediate effect.

The Supervisory Board, based on a proposal by the Remuneration Committee, will have the authority to determine the remuneration of the individual members of the Management Board, within the scope of the remuneration policy as adopted by the General Meeting. In its annual (remuneration) report, the Supervisory Board will communicate clearly and transparently to the Company's stakeholders how the remuneration policy has been pursued.

With this remuneration policy IMCD aims to attract, motivate and retain 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.

Market positioning

The remuneration of the members of the Management Board are set around the median of remuneration levels payable within a peer group of comparable national and international companies relevant to IMCD from a labour 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 of the members of the Management Board will consist of the following fixed and variable components which are discussed in more detail below:

- Fixed annual base salary;
- Short-term incentive plan (annual cash bonus);
- Long-term incentive plan (conditional performance shares);
- Pension and fringe benefits; and
- Severance arrangements

Base salary

The base salary is determined by the Supervisory Board.

Short-term incentive plan

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. The annual 'at target' STI amount will be paid out when 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.

On an annual basis, 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 might as well include qualitative criteria related to IMCD's and/ or individual performance. For the selected performance conditions, the Supervisory Board will annually define the performance ranges, i.e. the values below which no pay out will occur (threshold performance), the 'at target' value and the maximum at which the pay-out will be capped. The maximum total amount payable under the STI plan equals 1.5 times the 'at target' opportunity.

The 'at target' STI opportunity for members of the Management Board equals 50% of the base salary, while the maximum amount equals 75% of the base salary.

Long-term incentive plan

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.

The LTI plan for the Management Board and Executive Committee positions consists of a conditional right to receive shares in the capital of the Company. Under this plan, participants are eligible to annual awards of conditional performance shares. The conditional performance shares may become unconditional after the end of a three-year performance period. Vesting is subject to continuous employment and to the achievement of pre-determined performance conditions. Up and until the moment of vesting, participants are not eligible to receive dividends nor do they have any other rights of a regular shareholder.

The value of the annual LTI plan at (the conditional) grant date will be aligned with competitive market levels for each of the Management Board and Executive Committee positions. The 'at target' LTI opportunity for members of the Management Board equals 100% of the annual base salary, while the maximum opportunity equals 150% of the annual base salary.

The number of conditional performance shares that vest after three years may vary between 0% and 150% of the conditionally granted (at target) 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 accordance with the Dutch Corporate Governance Code (the “**Code**”), an additional holding period of two years will be applicable to the vested shares of the Management Board. An exception is made for cases in which shares are sold in order to meet tax requirements at vesting and for participants whose employment is terminated during the holding period.

If in the reasonable opinion of the Supervisory Board the vesting of the conditional performance shares would insufficiently reflect IMCD’s overall financial performance due to extraordinary circumstances during the performance period, the Supervisory Board has have the discretionary power to adjust the amount of conditional performance shares that would have vested, downwards or upwards. In addition, the Supervisory Board may recover from participants any vested shares awarded on the basis of incorrect financial or other data.

On an annual basis, a number of restricted shares is available to be conditionally granted to management positions acting one or two levels below the Executive Committee. This contributes to motivating and retaining key employees in order to further enhance long-term performance of the Company. The restricted shares vest after a two-year period, under the condition of continuous employment. In addition, performance conditions are linked to the vesting of the restricted shares.

Illustration of short-term and long-term incentive plans

Below, an illustration is provided of the overlapping cycles of LTI grants which results from the annual conditional grant of performance shares that each might vest after a period of three years. After two years, two overlapping grant of conditional shares will be outstanding, etc.



Adjustments to variable remuneration

In line with the Dutch law and the Code, the remuneration of the Management Board members may be reduced or (partly) recovered if certain circumstances apply:

- Test of reasonableness - pursuant to the Code, 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;
- Claw back - 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;
- Deduction of value increase of shares – in case of a share price increase due to a public offer on IMCD's shares, Dutch law prescribes to reduce the remuneration of a Management Board member by an amount equal to the value increase of the shares. Only shares received by means of remuneration are subject to deduction - shares that the director has purchased are not. Similar provisions apply in the situation of an intended legal merger or demerger, or in other significant transactions.

Pension and fringe benefits

The members of the Management Board are participating in the same defined benefit pension scheme that applies to other employees in the Netherlands.

The members of the Management Board will be entitled to customary fringe benefits, such as a company car, expense allowances and reimbursement of costs.

Severance arrangements

The Management Board members have a service agreement with IMCD and the terms and conditions of these service agreements are aligned with the provisions in the Code. The service agreements are contracts for a term of four years and contain severance provisions which provide for a compensation for the loss of income resulting from a non-voluntary termination of employment equal to the gross fixed annual base salary, unless payment of such compensation would be unacceptable according to the standards of reasonableness and fairness in view of the acts of the member of the Management Board.

