Corbion

# ANNUAL REPORT 2014

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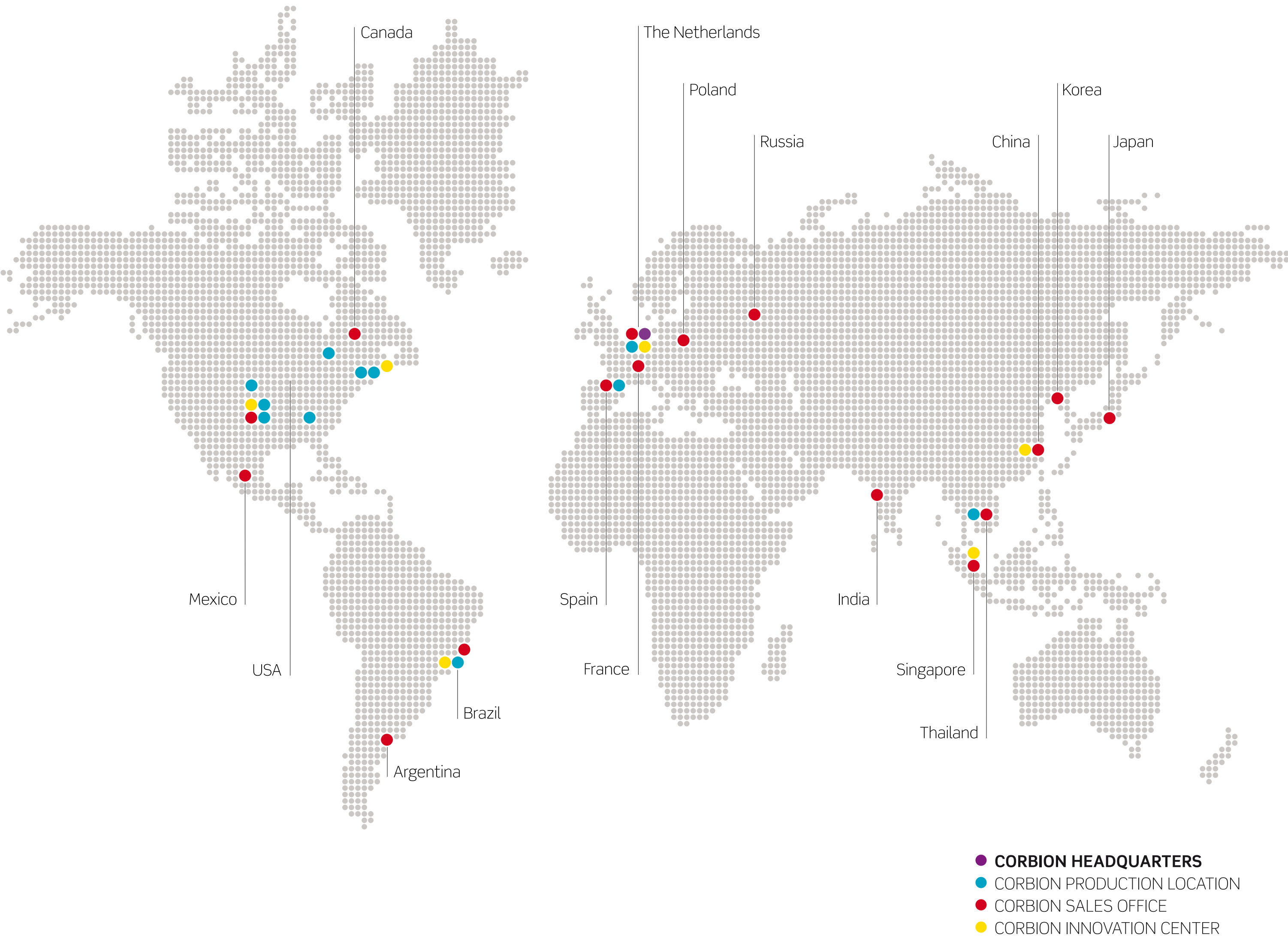
# Corbion at a glance

## Corbion: biobased products, designed by science, powered by nature, and delivered through dedication.




## OUR GLOBAL PRESENCE

We market our products through a worldwide network of sales offices and distributors, and have a global supply chain with manufacturing facilities in the US, Thailand, Brazil, the Netherlands, and Spain. Our innovation centers are located across the globe and our headquarters are based in the Netherlands.

Corbion is the global market leader in lactic acid, lactic acid derivatives and lactides, and a leading company in functional blends containing enzymes, emulsifiers, minerals and vitamins. We deliver high performance biobased products made from renewable resources and applied in global markets such as bakery, meat, pharmaceuticals and medical devices, home and personal care, packaging, automotive, coatings, and adhesives. Our products have a differentiating functionality in all kinds of consumer products worldwide. In 2014, Corbion generated annual sales of € 770.1 million and had a workforce of 1,893 employees. Corbion is listed on the NYSE Euronext Amsterdam.

At Corbion we distinguish between two lines of business, each with a different set of characteristics: Biobased Ingredients and Biobased Innovations. These business units are supported company-wide by globally managed R&D, operations, and back-office functions.

## BIOBASED INGREDIENTS

The Biobased Ingredients business unit focuses on our core business: ingredients for food and biochemicals.

Our food ingredients portfolio keeps food safe and fresh, from creation to consumption, and as such, reduces food waste. It ranges from preservation ingredients to microbial spoilage prevention and ingredients that keep food fresh and tasty throughout shelf life.
The combined use of industry knowledge and scientific creativity enables us to offer industry-leading biobased technology and sustainability gains. Our future-focused thinking impacts every industry ranging from baking, meat, and dairy to confectionery and beverage.

Our biobased chemicals derived from renewable resources such as sugar or starch, are a sustainable alternative to fossil-based chemicals in various applications, including cleaning detergents, hand soap, coatings, and animal feed.
Offering improved performance and multiple benefits, our biobased solutions are versatile, with enhanced environmental credentials and, in many cases, lower cost in use.

## BIOBASED INNOVATIONS

Our Biobased Innovations business unit creates new business platforms to help advance biotechnology developments. Our PLA (poly lactic acid)/lactide business and the succinic-acid joint venture with BASF (Succinity) are part of this unit. Our longer-term development projects, such as our gypsum-free fermentation technology, lactic acid based on second-generation biomass (plant-based materials such as bagasse, corn stover, wheat straw, and wood chips), and FDCA, a potential replacement for purified terephthalic acid (PTA), are also included in this business unit. We will drive for growth via a disciplined stage-gate investment approach using our own core technology platforms, acquired or licensed technologies, and partnerships to improve our chance of success.

**Members of the Board of Management**
CEO Tjerk de Ruiter
CFO Eddy van Rhede van der Kloot
CTO Sven Thormählen

# Message from the CEO

When I started as CEO of Corbion in May 2014, I found a company with employees that have the desire to make Corbion a success, an entrepreneurial "can do" spirit, and endless ideas.
At its core, Corbion is a strong ingredients company both in food and biochemicals, which I am very proud of. However, growth, margins, and returns are under pressure, and costs are too high. Although we, as the Board of Management, are confident in Corbion's potential, it was vital to review our strategy as competition is catching up and Corbion was pursuing too many avenues. We therefore conducted a full strategy review, which drew on the input of people throughout our organization.
This was a crucial exercise that equipped us with the knowledge we needed to make the right portfolio choices and build a common view for a successful future of Corbion.
Under our updated strategy, "Disciplined Value Creation" we will strengthen our core business in ingredients for food and biochemicals ("Biobased Ingredients"), while leveraging our technology to build new business platforms in the biotechnology arena ("Biobased Innovations").
The strategy has a strong focus on cash flows, returns on investments, and profitability. To enhance value creation we will use a differentiated management and capital allocation approach across these two business units.

A key element of this updated strategy is to build a bioplastics business by becoming a PLA producer. Over the past years we have gained the necessary know how of this market and this, combined with our strong position in lactic acid, our unique high-heat technology, and the market demand for additional PLA capacity, makes us confident that we can successfully forward integrate in the bioplastics value chain.

With a view to improving productivity, we have initiated "Streamline", to align the organization with these portfolio choices, simplify our business processes, and optimize our manufacturing footprint.
This will result, amongst other measures, in about 200 job losses, globally across Corbion, and annual cost savings of € 20 million, both by 2016. Streamline includes the consolidation of our blending operations in Totowa, New Jersey, US triggering the closure of our Kansas Avenue facility, Kansas, US. This was a difficult decision as this plant has been a staple of our organization for many years. Delivering this cost reduction is a huge task. It will require discipline in every area across Corbion but I am confident that we will reach that target.

We have a clear ambition: to become a leading biotechnology company while at the same time generating good growth and strong profitability in our existing ingredients businesses.
Our strategic choices combined with streamlining our organization will enable us to create the most value for all our stakeholders.

The year 2015 will be all about the execution of our strategy. Having a solid strategy is important, but the actual delivery of that strategy is what really counts. To enhance this execution we have established an Executive Committee that will operate close to the business, set priorities, and drive a common agenda across Corbion.
Strategies and structures do not work, people do. Our strategy of Disciplined Value Creation can only be delivered through engaged and committed employees. We will therefore invest in making Corbion an even better place to work, where our engaged workforce can unleash their potential, passion, and pride.

I want to thank all Corbion employees for their warm welcome and their trust in us as their new Board and I am grateful to our customers, suppliers, and shareholders for their unwavering support.

*Tjerk de Ruiter*

# Company highlights

## Sales

Organic sales growth 3.2%

**€ 770.1 mln**

## EBITDA

Excluding one-off costs

Increased by 9.9%

**€ 109.6 mln**

## Cash flow

From continuing operating activities

Increased by € 32.7 million

**€ 66.8 mln**

## Balance sheet ratios

Net debt / EBITDA ratio

**-0.1x EBITDA**

## Earnings per share

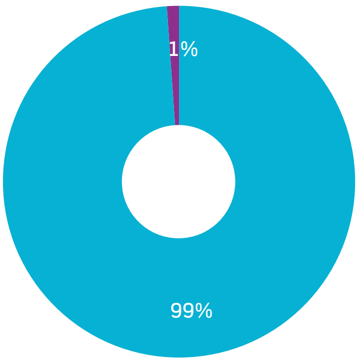
**-€ 0.34**

## ROCE

Excluding one-off costs

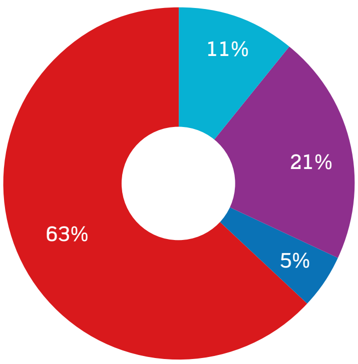
**12.6%**

## Net sales




By business unit

- Biobased Ingredients € 759.9 million
- Biobased Innovations € 10.2 million




By region

- Asia € 85.0 million
- EMEA € 161.2 million
- Latin America € 40.7 million
- North America € 483.2 million

## EBITDA excluding one-off costs by business unit

| | |
|---|---|
| Biobased Ingredients | € 121.2 million |
| Biobased Innovations | -€ 11.6 million |

## Number of employees

By segment

| | | |
|---|---|---|
| Business units | 429 | 23% |
| *Biobased Ingredients* | *400* | *93%* |
| *Biobased Innovations* | *29* | *7%* |
| R&D | 136 | 7% |
| Operations | 1,110 | 59% |
| Support functions | 218 | 11% |

By region

| | | |
|---|---|---|
| Asia | 249 | 13% |
| EMEA | 699 | 37% |
| Latin America | 125 | 7% |
| North America | 820 | 43% |
| Total | 1,893 | |

## Emissions

| | | |
|---|---|---|
| Scope I | 92 | kT $CO_2$ equiv |
| Scope II | 91 | kT $CO_2$ equiv |

Corbion

# REPORT OF THE BOARD OF MANAGEMENT

# Our strategy

## UPDATED STRATEGIC DIRECTION FOR 2015-2018: DISCIPLINED VALUE CREATION

Corbion focuses on strengthening its core business in ingredients for food and biochemicals (Biobased Ingredients), while leveraging its technology to build new business platforms in the biotechnology arena (Biobased Innovations).

Our strategy leverages the opportunities provided by the global megatrends of population growth, resource depletion, and food security. In executing our strategy we are guided by our company compass which articulates our vision for the future and the role that Corbion will play.

Our strategy has a strong focus on cash flows, returns on investments, and profitability. To enhance value creation we will use a differentiated management and capital allocation approach across these two business units.

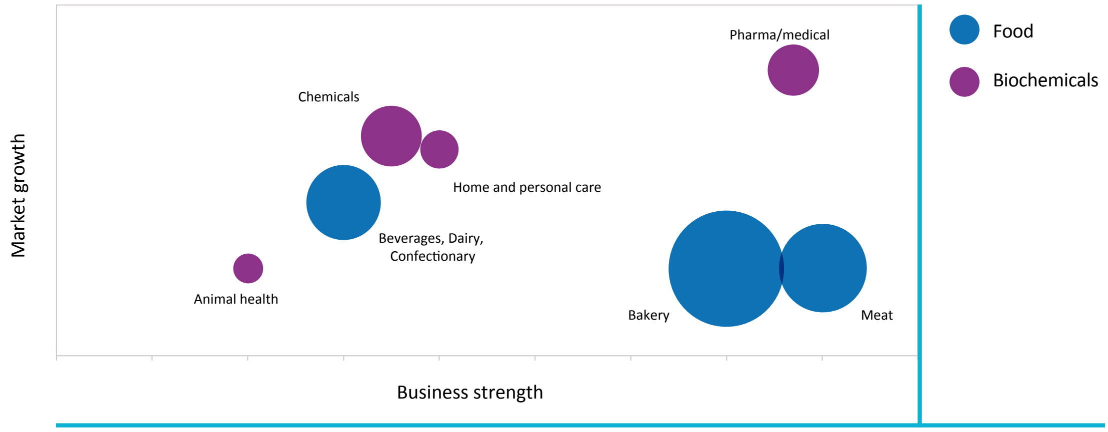
### Our strategy

| | |
|---|---|
| **Corbion** A differentiated approach | ▪ Value creation and disciplined execution<br>▪ Decision making and capital allocation based on well defined criteria<br>▪ Enhanced external transparency |
| **Biobased Ingredients** Strengthen the core | ▪ Focus on cash flow optimization and return on investment<br>▪ Different priorities for different segments<br>▪ Productivity improvement program Streamline: € 20 million by 2016 |
| **Biobased Innovations** Selective drive for growth | ▪ Powered by megatrends<br>▪ Leverage lactic acid molecule and technology into new businesses<br>▪ Disciplined stage-gate investment approach<br>▪ Forward integration into PLA |
| **Improved financial performance** | ▪ Improved free cash flows and return on investment<br>▪ Focus on shareholder value creation<br>▪ Higher recurring dividend<br>▪ 2015: Additional € 100 million return to shareholders |

## Biobased Ingredients: "Strengthening the core"

Corbion's Biobased Ingredients business (ingredients for food and biochemicals) is the core of our company. Our ingredients business is characterized by modest growth, solid margins, predictable cash flows, and modest investment requirements. Against this backdrop, we will focus on improved financial performance. Differentiated market strategies (invest to defend, invest for growth, and invest selectively to explore) and portfolio choices have been defined to improve cash flows and returns across the business.

### Portfolio analysis




**Market strategies & portfolio choices food ingredients**
Our food ingredients are an important part of our company's portfolio. Market trends towards healthier, fresher, safer, and more nutritious products will remain vital to consumers and our global customer base. Our core technologies in fermentation, structuring agents (like lactylates), and functional blending match up well with these consumer trends. As a result we have decided to pursue a differentiated growth strategy, which translates to focus on growth in food segments such as confectionery and sweet goods and meat in emerging markets, as well as to firmly defend our leading market positions in bakery and meat in North America. For future growth we will explore a selection of well-defined opportunities in dairy and beverages mainly leveraging the core microbial know-how and lactic acid functionality.

**Market strategies & portfolio choices biochemical ingredients**
For our Biochemicals business, we will enhance customer loyalty in chemicals, electronics, and pharmaceuticals to defend our key positions in specialty applications such as agro actives and solvents. We will expand our presence in medical biomaterials, especially in orthopedic and drug delivery where our resorbable polymers have a unique market position. In other biochemical markets, we will explore an opportunity for microbial safety in home and personal care to see whether we can apply our strengths in microbial safety and lactic acid. Propositions based on 100% biobased lactide solutions will be commercialized for the coatings, adhesives, sealants, and elastomers (CASE) market. In animal health, we will build on first market entry with an antimicrobial product based on lactylate technology to seek additional value in this market.

**Productivity improvement**
With a view to delivering structural productivity improvement in all our processes, we have initiated the "Streamline" program to align the organization with our portfolio choices, simplify our business processes, optimize our manufacturing footprint, and drive competence development in commerce (enhanced customer loyalty), operations (world-class operations), innovation (accelerated innovation), and people (leadership and engagement).

Streamline will result in annual cost savings of € 20 million by 2016. This includes about 200 job losses across the company and the consolidation of our blending operations in Totowa, New Jersey, US, triggering the closure of our Kansas Avenue facility, Kansas, US.

**Program Streamline**

| | Supply chain/Production | Other |
|---|---|---|
| **Focus** | Align and simplify<br>Operational Excellence | Align and simplify<br>Commercial Excellence<br>Innovation Excellence |
| **Savings** | € 12 million annual savings | € 8 million annual savings |
| **FTE impact** | 200 FTE reduction | |

## Biobased Innovations: "Selective drive for growth"

Our Biobased Innovations business builds new business platforms in biotechnology, powered by the megatrends, using our capabilities in fermentation and downstream processing. We have a portfolio with large growth opportunities, a difficult to predict cash flow timing, and a relative high investment requirement. In this unit we will drive growth via disciplined capital investments, positive net present value, a strict stage-gate approach, and de-risking via upfront commercial commitments and/or partnering.

As part of our strategic review we confirmed the attractive demand outlook for PLA, albeit at a lower growth pace than previously assumed. Given our strong position in lactic acid, our unique high-heat technology, and the market need for a second PLA producer, we will forward integrate in the bioplastics value chain, from being a lactide provider to a PLA producer.

This would require us to invest in a 75 kTpa PLA plant (about € 60 million in capital expenditure) in Thailand. We will only initiate this investment if we can secure at least one-third of plant capacity in committed PLA volumes from customers. We will also continue to explore strategic alliances as part of our PLA growth strategy in order to enhance business opportunities while mitigating the associated risks. By debottlenecking our current lactic acid asset base we will be able to implement the most advanced version of our gypsum-free fermentation technology at the lowest possible cost.

**Creating future growth platforms**
Within Biobased Innovations we follow a selective drive for growth. We will invest for growth in our gypsum-free fermentation technology, lactic acid based on second-generation biomass (plant-based materials such as bagasse, corn stover, wheat straw, and wood chips), PLA, and succinic acid. We will invest selectively to explore FDCA, a potential replacement for purified terephthalic acid (PTA).

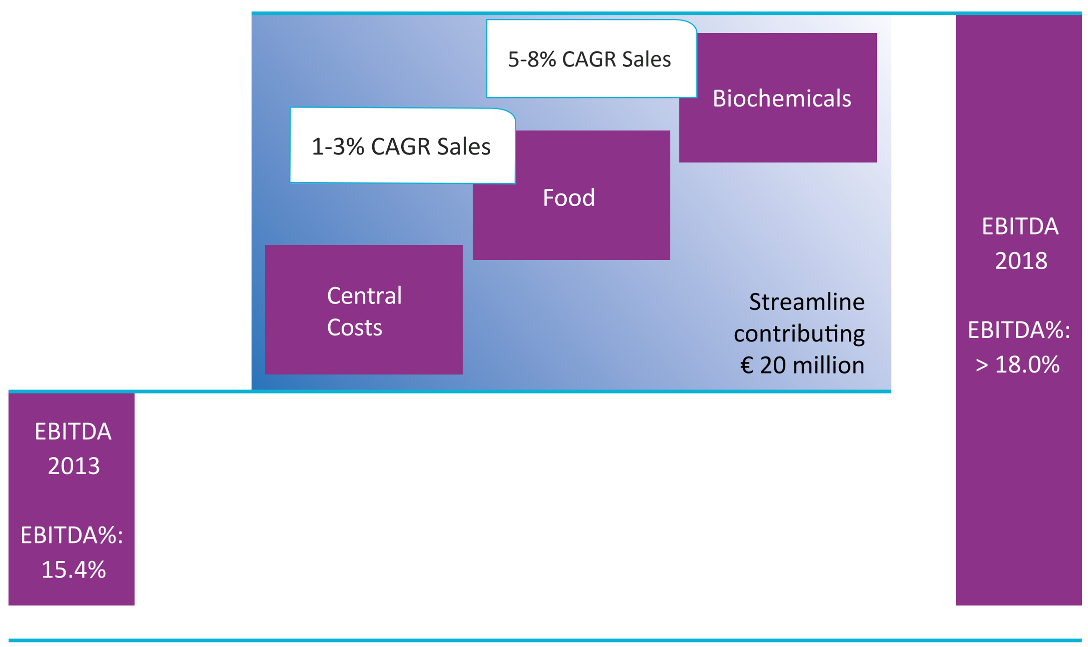
**Improved financial performance**
Under our updated strategy we will focus on better capital allocation and execution, including EBITDA growth, strong operational cash flow, and limited capital expenditure in Biobased Ingredients, and disciplined execution of investments in Biobased Innovations in selected high potential growth platforms with attractive risk-return profiles.

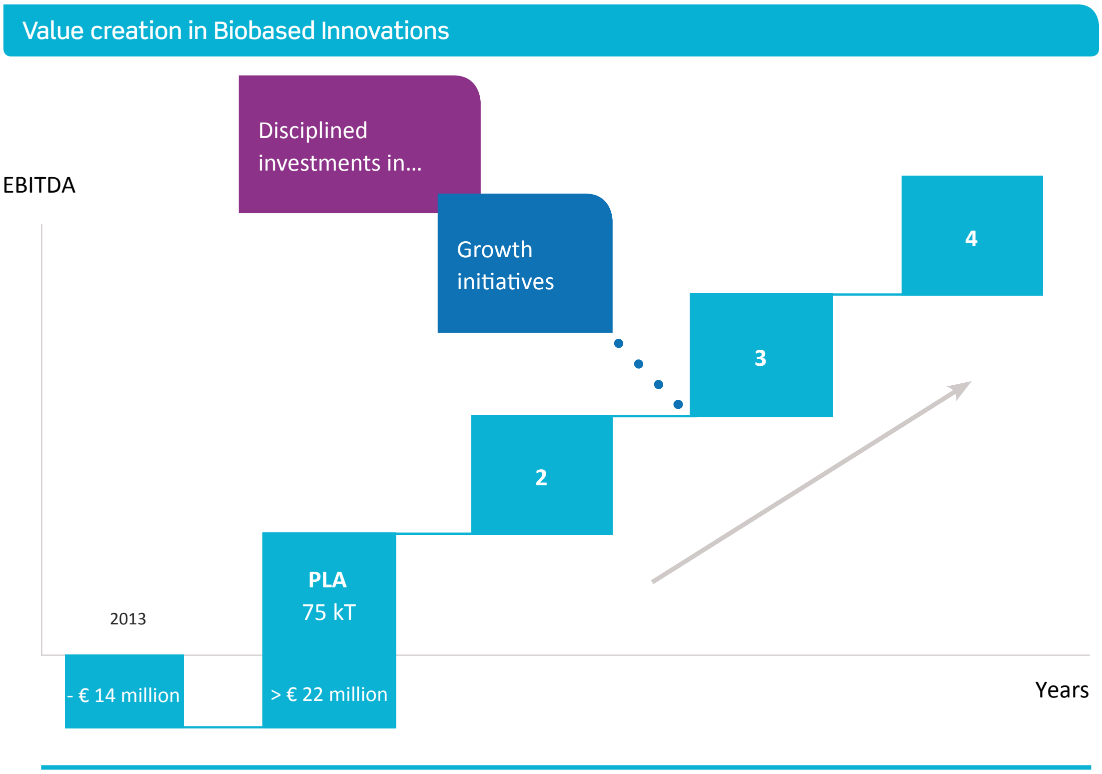
As a result of lower estimated cash outlays in the coming years Corbion plans to raise its regular dividend to 35-45% (was 35%) of net profit adjusted for one-off items. Additionally, we intend to distribute € 100 million to shareholders in 2015.

**Financial targets 2015-2018**
We will apply a new segmentation in line with the updated strategy which enhances financial transparency:

- Biobased Ingredients: net sales growth CAGR of 2-4% (1-3% in Food, 5-8% in Biochemicals), EBITDA margin >18% in 2018, while maintaining ROCE >15% throughout the period. Recurring capital expenditure is expected to average € 35 million per annum.
- Biobased Innovations: negative impact on EBITDA not to materially increase from current levels (- € 14 million in 2013). Business plans at maturity are required to deliver EBITDA margin of >18% and ROCE of >15%. Recurring capital expenditure, including capitalized R&D expenses, excluding large commercial-scale plant investments, is expected to average € 20 million per annum.
- Corbion continues to target a net debt/EBITDA ratio of 1.5x, over the investment cycle.

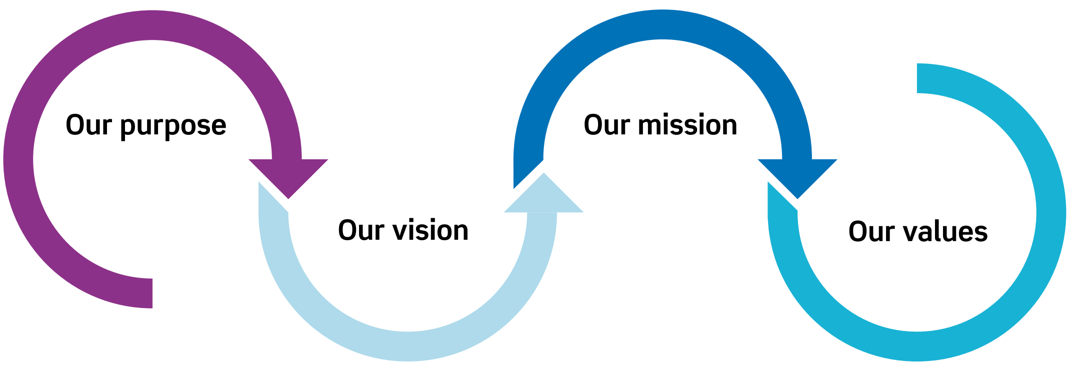
**Value creation in Biobased Ingredients**






## COMPANY COMPASS

Our company compass articulates our vision for the future and the role Corbion will play. It guides our business focus, connects our people, and gives us our shared direction.




- Improve the quality of life for people today and generations to come.
- Inspire a conscious choice for safe, healthy, and convenient solutions made through nature's processes and renewable resources.
- Create value for our customers through our biobased products, designed by science, powered by nature, and delivered through our dedication.
- In close PARTNERSHIP with our customers, we develop commercially attractive biobased alternatives by redefining technological edges.

  Our people and organization are driven by a PASSION for exploring new solutions that meet our customers' needs.

  PERFORMANCE We use our knowledge, agility, and dedication to respond to ever-changing market demands whilst delivering value to our shareholders.

## ADDRESSING MEGATRENDS

Our updated strategy addresses the global megatrends of population growth, resource depletion, and food security. With our 80 years of experience and knowledge in creating innovative solutions for our customers we are well positioned to alleviate the impact of these trends. This will not only safeguard our commercial future, it will also benefit society at large.

**Megatrends**

| Population growth | Resource depletion | Food security |
|---|---|---|
| As the world population continues to grow, there will be an increased need for sustainable consumer goods and safe and healthy food. | Increasing demand for resources requires a shift to renewables and alternative processes. | The need to secure food availability for a growing population can be partly resolved by reducing food waste. |

We address these megatrends in various ways and will continue to do so, for example by sourcing sustainable raw materials made from renewable resources, by developing innovative and resource-efficient production processes, and by providing products that can help reduce waste and improve health and the safety of food.

### Renewable resources

The use of renewable resources, such as sugar, starch, or other second-generation carbohydrates is key in our strategy. As the world population grows, biobased products offer a more sustainable solution for meeting the ever-increasing demands for fossil-oil and its derivatives.

### The use of food crops

Society is concerned about the use of food crops for other applications than food and feed. Currently, only a small fraction of the harvested agricultural biomass is used for the production of energy and biochemicals. World population growth will drive the global demand for biomass for food and industrial applications in the next decades, raising the crucial question of how to increase the production of biomass in a sustainable way, thereby maximizing resource efficiency and minimizing land use.
In our raw material selection, we consider these efficiencies, including the efficient conversion of the raw material into the desired products like organic acids. At this stage, the use of first-generation feedstocks, like sugar, is the most efficient and sustainable. Within R&D, we continued our work on new processes that support the production of biochemicals made from second-generation feedstocks and improve the efficiency of resource use by our products made from first-generation feedstocks.

### Reducing waste

At present, approximately one-third of food* is discarded around the globe. This has direct implications for food availability and use of limited resources. Our products for food preservation and prolonging freshness play an important role in reducing food waste. Our safety and freshness solutions allow food producers to market food that stays fresh for longer periods of time.

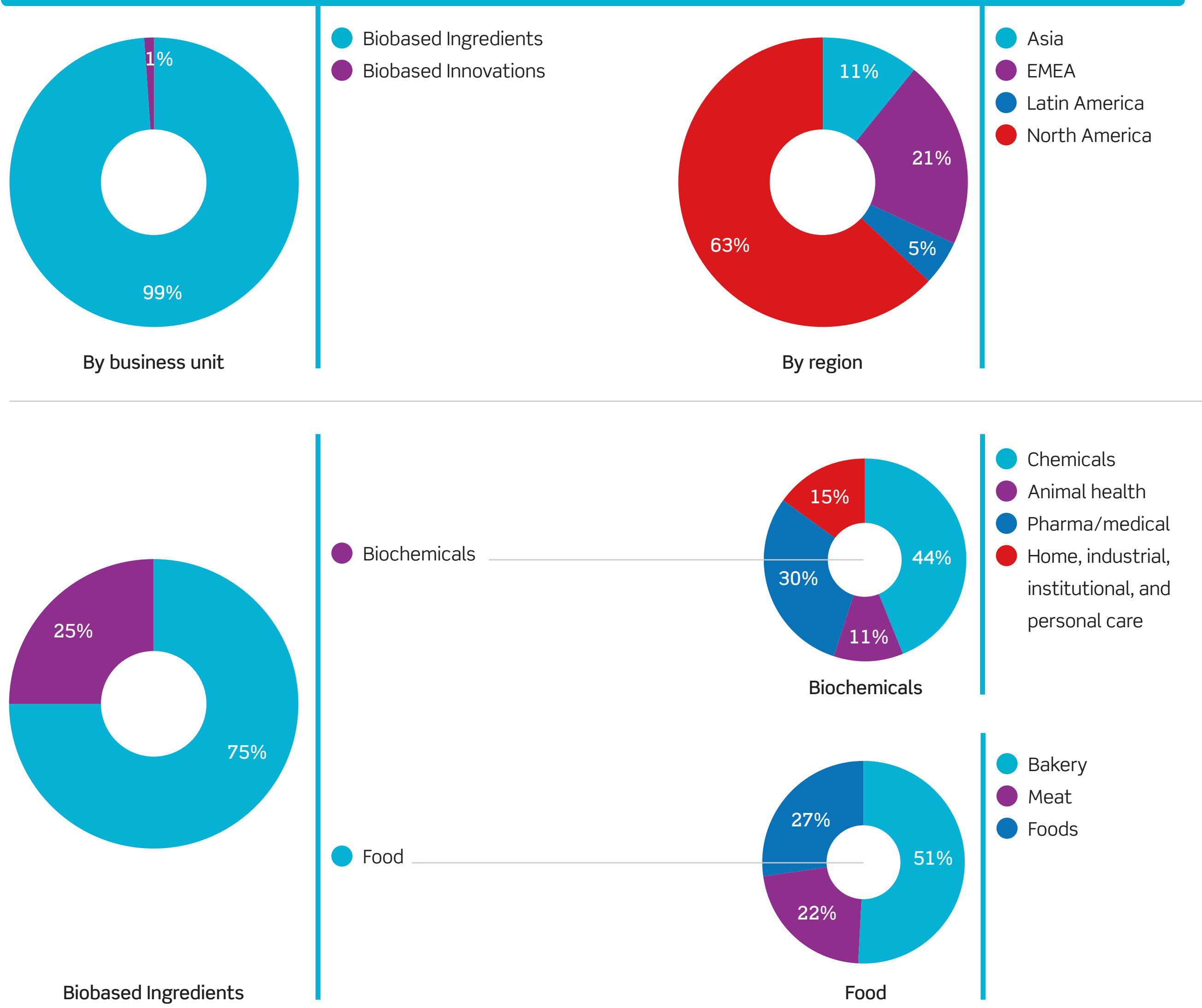
### Healthy and safe food

Our company is poised to grasp the opportunities arising from the global concern about food safety, by supplying food products with health and safety benefits for society and by meeting growing demands. Our biobased solutions help to keep food safe and to prevent infections related to foodborne bacteria, such as listeria. We address health and well-being issues by providing solutions for fortification and salt reduction.

** Source: Global food losses and food waste, FAO, 2011*

# Our business

## Net sales 2014




*Source: Company data*

## BIOBASED INGREDIENTS

The Biobased Ingredients business unit consists of two segments: Food and Biochemicals.

### Food

Corbion is a provider of high-value-adding biobased ingredients for the food industry. Our innovative food ingredients offer unsurpassed safety and freshness. By listening carefully to our customers we develop unique solutions and create winning formulas, sharing our knowledge with our customers to advance the science of food manufacturing. The combined use of industry knowledge and scientific creativity enables us to offer industry-leading biobased technology and sustainability gains. Our future-focused thinking impacts every industry ranging from baking, meat – where we have leading positions – to dairy, confectionery, and beverage.

Our bakery portfolio aims to address almost any challenge a customer might face or any desire end-product consumers might have, but we also know that it takes more than great products to ensure our customers' success in today's highly competitive marketplace. Our solutions offering is designed to deliver the right mix of production efficiency, ease of use, and on-trend benefits through manufacturing performance, convenient solutions, and better choices. Our broad portfolio includes functional ingredients, emulsifiers, bread mixes, specialty bases, frozen dough, vitamin and mineral premixes, and flour enrichment.

In meat, Corbion is a versatile and knowledgeable partner offering a wide range of preservation solutions. With application labs and production facilities across the globe, we know exactly how our solutions interact with all kinds of meat and poultry products. Our extensive portfolio can help ensure the highest standards of safety and shelf life, while optimizing the color and taste of meat and poultry products. Our biobased solutions also help to prevent infections from foodborne bacteria, such as listeria.

In the beverage, dairy, confectionery, and prepared-foods markets we are known for our complete range of products, providing functions such as shelf-life extension, preservation, acidification, flavor boosting, texture improvement, and fortification.

### Biochemicals

Corbion is one of the most experienced producers of chemicals derived from organic acids through the fermentation of carbohydrates, and market leader in lactic acid based solutions. Building on our lactic acid technology using renewable resources, we have developed a number of differentiated products with unique functionalities. Corbion provides building blocks and additives for its main markets for biochemicals, including home and personal care, pharma, electronics, and agrochemicals. Our biobased chemicals, derived from renewable resources such as sugar, starch, or other carbohydrates, are sustainable alternatives to fossil-based chemicals. Corbion's biobased products are unique in the market, as they offer a mix of increased performance at a competitive price and a reduced carbon footprint.
With a long-standing position in medical biomaterials, Corbion is market leader in resorbable polymers for the medical device and pharmaceutical industries. We develop, manufacture, and market resorbable polymers and monomers for medical applications, and polymers for controlled drug delivery, medical devices, and parenteral and dialysis solutions.

## BIOBASED INNOVATIONS

Building on our capabilities in fermentation and downstream processing, our Biobased Innovations business unit leverages our lactic acid molecule and production expertise to create new business platforms in biotechnology. New business under development includes our PLA/lactide business for the development of a renewable and biodegradable plastic, biobased succinic acid through our joint venture with BASF (Succinity), and other early-stage innovative biobased chemicals such as FDCA. We continue working on our gypsum-free fermentation technology and lactic acid based on second-generation feedstock (plant-based materials such as bagasse, corn stover, wheat straw, and wood chips).To establish significant positions in these carefully selected biochemical markets we use our own core technology platforms, acquired or licensed adjacent technologies, intellectual property rights, and partnerships.

Corbion has selected high-potential growth platforms that address the megatrends of resource depletion and food security for a growing population and that are in line with our company purpose and mission.

## PLA

Corbion plays a leading role in developing the mass market for bioplastics in selected segments, including packaging, electronics, and automotive. The main growth driver is poly lactic acid (PLA) bioplastics, where Corbion is leveraging its lactic acid and lactide technologies, as well as its downstream know-how (polymerization and conversion) to replace fossil-based plastics.
Bioplastics provide a sustainable alternative to their traditional, fossil-based counterparts.
Bioplastics are defined as plastics that are biobased, biodegradable, or both. In the case of PLA, both these criteria are being met. PLA is made from renewable, biobased resources and has a significantly reduced carbon footprint compared to other plastics.
Corbion was the first one to commercialize a high heat PLA variety that can withstand temperatures up to 180°C/356°F, thus creating opportunities for PLA in the automotive market amongst others.
Corbion not only targets the higher value-added durable applications for PLA (e.g. for electronics and automotive), we also work with industry partners to develop the mass markets for PLA, including packaging and disposables where biodegradability is a key requirement.

## Gypsum-free fermentation technology

Corbion has developed a scalable, cost-effective, sustainable process for the production of organic acids. What makes this new technology unique is that it recycles almost all auxiliary chemicals, thus requiring fewer input materials, and prevents the formation of gypsum, a byproduct in the conventional process.

The carbon footprint of lactic acid produced using this new technology is reduced by 20% compared to the conventional process. Also on other environmental aspects, such as energy use and land competition, the gypsum-free lactic acid process outperforms the conventional process.
In 2014 we have completed the introduction of a gypsum-free lactic acid fermentation process on demonstration level at our Gorinchem industrial site in the Netherlands. We will continue to optimize this technology to further improve its cost-effectiveness and sustainability in the coming years.

## Second-generation feedstock

We are investing in advancing technology for the next generation of organic acid production in order to help mitigate the conflict between the limited availability of land for food production and carbohydrate feedstock needs for biochemicals production. In 2014 we have demonstrated the feasibility of second-generation feedstock fermentation for the production of lactic acid, lactide, and PLA, as, for the first time, we were able to produce high-purity bioplastic from second-generation feedstock (plant-based material such as bagasse, corn stover, wheat straw, and wood chips). This next generation organic acid technology will create a technology platform with the potential to become an integrated part of a biorefinery.

## Succinic acid

Based on technological advances and an increased need for renewable intermediates in different application fields, Corbion and BASF have been working on the development of biobased succinic acid since 2009. Biobased succinic acid features a significantly improved carbon footprint compared to conventional, fossil-based succinic acid or other dicarboxylic acids. Biobased succinic acid is a versatile building block with a significant market potential in the chemical intermediates market. It can be used in a variety of potential applications, such as bio-polymers (e.g. polybutylene succinate, PBS), polyurethanes, coatings, and life science products.
In 2013 Corbion and BASF established a 50-50 joint venture called Succinity GmbH, to produce and sell biobased succinic acid. The Succinity process is based on renewable raw materials and fixes carbondioxide. The proprietary microorganism Basfia succiniciproducens allows for a flexible usage of different feedstocks. Furthermore, Succinity biobased succinic acid can be produced efficiently without major waste streams thanks to a closed-loop process. An elaborate downstream processing method ensures the production of high-quality biobased succinic acid.

In March 2014, Succinity, announced the successful start-up of its first commercial production facility. The plant, located at the Corbion site in Montmeló, Spain, has an annual capacity of 10,000 metric tons and is producing commercial quantities of biobased succinic acid for the global market. In addition to this first facility, Succinity plans a second large-scale facility. The final investment decision for this facility will be made following a successful market introduction and further technology optimization.

### Other longer-term development projects

We follow a disciplined execution of investments in selected high-potential growth platforms. As such we will always review new opportunities to secure future revenue growth and to remain competitive in the long term.
Each new project follows a well-defined, fixed sequence of developmental stages. During each stage an assessment is performed with a view to the value proposition the project delivers to the market. Project risks are mitigated through the phased allocation of resources and investments to the development stage of the project in the funnel. Upon the passing of each stage gate, the commitment to each initiative increases, ultimately resulting in the decision to launch a new product.

Our selection process to determine which opportunities we will explore focuses on:

- Strategic fit and financial reward
- Market attractiveness and product differentiation
- Fit with our technological capabilities
- Competitive advantage and risks

In the beginning of 2014, Corbion introduced a renewed stage-gate process after the integration two sustainability elements in the gate-pass deliverables. The first element is a product life cycle assessment (LCA) and the second is a sustainability assessment. Depending on the nature of the project, one or both of these assessments need to be performed. By performing these assessments, the project team takes a closer look at e.g. resource efficiency, food waste, or product safety. The outcome is taken into the decision making process on how to move the project forward in the stage-gate process. In 2014, multiple projects performed a sustainability assessment, resulting in valuable information that enabled us to reduce the environmental impact of our new processes and, at the same time, understand where our products differ from existing products in the market.

FDCA is an opportunity we are further exploring. It is a potential replacement for purified terephthalic acid (PTA), which is used mainly for the production of PET bottles and polyester fibers. Replacement of PTA with FDCA results in a polymer called PEF, which has superior gas barrier properties compared with traditional PET, and also has a reduced carbon footprint.
FDCA production fits in well with Corbion's capabilities in fermentation and purification and builds further on our bioplastics portfolio. In 2014 we succeeded in producing polymer-grade prototype FDCA on lab scale and now we are exploring scaling up with partners.

## R&D

Innovation is at the heart of Corbion. It is a key differentiator in our strategic positioning, an important element of our brand image, and fundamental to maintaining and strengthening our leading market position. The changing environment in which Corbion operates today underwrites its importance. Innovation is crucial for deepening our relationships with customers and helping them to succeed in an evolving marketplace. Our commitment to innovation is deeply embedded in our strategy and culture. What sets us apart is our capability to turn science into biobased applications and innovations that meet customer and market needs. Our innovation strategy is collaborative: we work with partners, contact research organizations, and academia, and join consortia to be able to reduce time to market for our innovations.

The projected R&D spend is at 4% of net sales, equally divided over our Biobased Ingredients and Biobased Innovation business units.

The R&D organization comprises two basic research platforms – Biosciences & Fermentation and Product & Process Technology – which connect Corbion with the latest worldwide research results. The platforms work closely together with our four innovation centers.These innovation centers (Food, Chemicals, Polymers, and Medical Biomaterials) are an integral part of our business units and work to market our latest innovations.

## OPERATIONS, SUPPLY CHAIN, AND PROCUREMENT

To successfully accomplish the delivery of our solutions and services to our customers and meet their needs, we operate from a demand-driven perspective. The measure of our success is our ability to deliver the "perfect order" to the customer. We made a step change across Corbion this past year by moving to a new performance measure for our on-time in-full (OTIF) order delivery to get a better reflection of customer satisfaction. By moving in this direction we are raising the bar in our already strong quality and delivery performance. Since we started measuring performance in this fashion we have seen a 1% improvement in OTIF, to 98.6%.

Our supply chain and manufacturing footprint comprises lactic acid and derivatives plants in Thailand, the US, Brazil, the Netherlands, and Spain. Additionally this past year in partnership with BASF (Succinity) we successfully started up our succinic acid plant in Spain. Spain has also increased its capability to produce D-lactic acid, to support future market development of this biobased ingredient. In the US, we operate a frozen dough and functional blend facilities in New Jersey, a functional blend plant in Kansas, two emulsifier manufacturing sites in Missouri and Illinois and a lactic acid and derivative plant in Blair. Additionally in 2015 we will bring our new medical biomaterials plant on line in Georgia, to produce special materials for the medical field.

In 2014, as part of Streamline, the decision was taken to close our blending facility in Kansas, and support the business out of our New Jersey facility, creating a world-class functional blending manufacturing site.

### Operations and supply chain

Corbion's operations and supply chain activities have three key objectives:

1. To ensure on-time in-full delivery of products to our customers. We do this in a safe, environmentally responsible, sustainable manner, while ensuring the quality that meets our customers' expectations.
2. To reduce manufacturing and supply chain costs from both a fixed and variable perspective in order to maintain cost competitiveness in the market.
3. To enable the development of new products and markets either by business development or through innovation.

Several focus areas have been defined in operations and supply chain:

- Safety – "Zero" accidents is the benchmark for our performance. We record and investigate all incidents, including those with contractors, by determining the root cause and implementing prevention measures. In the past year we reduced our lost time injury rate by 50% from 1.0 in 2013, to 0.5 in 2014. Our LDR or Lost Day Rate was reduced over 80% from 66 to 12.
- Quality – Our goal is to deliver the "perfect order" to the customer, as measured by on-time and in-full indicators, first time right, and complaints. We produced 99.6% of our products first time right (FTR). We also record customer incidents, complaints, and rejections. In 2014 we delivered over 99.8% of our order lines without incident.
- Efficiency – We have established technology platforms in various processes and in maintenance. Through these platforms, best practices are established and shared and savings programs are initiated to stay competitive in the volatile markets we have experienced in the past few years. These technology platforms focus on reducing usage of chemicals and energy and increasing yields across our plants. We strive for world class performance in maintenance and reliability, and through our efforts have ensured the reliability of our assets. In 2014 our lactic acid and derivative plants have achieved less than 2.0% maintenance costs to replacement asset value. In 2015 we will focus on our emulsifier plant in Grandview and our functional blend plant in Totowa.

- Environment – Our aim is to have "zero" spills and reduce environmental impact. Corbion strives to always minimize the impact of its operations to its surroundings and we will continue doing this. In 2014 we had two environmental incidents. Both incidents did not have at any time created a danger to public health and safety.
  - In Rayong, Thailand, our plant experienced a disruption of its waste water system which generated a harmless, but unpleasant odor. Prior to the Corbion event, there was a more significant odor incident at another company in the area causing evacuation. As a result the IEAT (Industrial Estate Authority of Thailand) decided to temporarily halt our production at this facility. In close co-operation with IEAT Corbion took all necessary measures to secure a speedy start-up. An already planned outage for maintenance work was moved forward, making use of this temporary closure and minimizing the impact on overall operations.
  - In Gorinchem, the Netherlands, we had a small spill of waste water into surface water. The local authorities were notified by Corbion the same day. The initial tests of the water quality that same night showed the spill did not affect the environment. To make sure no new spill would take place Corbion decided to temporary halt production. Still that same night Corbion has taken the necessary measures and begun to start up the plant again, in agreement with the authorities.

  The root causes of both incidents have been identified and corrective actions have been taken to prevent reoccurrence. We are committed to being good stewards of the environment and have our facilities ISO 14001 certified.
- In 2014 we took another significant step in our journey to a gypsum-free lactic acid process. We successfully started up our pilot facility in Gorinchem, the Netherlands. We are currently evaluating its performance as we prepare for the future deployment of this technology.

To meet our key objectives, we maintain management systems that are designed to ensure continued compliance, while working toward ongoing improvement. We implement Environmental, Health, and Safety (EHS) management systems, such as ISO 14001 and OSHAS 18001. All of our sites are BRC-certified and assessed through Sedex.

## Procurement

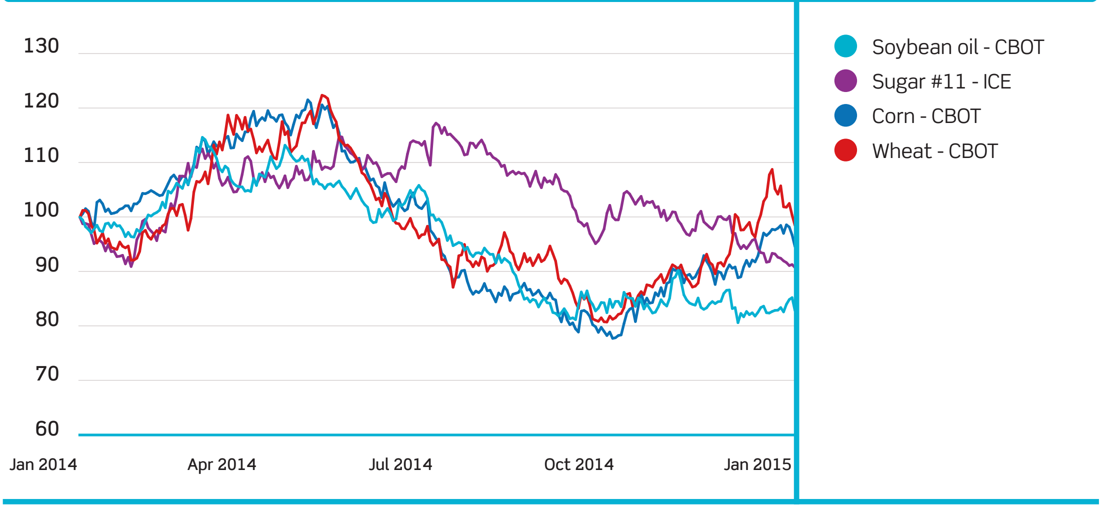
For our procurement activities we follow a centralized approach, with our sourcing strategies carried out by regional teams in Thailand, Brazil, the Netherlands, and the US. Our global approach provides us with an efficient and agile procurement function which has built a deep understanding of our sourcing needs and the ability to respond swiftly to market developments. This has proven to be an effective way for capturing economies of scale on our purchased goods and services, for lowering our supply risks, and for deepening our market insights for the benefit of our customers.

Our efforts in procurement create value through:
- Risk management of our large commodity exposures (soybean oil, sugar, corn, and wheat).
- Ensuring a safe supply of materials and services to our operations at all times, without disruptions.
- Reducing the cost base of our raw materials and services consistently through a highly professional procurement process.
- Ensuring a sustainable raw material supply.

In 2014 we have implemented a new purchase-to-pay system at our lactic acid plants which has given us greater control over our non-product-related spend. In 2015 the new system will be rolled out to all Corbion plants.
The key commodity markets in which we procure were relatively stable until the end of the year with wheat and corn being slightly impacted by the situation in Russia. Towards the end of the year, the increased stock levels for Brent (a major benchmark price for purchases of oil worldwide) have driven the oil market to five-year lows, resulting in some impact on commodity prices. Grain stocks increased in 2014, and the outlook is for these stocks to grow in 2015 except for raw sugar which is projected to return to a shortage in 2015 after four years of surpluses. We continue to mitigate overall raw material risk by actively taking longer-term contract positions

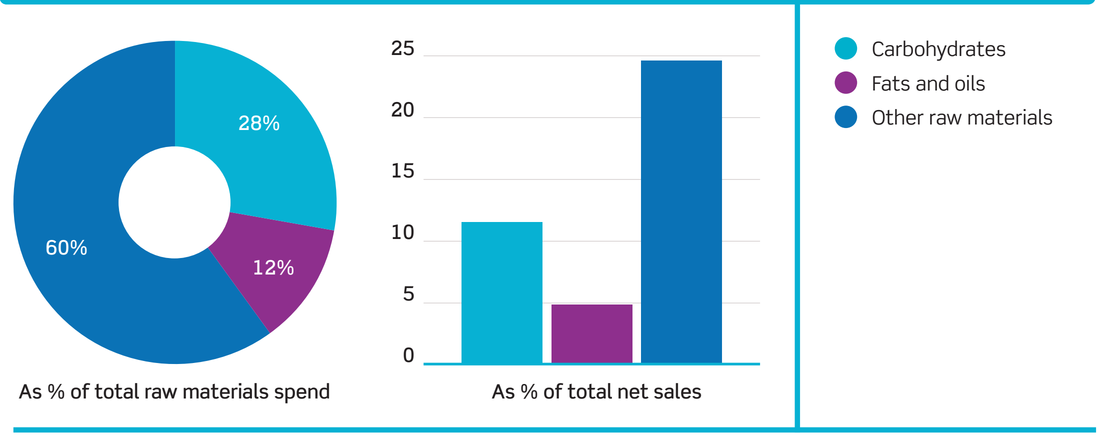
when necessary, by approving raw materials from other regions of the world, and on a longer-term horizon, by considering second-generation feedstocks.

Price index, second future contract - from January 2014 to December 2014




We have seen wheat and corn end the year at about the same price level as at the beginning; sugar and soybean oil prices declined. Carbohydrates and fats & oils made up a smaller percentage of our overall raw material spend in 2014 due to lower commodity markets. Mitigation of the impact has been done by expanding the supplier base and adding new sourcing regions.

Raw materials breakdown




*Source: Company data*

## Sustainable supply

A significant part of the environmental and social impact in our value chain is upstream of our own operations. To produce our biobased products sustainable, we therefore need to ensure our supply chain is sourced in a sustainable way. We engage with suppliers and evaluate supplier performance through risk assessment and encourage our suppliers to use global standards and good agricultural practices. Our ability, as just one company, to improve the sustainability of our supply chain is generally limited. We therefore also join with multi-stakeholder initiatives such as Sedex for all our raw materials and Bonsucro for our key agricultural raw material, sugar cane. In 2015, we will align our sustainable sourcing program to the updated Corbion strategy.

# Our performance

We want to improve the quality of life for people today and generations to come. We do this by addressing the megatrends driving our business, developing attractive and profitable solutions with our customers, and engaging with our stakeholders. We measure and report on our financial, social, and environmental performance.

## KEY FIGURES

### Financial

| *Millions of euros* | 2014 | 2013 (restated) |
|---|---|---|
| **Continuing operations** | | |
| Net sales | 770.1 | 743.6 |
| Operating result | 12.9 | 37.5 |
| EBITDA excluding one-off costs | 109.6 | 99.7 |
| Result after taxes | -18.3 | 5.2 |
| Earnings in euros [1] * | -0.34 | 0.03 |
| Diluted earnings in euros [1] * | -0.33 | 0.03 |
| | | |
| **Key data per common share** | | |
| Number of issued common shares | 62,041,761 | 71,939,942 |
| Number of common shares with dividend rights | 61,557,106 | 61,176,915 |
| Weighted average number of outstanding common shares * | 61,409,446 | 70,479,684 |
| Price as at 31 December | 13.82 | 15.40 |
| Highest price in calendar year | 17.27 | 18.60 |
| Lowest price in calendar year | 10.56 | 14.41 |
| Market capitalization as at 31 December | 851 | 942 |
| | | |
| **Other key data** | | |
| Cash flow from operating activities | 66.8 | 34.1 |
| Cash flow from operating activities per common share, in euros [1] * | 1.05 | 0.44 |
| Depreciation/amortization fixed assets | 44.1 | 41.0 |
| Capital expenditure on (in)tangible fixed assets | 62.5 | 75.5 |
| Number of issued financing preference shares | 2,574,281 | 2,983,794 |
| Equity per share in euros [2] | 7.93 | 7.87 |
| | | |
| **Ratios** | | |
| ROCE % [3] | 12.6 | 12.3 |
| EBITDA margin % [4] | 14.2 | 13.4 |
| Result after taxes/net sales % | -2.4 | 0.7 |
| Number of employees at closing date (headcount) | 1,893 | 1,885 |
| Net debt position/EBITDA [5] | -0.1 | -0.2 |
| Interest cover [6] | 23.8 | 13.6 |
| | | |
| **Balance sheet** | | |
| Non-current assets | 433.1 | 435.5 |
| Current assets excluding cash and cash equivalents | 239.1 | 206.2 |
| Non-interest-bearing current liabilities | 129.8 | 134.2 |

## Financial (continued)

| *Millions of euros* | 2014 | 2013 (restated) |
|---|---|---|
| Net debt position [7] | -5.8 | -29.4 |
| Provisions | 39.5 | 32.1 |
| Equity | 508.7 | 504.8 |
| Capital employed [8] | 502.9 | 475.4 |
| Average capital employed [8] | 505.2 | 469.3 |
| Balance sheet total : equity | 1:0.6 | 1:0.7 |
| Net debt position : equity | 1:-87.7 | 1:-17.2 |
| Current assets : current liabilities | 1:0.6 | 1:0.4 |

## Social

| | 2014 | 2013 |
|---|---|---|
| Total employees | **1,893** | **1,885** |
| **Number of employees by segment** | | |
| Business units | 23% [10] | 15% [9] |
| Biobased Ingredients | 93% | |
| Biobased Innovations | 7% | |
| R&D | 7% [10] | 12% |
| Operations | 59% | 60% |
| Support functions | 11% | 13% |
| **Number of employees by region** | | |
| Asia | 13% | 13% |
| EMEA | 37% | 37% |
| Latin America | 7% | 6% |
| North America | 43% | 44% |

## Environmental

| Category | | Unit | 2014 | 2013 |
|---|---|---|---|---|
| Production volume | | kT | 452 | 419 |
| Energy | Total, specific | GJ/T | 5.7 | 5.8 |
| Emissions [11] | Scope I | kT $CO_2$ equiv | 92 | 81 |
| | Scope II | kT $CO_2$ equiv | 91 | 90 |
| | Scope I, specific | kT $CO_2$ equiv/kT | 0.20 | 0.19 |
| | Scope II, specific | kT $CO_2$ equiv/kT | 0.20 | 0.21 |

1) *Per common share in euros after deduction of dividend on financing preference shares.*
2) *Equity per share is equity divided by the number of shares with dividend rights.*
3) *Return on capital employed (ROCE) is defined by Corbion as continued EBIT excluding one-off costs, including results from joint ventures and associates, divided by the average capital employed x 100. Prior year figure has been adjusted to reflect ROCE based on continued figures.*
4) *EBITDA margin % is EBITDA excluding one-off costs divided by net sales x 100.*
5) *EBITDA is "Earnings Before Interest, Taxes, Depreciation and Amortization and impairment of (in)tangible fixed assets" including acquisition/ divestment results and including discontinued operations, and excluding one-off costs.*
6) *Interest cover is EBITDA as defined in Note 4 divided by net interest income and charges.*
7) *Net debt position comprises interest-bearing debts less cash and cash equivalents.*
8) *Capital employed and average capital employed are based on balance sheet book values.*
9) *A comparison with 2013 is not possible as the strategy update led to the establishment of two business units: Biobased Ingredients and Biobased Innovations, as reflected by the employee numbers for 2014. For 2013, only the total business unit employee number is shown.*
10) *Some employees within the R&D unit moved to the business, causing a decrease in the number of R&D employees and an increase in business unit employees in 2014.*
11) *In the 2013 column, due to adjustments, some numbers deviate from those reported in the 2013 report.*

*) *previous year is restated for stock dividend*

# FINANCIAL COMMENTARY 2014, DIVIDEND PROPOSAL, OUTLOOK FOR 2015

*Data for operational segments below are presented using the new segments announced at the strategy update on 30 October 2014. Comparative information for 2013 has been restated, for more information see Note 1 "Accounting information".*

## Results

### Net sales

Net sales in 2014 increased by 3.6% to € 770.1 million (2013: € 743.6 million) mainly driven by organic growth (3.2%). Exchange rate movements impacted the sales figures negatively by € 5.9 million mainly driven by the weakening of the Brazilian real and Japanese yen. The acquisition impact related to the divestment of the Bakery Supplies businesses which we treated as intercompany sales in the first half year of 2013.

Organic growth in the Biobased Ingredients business unit of 2.5% was mainly driven by the business segment Biochemicals. In the business segment Food, volume growth was slightly negative due to industry consolidation in the bakery market segment and the ongoing impact of the earlier legislative change in the US on the meat market segment. Price/mix effect in the business segment Food was slightly negative as a result of lower raw material prices. In the Biochemicals business segment, volumes increased by 14.0% driven by product introductions and a widening geographical spread. The growth in the Biobased Innovations business unit, which was mainly driven by Bioplastics, contributed 0.7% points to the overall organic growth.

**Full year 2014 compared to full year 2013**

| | Total growth | Currency | Total growth at constant currency | Acquisitions* | Organic | Price/mix | Volume |
|---|---|---|---|---|---|---|---|
| **Biobased Ingredients** | **2.9%** | **-0.8%** | **3.7%** | **1.2%** | **2.5%** | **-0.1%** | **2.6%** |
| - Food | 0.3% | -0.8% | 1.1% | 1.6% | -0.5% | -0.3% | -0.2% |
| - Biochemicals | 11.9% | -0.7% | 12.6% | 0.0% | 12.6% | -1.4% | 14.0% |
| **Biobased Innovations** | **96.2%** | **-0.2%** | **96.4%** | **0.0%** | **96.4%** | **74.3%** | **22.1%** |
| **Total** | **3.6%** | **-0.8%** | **4.4%** | **1.2%** | **3.2%** | **0.4%** | **2.8%** |

** Sales to divested Bakery Supplies businesses now reclassified as third party sales instead of intercompany sales*

### Expenses

Our expenses increased, driven by higher personnel expenses (increased average FTE count, inflationary impact, and some incidental/severance items), significantly reduced contributions from the acquirer of our Bakery Supplies businesses, and additional costs in R&D (mainly related to pilot plants).

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **R&D expenses cash-out** | **32.1** | **28.1** |
| Capitalization | (2.6) | (5.0) |
| Depreciation/Amortization | 2.5 | 1.9 |
| R&D expenses | 32.0 | 24.9 |
| **R&D expenses before depreciation and amortization** | **29.5** | **23.1** |

### EBITDA

EBITDA (excluding one-off costs) increased by 9.9% to € 109.6 million which included a negative currency impact of € 0.9 million. Biobased Ingredients' EBITDA increased by 7.1% which was mainly driven by positive volume growth and improved product mix. The central costs of 2013 included a contribution of the acquirer of the Bakery Supplies businesses, which did not reoccur in 2014. The Biobased Innovations' EBITDA increase was mainly driven by income related to contribution for the usage of our Spanish facilities. Higher development costs of our innovation projects were compensated by higher bioplastics sales.

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **Biobased Ingredients** | **121.2** | **113.2** |
| *- Food* | *105.5* | *103.6* |
| *- Biochemicals* | *38.2* | *31.5* |
| *- Central Costs* | (22.5) | (21.9) |
| | | |
| **Biobased Innovations** | **(11.6)** | **(13.5)** |
| **EBITDA excluding one-off costs** | **109.6** | **99.7** |
| One-off costs | (14.8) | (19.9) |
| **EBITDA** | **94.8** | **79.8** |
| | | |
| **EBITDA excluding one-off costs at constant currencies** | **110.5** | **99.7** |

## Biobased Ingredients

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **Net sales** | 759.9 | 738.4 |
| | | |
| **EBITDA** | 109.1 | 93.2 |
| **EBITDA excluding one-off costs** | 121.2 | 113.2 |
| **EBITDA margin excluding one-off costs** | 15.9% | 15.3% |
| **ROCE** | 19.8% | 18.8% |
| **Average capital employed** | 433.2 | 406.8 |

The Biobased Ingredients business unit showed 2.6% volume growth in 2014, mostly driven by 14.0% volume growth in the business segment Biochemicals. Net sales increased by 2.9% as organic sales growth for the segment was 2.5%. Currencies had a slightly negative impact (especially in the first half of 2014) on the overall growth rate.

*Business segment Food*

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **Net sales** | 573.5 | 571.8 |
| | | |
| **EBITDA** | 97.2 | 101.1 |
| **EBITDA excluding one-off costs** | 105.5 | 103.6 |
| **EBITDA margin excluding one-off costs** | 18.4% | 18.1% |

In 2014, the business segment Food saw stable volumes versus last year (-0.2%), accompanied by a small negative price/mix effect (-0.3%).
Bakery sales grew slightly in 2014, in line with the North American market growth, even though volumes were slightly down in 2014 compared to last year. The innovation portfolio, launched in 2013, saw increased traction with customers in the latter part of 2014, even though the up-take earlier in the year was slower than forecasted. For 2015 the main priorities are further growth of the innovation portfolio, and the business transfer from the Kansas Avenue site to the Totowa facility.

Meat sales growth in 2014 was limited as North America, its main market, faced a renewed wave of clients switching out of Corbion's sodium lactate portfolio into low-cost-in-use solutions which offer similar efficacy at lower dosage. The resulting volume decline in North America was compensated by performances in Europe, Asia, and South America.

For 2015, the main priorities are to carefully manage the North American clients switching to low-cost-in-use solutions, boost growth outside of North America in markets such as Brazil and South East Asia, and develop new applications.

In dairy, confectionary, and beverages volumes increased slightly in 2014.

*Business segment Biochemicals*

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **Net sales** | 186.4 | 166.6 |
| | | |
| **EBITDA** | 36.1 | 31.1 |
| **EBITDA excluding one-off costs** | 38.2 | 31.5 |
| **EBITDA margin excluding one-off costs** | 20.5% | 18.9% |

The Biochemicals business segment showed strong growth across all markets throughout 2014. The strong organic sales growth of 12.6% was driven by higher customer demand for biobased products, often at the expense of petrochemical based alternatives. The strongest growth was seen in Agrochemicals, where Corbion's products are functioning both as an active ingredient and as a solvent, and in Electronics, where Corbion's products perform as high purity cleaning solvents. In the latter market segment Corbion benefited from strong growth in the LCD market. Particularly in the first half of 2014, volume growth was supported by higher sales of lower cost/lower price acidifiers for the animal feed industry, which had a limited negative impact on overall price/mix levels for the Biochemicals business segment.

For 2015, the priorities in Biochemicals are to further tap into new lactic acid derivatives markets and to successfully bring on-line the new Medical Biomaterials plant in Georgia, US.

*Central costs*

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **EBITDA** | (24.3) | (38.9) |
| **EBITDA excluding one-off costs** | (22.5) | (21.9) |

Central costs for 2014 increased slightly versus last year as in the second half of 2013 the acquirer of the Bakery Supplies businesses temporarily paid for certain services through a service level agreement. As a result of project Streamline Corbion expects central costs to come down in 2015 and beyond.

### Biobased Innovations

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| **Net sales** | 10.2 | 5.2 |
| | | |
| **EBITDA** | (14.2) | (13.5) |
| **EBITDA excluding one-off costs** | (11.6) | (13.5) |
| **EBITDA margin excluding one-off costs** | -113.2% | -257.3% |
| **Average capital employed** | 72.0 | 62.5 |

In Biobased Innovations, losses for the year were € 11.6 million. The losses were reduced somewhat compared to 2013 as lactide sales increased throughout the year, the calcium proprionate project was shut down in the second half of 2014, and Corbion received a contribution for usage of its Spanish facilities by Succinity.

In the second half of 2014 Corbion announced its intention to start the construction of a 75 kT PLA plant as the previous lactide-only strategy had not delivered according to earlier expectations. Corbion will only commence such investment if it can secure upfront at least one-third of plant capacity in committed PLA volumes from customers. Corbion will also continue to explore strategic alliances as part of the PLA growth strategy in order to enhance the business opportunities while mitigating the associated risks.

Corbion's priorities for 2015 are to secure the necessary client commitments for the construction of the PLA plant, to make progress with the gypsum-free fermentation technology to secure its market leading position in lactic acid production, and to advance with FDCA and biobased succinic acid.

**Depreciation and amortization**
Depreciation and amortization were € 44.1 million (2013: € 41.0 million).

**Operating result**
Operating result excluding one-off costs increased by € 6.8 million, or 11.5%, to € 65.5 million in 2014 (2013: € 58.7 million). At constant currencies the increase was 11.5%.

**One-off costs**
We incurred a total of € 52.6 million in one-off expenses in operating result in 2014, including the following main items:

- Impairments of € 20.2 million, all non-cash items, related to the closure of our Kansas Avenue powder blending plant (€ 8.2 million). Furthermore, impairments were recognized for pre-engineering costs due to a scope change of an envisaged expansion of the lactic acid plant in Thailand (€ 7.9 million) and other (€ 4.1 million).
- Reorganization charge of € 12.1 million related to Streamline, our productivity improvement program.
- Impairment (non-cash) of our Thailand based lactide plant of € 17.5 million (as reported in in the HY results 2014). Although we are making progress in the development of PLA related initiatives, our lactide plant in Thailand is currently underutilized.
- Contractual obligations towards the former members of the Board of Management of € 2.8 million.

**Financial income and charges**
Net financial charges decreased by € 7.7 million to € 9.4 million in 2014 due mainly to the lower net debt position. The financial charges in 2014 include an impairment of € 3.1 million related to an equity investment.

**Taxes**
The tax charge on our operations in 2014 amounted to € 20.2 million (30.1% on profit before one-off costs and before tax). The tax charge was impacted by various one-off items related to the strategic reorientation which was carried out in 2014. The relatively high tax charge on exceptional items is partially caused by the reversal of deferred tax assets, following a review by management on the recoverability of such deferred tax assets. Going forward, an effective tax rate in the range of 25-30% is expected.

## Balance sheet

Capital employed including goodwill increased, compared to year-end 2013, by € 27.5 million to € 502.9 million. The movements were:

| *Millions of euros* | |
|---|---|
| Capital expenditure on (in)tangible fixed assets | 62.5 |
| Depreciation | -40.1 |
| Amortization | -4.0 |
| Impairment of (in)tangible fixed assets | -37.8 |
| Working capital increase | 19.9 |
| Exchange rate differences | 31.9 |
| Tax positions | -14.6 |
| Milestone payment related to Fiberlive acquisition | 4.2 |
| Other | 5.5 |

Major capital expenditure projects in 2014 included a new Medical Biomaterials plant in the US, the new laboratory facility in The Netherlands, new technology development of the gypsum-free process, and continued investment in our Spanish plant in relation to succinic acid.

Trade working capital increased by € 28.5 million to € 108.1 million, mostly driven by an increase in inventory of € 31.3 million. This was mainly due to a currency impact of € 8.1 million and increases in raw materials due to specific purchasing decisions. Also, finished products went up following a strategic decision to accommodate future growth in bioplastics and some other product groups.

Shareholders' equity increased by € 3.9 million to € 508.7 million. The movements were:

- The negative result after taxes of € 18.3 million.
- A decrease of € 5.6 million related to the dividend for the financial year 2013.
- Positive exchange rate differences of € 27.3 million due to the translation of equity denominated in currencies other than the euro.
- Share-based remuneration costs charged to result of € 2.2 million.
- Positive movement of € 0.9 million in the hedge reserve.
- Negative effects of defined benefit plan and tax effects of € 2.6 million.

At year-end 2014 the ratio between balance sheet total and equity was 1:0.6 (2013 year-end: 1:0.7).

## Cash flow/financing

Cash flow from continuing operating activities increased compared to 2013 by € 32.7 million to € 66.8 million. This is the balance of the higher operational cash flow before movements in working capital of € 12.4 million, a negative impact of the movement in working capital and provisions of € 6.0 million, and lower paid taxes and interest of € 14.3 million.

The cash flow required for continuing investment activities decreased compared to 2013 by € 4.8 million to € 74.0 million. Capital expenditures accounted for most (€ 67.8 million) of this cash outflow.

The net cash position at the end of 2014 was € 5.8 million, a decrease of € 23.6 million compared to year-end 2013, mainly due to capital expenditures, the increase in working capital compared to the year-end position, and the dividend payment. These outflows were partly compensated by the positive cash flow from operating activities before movements in working capital and provisions.

At the end of 2014, the ratio of net debt to EBITDA was negative at -0.1x (end of 2013: -0.2x), reflecting the net cash position. The interest cover for 2014 was 23.8x (end of 2013: 13.6x). Corbion continues to stay well within the limits of its financing covenants. In June 2014, Corbion announced it had successfully closed a 5 years-syndicated loan facility of € 300 million. This new Revolving Credit Facility (RCF) replaced the company's expiring previous RCF. The main conditions for Corbion's credit facility are as follows: the net debt/EBITDA ratio not to exceed 3.5 and the interest cover ratio not to be lower than 3.5. These conditions are equal to the conditions of the former RCF.

## Reservation and dividend policy

Corbion's reservation policy is aimed at creating and retaining sufficient financial capacity and flexibility to realize its strategic objectives while maintaining healthy balance sheet ratios. Corbion intends to add or charge the profit or loss to the company reserves after payment of the statutory dividend on financing preference shares and after deduction of the proposed dividend on common shares. Events such as financing requirements, acquisitions, divestments, reorganizations, or other strategic considerations can lead to adjustments in the reserves and the reservation policy.

As regards Corbion's dividend policy, the amount of dividend on common shares and the type of dividend that the company will pay to its shareholders depend on the financial results of the company, the market environment, the outlook, and other relevant factors. The current dividend policy is to pay out 35% of net profit adjusted for one-off items. As already announced in our strategy update, issued on 30 October 2014, as a result of lower estimated cash outlays in the coming years Corbion plans to raise its regular dividend to 35-45% of the net profit adjusted for one-off items. Periodically Corbion will review its debt position in relation to the investment plans, and decide upon potential further distributions.

As also announced in our strategy update, Corbion plans to distribute € 100 million to shareholders in 2015 through a € 50 million additional cash dividend, and a € 50 million share buyback program which commenced in early March 2015 and to be completed before the end of 2015.

### Dividend proposal

Upon adoption of the financial statements, holders of financing preference shares will receive the statutory dividend. A proposal to distribute a regular dividend of € 0.21 per common share will be submitted for approval to the General Shareholders' Meeting to be held on 22 May 2015. This equals 35% of our net profit from continuing activities excluding one-off costs. Shareholders will be able to choose whether to receive this dividend, charged to the Corbion reserves, in cash or in shares.

In addition to the regular dividend on common shares, € 50 million is proposed to be distributed as an additional cash dividend of € 0.81 per common share, at the same moment as the regular dividend. The proposed additional dividend on common shares will also be submitted for approval to the General Shareholders' Meeting to be held on 22 May 2015.

### Outlook 2015

For 2015 we see both opportunities and headwinds. Based on current exchange rates and our high exposure to the US dollar, we should see a positive translation effect supporting our earnings. The significantly lower oil price should help lower our energy costs, but could also negatively impact the urgency for the more price-sensitive segments of the chemical markets to switch to biobased alternatives.

Given the current economic environment, for 2015 we expect a marginal volume growth improvement in our Food business segment, while our Biochemicals business segment is expected to grow at a more moderate pace after the double digit growth seen in 2014. The first results of our Streamline program will have a positive impact on our profitability in the Biobased Ingredients business unit, but the majority of savings will become visible in 2016 and beyond. In our business unit Biobased Innovations our priority is to secure 25 kT in volume commitments as the pre-condition for the construction of a 75 kT PLA plant.

## SOCIAL PERFORMANCE

Strategies and structures do not work.... People do!

In 2014, Corbion has updated its strategic direction for 2015-2018. As a result, our organization will be streamlined to improve productivity, our structure aligned with the product portfolio choices, our business processes simplified, and our manufacturing footprint optimized.
All this will entail considerable changes for our employees, in ways of working, new structures, and reporting lines. It will also result in the loss of about 200 jobs across the company, by 2016.
In line with this Corbion adopted a new people strategy to support the updated strategic direction. Cornerstones of the people strategy are organizational and people readiness, leadership development, and workforce planning and resourcing.

As a company we feel responsible for our employees, and we have incorporated the following principles in our people strategy:

- Provide safe and healthy working conditions.
- Attract, deploy, and develop people on the basis of the talent and leadership required for current and future jobs.
- Encourage and support opportunities for further business and personal growth, and offer challenging career opportunities.
- Reward performance using an international-market-competitive remuneration framework.
- Offer a great place to work, where our engaged workforce can unleash their potential, passion, pride, and talent.

## Workforce profile

| | Number of employees 2014 | % of workforce 2014 | Number of employees 2013 | % of workforce 2013 |
|---|---|---|---|---|
| Total workforce | **1,893** | | **1,885** | |
| **By region** | | | | |
| Asia | 249 | 13% | 243 | 13% |
| EMEA | 699 | 37% | 689 | 37% |
| Latin America | 125 | 7% | 123 | 6% |
| North America | 820 | 43% | 830 | 44% |
| **Per unit** | | | | |
| Business units | 429 | 23% | 281 [1)] | 15% [1)] |
| *- Biobased Ingredients* | *400* | *93%* | | |
| *- Biobased Innovations* | *29* | *7%* | | |
| R&D | 136 | 7% | 219 | 12% |
| Operations | 1,110 | 59% | 1,138 | 60% |
| Support functions | 218 | 11% | 247 | 13% |
| **By gender** | | | | |
| Female | 495 | 26% | 505 | 27% |
| Male | 1,398 | 74% | 1,380 | 73% |
| **By employment contract** | | | | |
| Full time | 1,745 | 92% | 1,755 | 93% |
| *- Permanent* | *1,677* | *88%* | *1,688* | *89%* |
| *- Temporary* | *68* | *4%* | *67* | *4%* |
| Part time | 148 | 8% | 130 | 7% |
| *- Permanent* | *129* | *7%* | *118* | *6%* |
| *- Temporary* | *19* | *1%* | *12* | *1%* |

*1) A comparison with 2013 is not possible as the strategy update led to the establishment of two business units: Biobased Ingredients and Biobased Innovations, as reflected by the employee numbers for 2014. For 2013, only the total business unit employee number is shown.*

In 2014, our total workforce and its distribution over various regions remained more or less stable. In the first half of the year there was an increase in our total workforce, but as a result of cost measures and a hire restriction in the second half, our workforce decreased. The “Streamline” program will further drive this number down in 2015. Some employees within the R&D unit moved to the business, causing a decrease in the number of R&D employees and an increase in business unit employees in 2014.

## Hires and turnover

| | Number of new hires | New hire rate | Number of leavers | Turnover rate |
|---|---|---|---|---|
| Total | **208** | **11%** | **200** | **11%** |

| | Number of new hires | % of new hires | Number of leavers | % of leavers |
|---|---|---|---|---|
| **By employee category** | | | | |
| Staff | 137 | 66% | 130 | 65% |
| Middle management | 67 | 32% | 63 | 31% |
| Senior management | 4 | 2% | 7 | 4% |
| **By region** | | | | |
| Asia | 30 | 14% | 24 | 12% |
| EMEA | 80 | 39% | 70 | 35% |
| Latin America | 13 | 6% | 11 | 6% |
| North America | 85 | 41% | 95 | 47% |
| **By gender** | | | | |
| Male | 163 | 78% | 145 | 72% |
| Female | 45 | 22% | 55 | 28% |

Our overall new hire and turnover rates of each 11% reflect that our workforce stayed about the same in 2014, albeit with a net increase in staff and middle management and a decrease in senior management. On balance, the workforce has increased slightly in all regions, except North America. This increase mainly took place in the first half of 2014.

## Labor practices

| Collective bargaining agreements | Number of employees | % of workforce |
|---|---|---|
| Total employees with agreements | **791** | 42% |

The majority of our workforce has no collective labor agreements. There are various alternatives to encourage employee involvement across our global company, from employee bodies in Thailand to works' councils in Europe, ensuring high-level employee-management interaction and responsible labor practices. In addition, our Code of Conduct, reflects our strong commitment to responsible labor practices.

## Safety

Our goal at Corbion is to make sure that our employees return home each and every day injury free. In the work place we strive to minimize "At-Risk" behaviors and ensure adherence to all safety policies and procedures. All of our facilities are now OSHAS 18001 certified and in 2015 all will be utilizing Behavioral Based Safety processes. As a result of these efforts safety performance at Corbion has improved considerably from 2013 to 2014. Our LTI or Lost Time Injury rate per 200,000 hours worked has been reduced by 50% from 1.0 in 2013, to 0.5 in 2014. On top of that our LDR or Lost Day Rate decreased over 80% from 66 to 12. Our employee absentee rate was 1.9% overall. Our most significant incidents resulted from slips, falls, sprains, and strains, the most significant two coming as a result of icy conditions in our employee parking lots. We are committed to creating an "accident-free" culture at Corbion and will strive for even better performance and results.

## Business conduct

Guided by the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, we uphold our business integrity, personal integrity, employment standards, assets, and sustainability. How we implement this is outlined in the Corbion Code of Conduct, and in our Insider Trading Rules, and Whistleblower Rules.
In accordance with our compliance program, we monitor our business conduct. In 2014, we had no incidents of corruption or discrimination and no fines. We record, manage, and mediate all grievance incidents. In 2014, one violation of the Code of Conduct was reported. Appropriate measures and/or actions have been taken by management.

## Stakeholder engagement

We identify and engage with stakeholders in order to understand their needs and expectations. This enables us to better align our actions with society and anticipate future developments. Important stakeholders for us are employees, customers, shareholders, suppliers, the community, NGOs, and society as a whole. We aim to build trust with our stakeholders through open dialogue and transparent actions and communications.

We identify and work with the most relevant stakeholder groups for the different parts of our business and along our value chain. This includes collaborating in multi-stakeholder organizations, such as those focusing on the biobased economy, second-generation feedstocks, sustainable supply and agriculture, and the improvement of livelihoods.

Engagement partners and multi-stakeholder initiatives:

- ACI (American Cleaning Institute)
- BE-Basic (Biobased Ecological Economy)
- Bonsucro (Association to improve sustainable agricultural practices in sugar cane production)
- BPF (Bioprocess Pilot Facility)
- BPM (Biobased Performance Materials)
- CEFIC (European Chemical Industry Council)
- Commission Corbey (advisory body for the Dutch Government on the sustainable use of biomass)
- United Nations Global Compact (UN initiative in the areas of human rights, labor, environment, and anti-corruption)
- DPI (Dutch Polymer Institute)
- EuropaBio (European Association for Biotechnology Industries)
- European Bioplastics (association representing the interests of the European bioplastics industry)
- Institute for Societal Innovations ("Instituut Maatschappelijke Innovatie" food-fuel initiative)
- ICOS Cleantech Fund I and II (venture funds investing in early technology start-ups based in the Netherlands)
- IFFI (Ingredients for Food Innovators)
- IFPRI (International Fine Particles Research Institute)
- ISPT (Institute for Sustainable Process Technology)
- Leatherhead (Leatherhead Food Research)
- NL-GUTS (Netherlands Group of Users of Technologies for Separation)
- RSPO (Roundtable on Sustainable Palm Oil)
- Sedex (organization dedicated to driving improvements in responsible and ethical business practices in global supply chains)
- TIFN (Top Institute for Food and Nutrition)
- VNCI ("Vereniging Nederlandse Chemische Industrie"; Association of the Dutch Chemical Industry)
- Wetsus (Center of Excellence for Sustainable Water Technology – Technological Top Institute Water)

## ENVIRONMENTAL PERFORMANCE

Our products and solutions aim to reduce the environmental impact for our customers. Also, we work continuously on reducing the environmental impact of our own operations and upstream activities by focusing on resource efficiency and emission reduction. These are the areas with the greatest environmental impact, as confirmed by our impact assessment through Life Cycle Assessment (LCA) and our discussions with key stakeholders. Resource efficiency includes the aspects of energy and water use and waste produced. Emissions are determined for our manufacturing facilities and include scopes I, II, and III as $CO_2$ equivalents. We measure and report on our performance and strive to implement best practices, as outlined below.

| Category | | Unit | 2014 | 2013 |
|---|---|---|---|---|
| **Production volume** | | kT | 452 | 419 |
| **Energy** | Electricity | GJx10^3 | 469 | 451 |
| | Heating | GJx10^3 | 1,646 | 1,472 |
| | Steam | GJx10^3 | 479 | 497 |
| | **Total** | **GJx10^6** | **2.59** | **2.42** |
| | **Total, specific** | **GJ/T** | **5.74** | **5.80** |
| **Water withdrawn** | Ground | m3x10^3 | 525 | 363 |
| | Municipal | m3x10^3 | 1,035 | 1,010 |
| | Surface | m3x10^3 | 5,945 | 6,722 |
| | **Total** | **m3x10^3** | **7,505** | **8,095** |
| **Water discharged** [1] | Treated sewer | m3x10^3 | 2,196 | 660 |
| | Non-treated sewer | m3x10^3 | 378 | 782 |
| | Treated surface | m3x10^3 | 299 | 1,252 |
| | Non-treated surface | m3x10^3 | 4,230 | 5,054 |
| | **Total** | **m3x10^3** | **7,103** | **7,748** |
| **Waste (non-hazardous)** | Incinerated | kT | 1.3 | 0.3 |
| | Landfilled | kT | 3.5 | 14 |
| | Recycled | kT | 10 | 11 |
| | **Total** | **kT** | **15** | **26** |
| **Waste (hazardous)** | Incinerated | kT | 0.17 | 0.04 |
| | Landfilled | kT | 0.10 | 0.04 |
| | Recycled | kT | 0.29 | 0.32 |
| | **Total** | **kT** | **0.6** | **0.4** |
| **Usable byproducts** | | **kT** | **398** | **341** |
| **Emissions** [2] | Scope I | kT $CO_2$ equiv | 92 | 81 |
| | Scope II | kT $CO_2$ equiv | 91 | 90 |
| | Scope III | kT $CO_2$ equiv | 491 | 467 |
| | Scope I, specific | kT $CO_2$ equiv/kT | 0.20 | 0.19 |
| | Scope II, specific | kT $CO_2$ equiv/kT | 0.20 | 0.21 |
| | NOx | T | 32 | 66 |
| | SOx | T | 1 | 0,6 |
| | Dust | T | 5 | 15 |

1) *In 2014, we have reviewed and updated our definitions of the water discharge categories, resulting in some shifts between the different categories.*
2) *In the 2013 column, due to adjustments, some numbers deviate from those reported in the 2013 report.*

## Resource efficiency: energy, water, and waste

Our resource-efficiency KPIs measure the performance of all of our operations. In 2014 our total specific energy consumption was 5.74 GJ/T. This is a reduction of 1.1% compared to last year, mainly due to the increased occupancy of our plants, enabling more energy-efficient production.
Water management is an area of continuous improvement for our operations. Improved water efficiency has been realized by implementing concentration increases in various stages of our processes. This has resulted in a 7% reduction in our total water consumption.
Our waste is the sum of our hazardous and non-hazardous production waste, which is either sent to landfill, incinerated, or recycled. We managed to significantly decrease the levels going into landfill by finding new outlets where material is reused by third parties.

## Emissions

We report our emissions in carbon equivalents from cradle to gate in accordance with the Green House Gas Protocol. This includes scope I emissions from direct production (for natural gas and fuel oil), scope II emissions from purchased energy (for electricity and purchased steam), and scope III emissions related to purchased goods and services, fuel and energy-related activities, upstream transportation, business travel, and employee commuting.
In 2014 our specific scope I and scope II emissions remained consistent with previous years. Although continuous improvement is a strong focus in our operations, many of our facilities are already operating in a highly efficient manner. This presents a challenge in terms of identifying further reduction opportunities in current operations.
Our scope III emissions increased slightly compared to 2013, due to the increase in purchased goods, which is the largest component of scope III. This increase is linked to our higher production volume.

## Environmental grievances

Corbion strives to always minimize the impact of its operations to its surroundings and we will continue doing this. In 2014 we have had two environmental incidents. Both incidents did not have an impact on the environment or, at any time, created a danger to public health and safety.

- In Rayong, Thailand, our plant experienced a disruption of its waste water system which generated a harmless, but unpleasant odor.
- In Gorinchem, the Netherlands, we had a small spill of waste water into surface water.

The root causes of both incidents have been identified and corrective actions have been taken to prevent reoccurrence.

# Our governance

## CORPORATE GOVERNANCE

Corbion recognizes the importance of good corporate governance and the principles contained within the Dutch corporate governance code (the "Code"), namely, that a company is a long-term partnership between various parties related to the company. Our management bears overall responsibility for balancing the interests of these parties, mostly with the aim of ensuring continuity of the company. At the same time, Corbion aims to create long-term value for its shareholders. Corbion is committed to embedding the Code principles within the company, thereby abiding by the core concepts of good business practices, integrity, openness, and transparent and well-supervised management. The full text of the Code can be viewed at: www.commissiecorporategovernance.nl.

### Compliance with the Code

With the exception of the deviations outlined in the paragraphs below, Corbion endorses and adheres to the principles and best practices of the Code.
Important changes in the corporate governance structure are presented to the General Shareholders' Meeting for discussion. Our corporate governance policy, including the relevant regulations and reports, can be consulted on the Corbion website.

### Deviations from the Code

Until the General Shareholders' Meeting of 12 May 2014, Corbion departed from the provisions of the Code with regard to the severance arrangements in the event of non-voluntary resignation by members of the Board of Management. At the General Shareholders' Meeting the new Board of Management was appointed and severance entitlement for the new members of the Board of Management is in line with the Code.
Corbion departs from the provisions of the Code with regard to the possible financing of income tax on vested shares under the share plan by selling part of the vested shares.

Regarding its composition, the Supervisory Board always tries to strike the right balance between expertise and experience. A certain degree of age and gender variation may be instrumental in achieving the desired balance in the composition of the Board. In this respect, the profile of Corbion's Supervisory Board deviates from best practice provision III.3.1 of the Code. The required expertise and experience, as well as the availability of the right candidates, are decisive when proposing candidates for (re)appointment.
Therefore, although Corbion pays close attention to gender diversity in the profiles of new Board of Management and Supervisory Board members in accordance with section 2:166 subsection 2 of the Dutch Civil Code, it does not strictly follow the recommendation for an explicit target on gender diversity and has not formulated concrete targets in this respect.
There are two other aspects in which Corbion departs from the Code. The members of the Supervisory Board and the Board of Management are appointed by the General Shareholders' Meeting on the basis of nominations by the Supervisory Board. The Corbion Articles of Association state that the General Shareholders' Meeting can overrule any such nomination by an absolute majority of the votes cast, provided the said majority represents at least 1/3 of the issued capital. In contrast

with the Code, no second meeting will be convened if there is no quorum, as a second meeting is not required by law.

The General Shareholders' Meeting may decide to suspend or dismiss a member of the Board of Management or the Supervisory Board by an absolute majority of the votes cast, provided the said majority represents at least 1/3 of the issued capital. This quorum requirement does not apply if the proposal for suspension or dismissal is submitted by the Supervisory Board. In contrast with the Code, no second meeting will be convened if there is no quorum, as a second meeting is not required by law.

## Corporate governance statement

The information and statement pursuant to the Decree of 23 December 2004 as amended in March and December 2009, to determine additional regulations regarding the content of the annual report, have been published on Corbion's website, www.corbion.com (Investor Relations, Corporate Governance).

## Structure

Corbion nv is an international holding company as described by section 153, subsection 3 under b, of Book 2 of the Dutch Civil Code. The "large company" regime therefore does not apply to Corbion nv. Corporate governance relates to the management and supervision of the company, accountability, and the influence of stakeholders on decision-making.

The Board of Management is responsible for developing objectives and the strategy, determining the risk profile, and implementing strategic and operational policies. The independent Supervisory Board oversees and advises the Board of Management. From among its members, the Supervisory Board has appointed an Audit Committee, a Nomination Committee, a Remuneration Committee, and a Science and Technology Committee.

The Board of Management fulfills its duties by promoting the interests of Corbion and its businesses. These interests are understood as the interests of all stakeholders, including customers, shareholders, employees, suppliers, business-, and financial partners. Corbion is aware of its corporate and social responsibilities and is deeply committed to protecting the interests of the community. Corbion works on the principle that corporate management should consistently develop and implement corporate policies taking into account the long-term and continuity perspective. Corbion endorses the importance of clear accountability for its policies and the results thereof.

Common shares in Corbion are listed on the NYSE Euronext Stock Exchange in Amsterdam.
The financing preference shares are not listed. No restrictions apply for the transfer of shares.
If a shareholder or group of shareholders acquires 30% or more of the share capital, the said shareholder or group of shareholders is required by law to make an offer for the entire outstanding capital. Shareholders have voting rights in proportion to the number of shares held.
The Annual General Shareholders' Meeting will be held within six months of the close of the financial year. At this meeting, the annual report and financial statements drawn up by the Board of Management will be presented for adoption, amongst other things. If requests are received from shareholders who individually or collectively represent at least one percent (1%) of the issued capital to place items on the General Shareholders' Meeting agenda, these will be honored provided they are submitted to Corbion at least 45 days prior to the date of the meeting.

Extraordinary General Shareholders' Meetings will be held as often as the Board of Management and Supervisory Board deem necessary. An Extraordinary General Shareholders' Meeting will also be held if one or more shareholders who collectively represent at least 1/10 of the issued capital submit a written request to this effect to the Board of Management or the Supervisory Board enclosing a detailed list of agenda items. If neither the Board of Management nor the Supervisory Board – which have equal powers in this matter – responds in such a way that this Extraordinary General Shareholders' Meeting can be convened within six weeks of the request, the applicants are at liberty to convene the meeting themselves and appoint a Chairman.

With the exception of cases in which a larger majority is required by law or the Articles of Association, decisions at the General Shareholders' Meeting will be taken by an absolute majority of the votes cast. Decisions to amend the Articles of Association and/or dissolve the company may only be taken at a General Shareholders' Meeting in which at least two-thirds of the issued capital is represented and by a majority of at least three-quarters of the votes cast, unless the proposal has been submitted by all incumbent members of the Board of Management with the collective approval of all incumbent members of the Supervisory Board, in which case the decision may be taken by an absolute majority of votes, regardless of the represented capital.

## RISK MANAGEMENT

### Risk management and internal control

In an increasingly volatile world where events are more interlinked than ever before, Corbion, with its worldwide operations in various markets and jurisdictions, needs to ensure a timely identification and effective management of all significant risks inherent to the execution of its strategy and realization of its objectives. The Board of Management is responsible for the design, implementation, and operation of Corbion's risk management and internal control system.
We have defined a governance model that identifies clear reporting and accountability structures in line with the Dutch corporate governance code.

### Risk appetite

Our risk appetite is the amount of risk we are willing to accept to achieve our strategic goals. This of course requires adequate risk understanding and awareness within the company. The lower the acceptable risk level, the more control and monitoring will be embedded. For areas with higher risk appetite, senior management and Board of Management involvement is required.
Our risk appetite can be summarized as follows:

| Risk category | Risk appetite |
|---|---|
| Strategic risk | Moderate to high: balancing risks and rewards to achieve our growth, innovation, and sustainability objectives |
| Operational risk | Low: safety issues<br>Moderate: other areas with a focus on improving operational and functional excellence |
| Financial and compliance risk | Low: full compliance with legal and regulatory reporting (including financial reporting) |

The sensitivity of our risk appetite can be summarized as follows:

| | Change | Approx. EBITDA impact (Millions of euros) |
|---|---|---|
| Net sales | +1% / - 1% | +/- 3 |
| Gross profit | +1% / -1% | +/- 2 |
| Operating costs (= Selling expenses + R&D costs + G&A expenses) | +1% / -1% | +/- 1.5 |
| USD | +1% / -1% | +/- 0.8 |
| YEN | +1% / -1% | +/- 0.2 |

### Risk management approach

Our approach to risk management aims to achieve a reasonable level of assurance, in line with the Enterprise Risk Management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO – ERM). Our approach aims to embed risk awareness and risk management at all levels of Corbion to ensure risk decisions are taken and evaluated consciously and properly. Our risk management approach covers strategic/market, operational, and financial/compliance risks, which can be illustrated as follows:


To embed risk awareness, constant management attention and communication coupled with risk management workshops are essential to identify critical risks for all our business activities. Awareness, identification of risks, and action plans to mitigate these risks are at the heart of our risk management program. The progress in risk mitigation is discussed on an ongoing basis between business management and Board of Management.

## Key risk areas

Below a summary is provided of the main risks that have been identified for Corbion, including possible impact and mitigation measures taken to address them. We make a distinction between Corbion-specific risks and risks of a more generic nature, which are also applicable to Corbion. There may be other risks which are currently unknown to Corbion, or currently believed not to be material, but which could ultimately have a major impact on Corbion's business, objectives, revenues, income, assets, liquidity, or capital resources.

**Corbion specific risks**

| Type of risk | Possible impact | Mitigation |
|---|---|---|
| Strategic and market risks | | |
| Being unable to execute Corbion's biobased strategy. | The implementation of our strategy is likely to lead to large capital expenditures, especially for the Biobased Innovations business unit, whereby financial returns might only materialize in the longer term.<br><br>Strategy implementation for a large part takes place through the implementation of major programs and projects in a variety of fields.<br>Programs and projects may fail to produce the (financial) results projected. | A fully aligned Board of Management and effective professional support in the execution of our strategy should mitigate the risk of less fortunate choices in our capital allocation and at the same time, increase the potential of realizing attractive returns on our investments. The strategy will be reviewed on (at least) a yearly basis.<br><br>Large capital expenditures for Biobased Innovations will be mitigated as much as possible via upfront commercial commitments and/or partnering. |

| Type of risk | Possible impact | Mitigation |
|---|---|---|
| Generating insufficient returns on our R&D / Innovation spend. | We spend approximately 4% of net sales on our R&D/Innovation efforts annually. These funds are spent with the intent to develop and introduce new and innovative products into the marketplace and to innovate our production processes. However, we might not generate the returns on our R&D/Innovation expenses to cover our cost of capital in all cases. | We seek to mitigate the risk of low returns on R&D/Innovation investments by requiring every innovation project to adhere to a structured innovation process, in which projects can only proceed to next phases upon meeting strict (financial) criteria (stage-gate process). A disciplined execution of this stage-gate process should result in projects which are more likely to deliver the expected results in line with the business plan assumptions. It also enables us to discontinue projects at an early stage when investments are still limited in case they do not deliver according to plan. Additionally, we mitigate this risk by sharing the development risks of some of our major initiatives by entering into partnerships with reputable third parties. |
| PLA bioplastics developments not meeting expectations. | Lactide is the (lactic acid based) source material to manufacture PLA, which is one of the most promising bioplastics. Demand depends on the cost level of PLA relative to conventional fossil-based plastics, legislative progress benefiting bioplastics, and general producer and consumer interest in plastics made from renewable resources. We have made significant investments in PLA related production capacity and organizational structures which might not yield returns over our cost of capital. | We closely monitor competing technologies and are maintaining our competitiveness by continuously refining our offering in terms of product specification and cost. We continue to professionalize our organization to optimally meet the needs of our (potential) customers.<br><br>In the fourth quarter of 2014, as part of our strategy update, we communicated our intention to forward integrate in the PLA value chain by becoming a PLA producer ourselves. However, to mitigate the potential associated risk, we have made the anticipated investment in a PLA plant conditional to attracting sufficient upfront commercial commitments (amounting to at least 1/3 of the envisaged capacity). Additionally, potential strategic partnerships might further reduce the associated risk. |
| Oil price developments. | A lower oil price over a longer period of time could potentially slow down market growth of particularly our Biobased Innovations portfolio. Such potential impact will be dependent on the oil price development versus the price trend in agricultural feedstocks such as sugar and corn. | To create insight, projects are assessed for feasibility over the cycle of oil versus agricultural feedstock price spread, with the focus on product/functionality differentiators to create additional added value versus drop-in products. In the longer run our efforts to use second-generation feedstocks might further reduce our sensitivity to oil price developments. |
| Inability to protect and enforce Corbion's intellectual property. | Intellectual property rights, including patents, trade secrets, confidential information, trademarks, and other forms of trade protection, are important to our business. We endeavor to protect our intellectual property rights in jurisdictions where our products are produced or used and in jurisdictions where our products are imported. However, we may be unable to obtain protection for our intellectual property in key jurisdictions. | We have designed and implemented internal controls to restrict access to and distribution of our intellectual property. Despite these precautions, our intellectual property is vulnerable to unauthorized access due to employee error or actions, theft and cyber security incidents, and other security breaches. When unauthorized access and use or counterfeit products are discovered, we report such situations to governmental authorities for investigation, as appropriate, and take measures to mitigate any potential impact. |

| Type of risk | Possible impact | Mitigation |
|---|---|---|
| **Operational risks** | | |
| Disruption of our supply chain as a result of calamities such as fire, floods, earthquakes, or due to contamination, strikes, or major system breakdowns. | A major (natural) disaster would threaten our business continuity.<br>The consolidation of our US powder blending operations (as communicated as part of our strategy update in the fourth quarter 2014) increases this risk for our Food businesses, because of the further concentration of these operations. | Our risk management approach aims to detect and prioritize the most serious risk areas which might cause a discontinuation of our supply chain. The focus is on prevention and where possible we have developed (are developing) appropriate back-up measures. However we are unable to plan for every possible disaster or incident. A major failure or loss of a critical business process could have a material adverse effect on our revenues, income, financial condition, and liquidity.<br><br>Based on best practices and experiences, we continuously review and improve manuals and guidelines at our operations to support employees in preventing and limiting risk calamities and mitigating their impact.<br><br>We have formalized a detailed integration plan for the execution of the consolidation of our US powder blending operations. |
| Raw material and energy price volatility and availability. | As we have seen in previous years, sudden volatility in the price of our key raw materials can seriously impact the margins of our products sold. Scarcity of raw materials due to excessive demand or production interruption at suppliers can also impact our results because of sales declines and additional costs incurred to meet our raw materials needs.<br><br>As an important share of our raw materials is agriculturally based, longer term concerns about land use and food availability might become a concern for biobased chemicals production. | We continuously invest in our relationships with customers and advise them on changes in product assortment, technology, and changes in consumer behavior. It is our belief that a relationship based on transparency and trust, in which true value is added, supports our ability to (partly) pass on increased costs via price increases or to redevelop products with lower cost ingredients in collaboration with our customers.<br><br>We actively address our concerns about land use and food availability through our engagement and our innovation efforts to replace current agricultural raw materials by alternative (non-food, biomass) sources.<br><br>Our procurement organization, globally organized with dedicated finance support, has developed adequate measures to secure contract positions and to obtain financial instruments to minimize or delay exposure to cost fluctuations in raw materials prices that could negatively impact our margins. These measures include early warnings of possible impact to our organization and our customers. Furthermore, we have implemented a multiple-supplier sourcing policy for our most critical raw materials. |

| Type of risk | Possible impact | Mitigation |
|---|---|---|
| Disruption of IT systems. | IT systems are essential to our supply chain, customer fulfillment, and financial reporting processes. Security and reliability of these systems are very important. Our IT infrastructure needs to be updated to adapt to organizational developments (needs) and this might cause disruptions to our processes. | We have harmonized our IT infrastructure and are in the process of harmonizing our IT application landscape as to optimally serve our organization and further increase its security and reliability. Whenever we implement new systems, back-up scenarios are in place. |

**Generic risks (also applicable to Corbion)**

| Type of risk | Possible impact | Mitigation |
|---|---|---|
| Strategic and market risks | | |
| Worsening of economic conditions. | Despite being active on several continents and in multiple versatile market segments, demand for our products is impacted by cyclical market conditions that could affect some of our customers and subsequently our financial results. This might lead to inability to meet our strategic objectives. | We are addressing a versatile portfolio of global market segments in multiple food and biochemical end markets, which provides us with a diversified risk profile. We continuously monitor and improve our competitive position by continued cost reduction ("Streamline" improvement initiative as communicated as part of the strategy update in the fourth quarter 2014). By using our extensive R&D and procurement experience to adjust our product offering we are able to meet changing demand. We have built a degree of flexibility into our production costs by hiring temporary staff. |
| Loss of our competitive position. | We operate in highly competitive markets where it is vital to keep cost and service levels at least at par with competition. Failure to achieve this might lead to market-share erosion or to customers substituting our products with alternatives. | Based on our strong market positions (e.g. global lactic acid leadership) and our continued focus, innovations and investments in clearly targeted biobased markets (both Food and Biochemicals) should support our competitive position. |
| Loss of large customers. | The loss of a large customer could have a disproportionate impact on the profitability of the company. We have a large and diversified customer base in which the five largest customers account for approximately 12% of our sales. | Intimate customer relationships based on a profound knowledge of our customers' needs and those of their end consumers; continuous new product development, where possible jointly with our customers; and excellent service and cost levels should limit the risk of large customers leaving. Our strategy is very much focused on improving these fundamental customer relationship aspects, for which substantial investments have and will be made. |
| Legal and regulatory non-compliance. | Our business is subject to laws and regulations by international, national, and local governmental authorities. Non-compliance with local laws, food safety regulations, human health, safety, and many other regulations could pose a serious threat. We could be exposed to substantial claims from various parties or permits might be cancelled. | Our Code of Conduct, policies, and procedures are properly maintained and made available to all staff via the Corbion intranet and are frequently communicated. Compliance is enforced by the local companies supported by the group. |

| Type of risk | Possible impact | Mitigation |
|---|---|---|
| Volatility in the currency exchange rates. | As we operate in various non-euro countries we are exposed to volatility in the exchange rates of a number of currencies versus the euro. We are particularly sensitive to the relation between the euro and US dollar. These fluctuations can have a significant impact on our financial results. This is reflected in the translation of the results and equity of foreign entities into euros and in the results of transactions when the currency of the production costs is different from the currency in which the sale of the product is being made. Financial risk include foreign currency risk, credit risk interest rate risk and liquidity risk. For more information see Note 25 financial instruments and financial risk management. | We have a hedging policy in place to limit the impact of volatility in foreign exchange rates. Hedging the impact of the foreign currency translation risk is partly and indirectly effectuated through matching with liabilities denominated in foreign currency.<br><br>Our total external debt is denominated in US dollars, which partly offsets the large equity translation exposure we have against the US dollar. The exposure to transaction risks is partly hedged by offsetting the long/short foreign currency positions through a system of gradually selling and/or buying these currencies to mitigate the impact of sudden volatility in these currencies. |
| Non-compliance with International Financial Reporting Standards (IFRS). | Not informing our shareholders and other stakeholders in conformity with IFRS could lead to a lack of trust, reputation damage, a declining share price, and potential legal claims. | Our financial reporting systems and processes are geared towards our business requirements and support regular business reviews. For group reporting we deploy a standard consolidation tool. Our corporate accounting policies and procedures are properly maintained and made available to all our staff via the Corbion intranet and are communicated frequently to our finance community. A monthly review of finance reports is performed by corporate and business unit teams. Our global control framework for financial reporting should warrant adherence to IFRS. |
| Non-compliance with applicable tax laws. | Corbion operates in many countries and, therefore has to manage compliance with a wide variety of tax laws. Changes in tax laws or in their application could adversely affect our financial results. | We have an adequate quarterly reporting system in place, hold regular tax meetings, and review the tax compliance of our operating companies. In addition, our global tax control framework should also warrant compliance. Transfer pricing policy and documentation are in place as well. Furthermore, we work with external tax experts who support our tax planning and returns and advise us in compliance matters. |

## Control measures
The Board of Management has evaluated the design and effectiveness of the internal risk management and control systems, based upon continuous monitoring and interaction with the business and corporate staff and by assessing amongst others the following information:

## Entity-wide controls
Our entity-wide controls are not limited to those outlined in this section, although various examples of policies and procedures can be found which are implemented by local operating companies.

**Legal and regulatory review**
Local management is responsible for compliance. Corporate Legal is consulted by local management on an ongoing basis. Every six months, local management reports legal issues exceeding € 100,000 to Corporate Legal and Corporate Finance.

**Fraud prevention and Code of Conduct**
Corbion has a continuous focus on fraud prevention. Our Code of Conduct is regularly updated and made available to all our employees via the intranet and it describes principles with respect to business and personal integrity, asset protection, and sustainability.

**Whistleblower procedure**
A whistleblower policy and reporting system are in place to enable our employees to report potential integrity issues or violations of our Code of Conduct.

**Letter of Representation**
Every six months, managing directors and finance directors of each reporting entity and, where applicable, other senior staff, provide a Letter of Representation to the Board of Management. This letter represents compliance with financial reporting and internal controls.

## Global control framework

**Business planning, budgeting, and management review**
Based on Corbion's strategy and plans, targets are set for the annual budget process. After determining the budgets, targets are rolled out to the responsibility areas (business units, operations, etc.) within Corbion. Quarterly updated estimates are made based on a forecast until the end of the year. Forecasts are specifically discussed between responsibility area leaders and the Board of Management. The Board of Management monitors business performance on a monthly and quarterly basis using a defined set of key performance indicators and reviews of actual results versus budgets and the previous year. Local entities are visited frequently. Operational management meets at least once a month to discuss the strategy and related risks, the actual performance versus budget, and other significant matters.

## Financial control framework

As Corbion operates worldwide, it is committed to maintaining high-quality, reliable financial reporting, and a sound control environment.
All reporting entities assess operational effectiveness of their financial closing and reporting processes, at mid-year and end-of-year, confirming compliance with the relevant guidelines and IFRS. Together with the Letters of Representation, this ensures the integrity of our financial reporting. During 2014 our main entities performed an assessment of the effectiveness of their key financial process controls.
The assessments have been audited by internal audit and used as a starting point by external auditors. The scope of our information security policy is fully aligned with the ISO 27002 standard and also meets our financial reporting requirements. Central assessments were completed both by an external party and internally by the IT security officer.

**Insurance**
Insurance is an integral part of our risk management approach as it is an instrument to manage the financial consequences of risks. The choice to obtain external insurance cover depends on the cost efficiency of the instrument. The coverage of insurances is monitored and benchmarked regularly.

**Internal audit**
Internal audit (CIAS) supports the organization in accomplishing its objectives by providing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control and governance processes. The Internal Audit Charter is approved by the Board of Management and the Audit Committee annually.
The objective of CIAS is to provide a broad range of audit services designed to assist the Board of Management in controlling the business operations. It provides independent, risk based objective assurance and consulting services designed to add value to the organization. CIAS evaluates risks and ensures that the controls in place are adequate to mitigate the risks identified by management. Besides the assurance role, CIAS also adds value to the business through tailor-made operational audits, identifying best practices, and recommending improvement opportunities to management.

The focus of CIAS is spread over the following areas:
- Compliance to the financial control framework for the legal entities.
- Conducting operational audits (various value-adding special investigations ranging from strategic themes, post mortems, fraud prevention, quality assurance, review of business processes, and segregation of duties).

Internal audit at Corbion is based on a co-sourcing model where an external professional provides the Director Internal Audit with specialized knowledge and flexibility.

Audit results are reported to the Board of Management and the Audit Committee.

**External audit**
Our external financial audit engagement ensures that all main entities are audited by the external auditor either for statutory and/or group purposes. The focus of the external auditor's work is the financial reporting with the objective of providing a reasonable basis for the audit opinion on the fairness of the presentation of the financial position.

## In control statement

Corbion's risk management and internal control systems are designed to identify in a timely manner the risks inherent to our strategic, operational, and financial business objectives and to determine appropriate risk responses as described above. Risk management and actions taken in the year under review were reported to and discussed by the Supervisory Board and Audit Committee.
Internal representations received from management, regular management reviews, evaluations of the design and implementation of our risk management and internal control systems, and business and Audit Committee reviews are an integral part of the company's risk management approach.

It should be noted that the above does not imply that these systems and procedures provide certainty as to the realization of strategic, operational, and financial business objectives, nor that they can prevent all misstatements, inaccuracies, errors, fraud, and non-compliance with laws and regulations.

On the basis thereof, the Board of Management believes to the best of its knowledge that the internal risk management and control systems with respect to the financial reporting have adequately performed in 2014 and that these systems provide a reasonable level of assurance against inaccuracies of material importance in the financial reporting. There are no indications that the systems would not be adequate in 2015.

All in all, the Board of Management is of the opinion that it has fulfilled the best practice provision II.1.4 of the Dutch corporate governance code with due observance of the recommendations of the Corporate Governance Code Monitoring Commission.

## Responsibility statement

To the best of our knowledge the financial statements give a true and fair view of the assets, liabilities, financial position, and earnings of Corbion and its consolidated companies. Further, to the best of our knowledge the annual report gives a true and fair view of the position of Corbion as at the balance sheet date, and of the development during the financial year of Corbion and its group companies included in the financial statements, together with a description of principal risks Corbion faces. The members of the Board of Management have signed the financial statements pursuant to their statutory obligations under section 101 subsection 2 of Book 2 of the Dutch Civil Code and section 25c subsection 2 sub c of Chapter 5 of the Financial Markets Supervision Act ("Wet op het financieel toezicht").

*Amsterdam, the Netherlands, 25 February 2015*

**Board of Management Corbion nv**
Tjerk de Ruiter, CEO
Eddy van Rhede van der Kloot, CFO
Sven Thormählen, CTO

# Report of the Supervisory Board

## OVERVIEW 2014

At the Annual General Shareholders' Meeting of 12 May 2014, Messrs. Hoetmer and Kramer stepped down as Board members. The Supervisory Board would like to thank them for their dedication and achievements as CEO and CFO since 2005 and 2006 respectively. As at the same date, Corbion's new Board of Management, consisting of Tjerk de Ruiter (CEO), Eddy van Rhede van der Kloot (CFO), and Sven Thormählen (CTO) took up its duties. The Supervisory Board believes that they have the background, experience, and credentials to successfully lead Corbion through the next stage of its development towards a biobased ingredients company.

In October 2014, Corbion announced its updated strategic direction for 2015-2018 at the Capital Markets Day. Corbion will focus on strengthening its core business in ingredients for food and biochemicals ("Biobased Ingredients"), while leveraging its technology to build new business platforms in the biotechnology arena ("Biobased Innovations").

The Supervisory Board would like to thank the Board of Management and all Corbion employees around the world for their dedication, loyalty, and hard work in 2014.

## MEETINGS OF THE SUPERVISORY BOARD

During the reporting year the Supervisory Board held six regular meetings with the Board of Management. The discussions at these meetings covered frequently recurring topics, such as the strategy update, the Corbion portfolio, developments in financial results, business developments in the business units and operating companies, trends in the markets where Corbion operates, key investments, group risks, internal risk management and control systems, the outcome of the Board of Management's evaluation of the set-up and operation of these systems, corporate governance, corporate social responsibility, organizational and people readiness, succession planning, the organizational top structure, acquisitions and divestments, the financial statements, and the annual report. In addition to these regular meetings, two physical meetings and two conference-call meetings were held to discuss amongst others the succession of the Board of Management members, the strategy update, and the consequences of the outcome of the Extraordinary Shareholders' Meeting. At this meeting which was held in July 2014, approval was withheld for the share award granted in 2013 to Messrs. Hoetmer and Kramer in recognition of the successful completion of the divestment of the Bakery Supplies businesses in 2013. The Supervisory Board has engaged external advisors to support them in their tasks and monitoring activities.

Prior to its regular meetings with the Board of Management the Supervisory Board also met in the absence of the Board of Management to discuss, amongst others, developments in the financial results, the new proposed remuneration policy for the Board of Management, and the profile, composition and performance of the Board of Management.

The Supervisory Board evaluated its own performance, the performance of its committees, and that of its members, by means of interviews by an external expert with all Supervisory Board members. A report of these interviews including observations and recommendations was discussed by the Supervisory Board. The outcome of the self-evaluation was that the Supervisory Board as a team is functioning well and that the composition of the Supervisory Board is adequate. Certain improvement areas were identified, amongst others the diversity of the Supervisory Board and some particular governance matters. Priorities for 2015 include monitoring the strategy implementation, obtaining a better insight in the human capital agenda, and monitoring the development of partnerships in the execution of the strategy.

Attendance at the in-person meetings held in 2014 was almost 100%. In one instance one Supervisory Board member was not able to attend a meeting in person and he attended the meeting by phone. In another instance one Supervisory Board member was not able to attend the entire meeting; he provided input in advance and designated another Supervisory Board member to proxy for him. Attendance at the conference-call meetings was 100%. The Chairman and Vice-Chairman of the Supervisory Board regularly met with the CEO, either in person or by phone. Also in this very intensive and important year for Corbion, all Supervisory Board members were able to make themselves sufficiently available to give adequate attention to the needs of Corbion.

Members of the Supervisory Board regularly met with the business leaders and members of corporate staff.

## COMPOSITION OF THE SUPERVISORY BOARD

Mr. M.P.M. de Raad stepped down at the Annual General Shareholders' Meeting of 12 May 2014, after ten years of distinguished service to the company, in a variety of roles, latterly as Vice-Chairman and, before that, as Chairman. The Supervisory Board has benefited immensely from his broad business and management skills. Mr. Vrijsen succeeded Mr. De Raad as Vice-Chairman.

Mr. R.H.P. Markham was re-appointed as member of the Supervisory Board and Mr. S. Riisgaard was appointed as a member.

Regarding its composition the Supervisory Board always tries to strike the right balance between expertise and experience. A certain degree of age and gender variation may be instrumental in achieving the desired balance in the composition of the Board. Required expertise and experience as well as the availability and diversity of the right candidates will be decisive when proposing candidates for (re)appointment.

In the judgement of the Supervisory Board all its members are independent as required by the Dutch corporate governance code.

## COMMITTEES OF THE SUPERVISORY BOARD

### Audit Committee

The members of the Audit Committee are Messrs. R. Pieterse (Chairman), J.P. de Kreij, and W. Spinner. In 2014 the Audit Committee met six times in the presence of the CFO, the external auditor, the Director Group Finance, and the Director Internal Audit. The agenda at these meetings covered, amongst others, the annual and half-year figures, the interim management statements, accounting issues, the operation of the internal risk management and control systems, tax matters, the financing plan, treasury, status of legal claims and litigations, information technology developments and organization, and the reports of the internal and external auditors. The Audit Committee also discussed the considerations and approach with respect to the timing and process of the rotation of the external auditor.

The Audit Committee closely monitors the independence of the external auditor. It evaluates the performance of the external auditor on a yearly basis and where appropriate recommends the replacement of the external auditor. Furthermore, approval of the Audit Committee is required with respect to the fees for all audit services to be performed by the external auditor as requested by the Board of Management. The Audit Committee will act as the principal contact for the external auditor in case of irregularities in the content of financial reports.

## Nomination Committee

The Nomination Committee consists of Messrs. R.H.P. Markham (Chairman), S. Riisgaard, and M. Vrijsen. The Nomination Committee met five times in 2014 in the presence of the CHRO. It discussed amongst other subjects the succession planning and composition of, and changes in the Supervisory Board, the performance of the Board of Management and its members, talent management, and the people strategy. It also discussed the establishment of an Executive Committee and the impact of the strategy update on the organizational structure.

The Nomination Committee met (either in person or by phone) several times outside of the regular meeting schedule to discuss the succession of the Board of Management members. In addition to these meetings, there were regular informal consultations between the members.

## Remuneration Committee

The Remuneration Committee consists of Messrs. M. Vrijsen (Chairman), R.H.P. Markham, and S. Riisgaard. The Remuneration Committee met five times in 2014 in the presence of the CHRO and discussed amongst other subjects the level of achievement of the 2013 Short-Term Incentive Plan (STIP) targets for the members of the Board of Management, the progress of the STIP 2014 targets, and the target setting for STIP 2015. It spent considerable time on the preparation of the new proposed remuneration policy for the Board of Management, which will be submitted for approval at the upcoming General Shareholders' Meeting.

The Remuneration Committee met (either in person or by phone) several times outside of the regular meeting schedule to discuss the succession of the Board of Management members, the consequences of the outcome of the Extraordinary Shareholders' Meeting, and the new proposed remuneration policy for the Board of Management. In addition to these meetings, there were regular informal consultations between the members.

## Science and Technology Committee

In 2014, the Supervisory Board established the Science and Technology Committee, given the importance of these areas within Corbion. The Science and Technology Committee consists of Messrs. S. Riisgaard (Chairman) and M. Vrijsen. The Science and Technology Committee met three times in 2014 in the presence of the CTO and members of the R&D leadership team. The agenda at these meetings covered, amongst other subjects, fermentation technologies, industrial downstream processes, the principles of the intellectual property protection strategy, and R&D upstream projects contributing to the new PLA strategy.

## Financial statements, 1 January 2014 - 31 December 2014

The financial statements prepared by the Board of Management for the financial year 2014 have been audited and certified by Deloitte Accountants B.V. The auditor's findings on the financial statements have been discussed with the Supervisory Board. The Supervisory Board has accepted the financial statements and recommends that they be adopted by the General Shareholders' Meeting. The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligation under Section 101 Subsection 2 of Book 2 of the Dutch Civil Code.

## REMUNERATION POLICY AND REPORT

### Remuneration policy 2010 and its implementation in 2014

The objective of the remuneration policy for the Board of Management is to create remuneration packages and employment conditions, which are competitive and linked to the strategy, with a strong emphasis on performance-related pay. The policy described in this section, and as applied in 2014, was approved by the Annual General Shareholders' Meeting (AGM) in 2010. As the company adopted a new strategy, a new remuneration policy will be submitted to the AGM on 22 May 2015. Details of the new policy will be published on the Corbion website and included in the agenda for the AGM.

### Remuneration levels

The total remuneration package for the Board of Management is benchmarked against companies in the Netherlands of comparable size and complexity as Corbion. The remuneration of the Board of Management is referenced against the median level of this group of comparable companies. Various sources of market data for corporate executives in the Netherlands are used for the comparison.

### Base salary

Members of the Board of Management are entitled to a base salary. In 2014, the annual base salary for the CEO amounted to € 525,000 for the CTO € 350,000 and for the CFO € 325,000.

### STIP

Members of the Board of Management are entitled to a short-term incentive. There are two target levels for this incentive. One applies to the CEO, and the other to the other Board members. The target incentive level for the CEO is 60% of base salary upon achievement of the short-term targets. The short-term incentive level for the other Board members is 50% of base salary upon achievement of the short-term targets. The STIP is determined by three financial targets which account for 75% and by personal targets which account for 25%. The extent to which personal targets have been achieved is determined by the Supervisory Board.

If performance exceeds the target, members of the Board of Management are entitled to a higher STIP than the at-target incentive. For the CEO a maximum STIP of 90% of base salary may apply and for the other Board members a maximum STIP of 75% of base salary may apply. All Board members can achieve the maximum bonus incentive in case all targets, financial and personal, are exceeded substantially (defined as 115% or more for each target). If a certain target is not realized a smaller STIP than the at-target incentive for such target will be paid out, with the understanding that no STIP will be awarded for such target at substantially lower performance (defined as 85% or less for each target).

The Supervisory Board determines, at its full discretion, the STIP pay-out for the Board of Management.
In 2014, for all Board members one of the personal targets has been achieved and the other has been overachieved. The realization of the financial targets showed an average achievement rate of 101%. In total this led to an average pay-out of 106% of target STIP pay out for all Board members (pro rata payment for months in position where applicable).

### LTIP

The long-term incentive for the Board of Management is provided by the Long-Term Incentive Plan (LTIP), which is linked to relative Total Shareholder Return (TSR).

Members of the Board of Management are entitled to a conditional grant of Corbion shares. The CEO is entitled to a conditional share grant value of 60% of base salary. The other Board members are entitled to a conditional share grant value of 50% of base salary. The total number of conditionally granted shares is determined by dividing the at-target amount which applies to the respective Board member (as a percentage of base salary) by the (undiscounted) fair value average stock price over the month prior to the date of grant (April of any year). The performance criterion for the LTIP is TSR, relative to a group of competitors, and measured over a three-year performance period. After vesting and share delivery, the Board members are required to keep the shares in a restricted account for another two years. The total lock-up period therefore is five years.

Corbion's TSR is benchmarked against a peer group of ten companies. The performance of Corbion versus this peer group is assessed at the end of the three-year performance period by an independent third party. According to the remuneration policy effective as of 2010, the target performance has been set at position 6 in the peer group. If Corbion delivers an outstanding performance (first or second in the peer group) over the three-year reference period the LTIP will amount to 175% of the at-target grant. If the performance is below the threshold (below position 6 in the peer group) the shares do not vest. The total number of shares to be delivered upon vesting can vary between zero and 175% of the initial conditionally granted number of shares, depending on the TSR performance. According to the LTIP plan regulations it is at the full discretion of the Supervisory Board to determine the pay-out based on the TSR result.

The Remuneration Committee evaluates the TSR performance of Corbion in relation to the peer group, using data supplied by a leading bank in the Netherlands. Upon vesting the members of the Board of Management will receive a number of additional Corbion shares to cover the dividend value, which is equal to the gross dividend that would have been paid on the shares in the three-year period of conditional allocation. At the time of vesting the members of the Board of Management may sell as many shares as necessary to pay the related income tax. The residual vested shares will be blocked for an additional two years.

The Supervisory Board periodically determines the peer group. If, for whatever reason, companies in the peer group change (due to mergers, acquisitions, or another cause), the Supervisory Board may decide to make one or more adjustments to the composition of the group.
The current TSR peer group consists of the following companies: Balchem (US), Chr. Hansen (DK), DSM (NL), Du Pont (US), Kerry Group (IR), Nutreco (NL), Novozymes (DK), Sensient (US), Solazyme (US), and Tate & Lyle (UK). The TSR performance for the 2011 LTIP series (vesting in 2014) was still based on the previous peer group.

The number of performance shares conditionally granted to Mr. De Ruiter in 2014 (vesting in 2017) is 19,103 representing a value of € 315,000. The number of performance shares conditionally granted to Mr. Van Rhede van der Kloot in 2014 (vesting in 2017) amounts to 9,855 representing a value of € 162,500. Finally, the number of conditional shares granted to Mr. Thormählen in 2014 (vesting in 2017) is 10,613 with a value of € 175,000. These shares will be delivered into a blocked account upon vesting. The lock-up period will end per May 2019. The performance against the peer group will be measured to determine the percentage of shares that will actually vest for the members of the Board of Management.

The shares conditionally granted in 2011 have not vested in 2014, as Corbion ranked 11th in the peer group.

## Benefits allowance

As a consequence of the transition to executive assignment agreements, the company does not provide a company car and individual retirement, medical or life insurance benefits to Board members. Each Board member is provided with a benefit allowance. The annual allowances amount to € 200,000 for Mr. de Ruiter and € 100,000 for Messrs. Van Rhede van der Kloot and Thormählen.

Corbion does not grant loans to members of the Board of Management. There are no outstanding loans.

## Other compensation in 2014

Messrs. De Ruiter and Van Rhede van der Kloot received other compensation in the form of a one-off time-restricted share award; Messrs. De Ruiter and Thormählen received reimbursement of relocation expenses.

In 2014, Mr. De Ruiter was granted a one-off time-restricted performance share award equivalent to a target value of € 2 million in Corbion shares to vest over four years. This award bridges part of the compensation gap between the United States and the Netherlands. The award encourages delivering a growing, increasingly profitable, and sustainable business portfolio. The award vests only if a minimum Corbion growth rate is achieved each year. The first year of the award has not resulted in a vesting of shares. Vested shares need to be retained for twelve months after the end of his contract of assignment.

In the reporting year, Mr. Van Rhede van der Kloot was granted a one-off time-restricted share award of € 100,000 to compensate for the cancellation of an entitlement to a commitment award. Vested shares need to be retained until the end of his contract of assignment.

Furthermore, Messrs. De Ruiter and Thormählen were reimbursed for the relocation expenses they incurred following their appointment at the AGM in 2014.

## Executive assignment agreements

Members of the Board of Management are appointed for a period of four years and may be reappointed with the approval of the General Shareholders' Meeting.

All members of the Board of Management have an executive assignment agreement for four years. The notice period is six months.

A severance pay arrangement is included in the executive assignment agreements of the members of the Board of Management. The agreed severance pay for the Board members amounts to a maximum of one times the annual base salary and the annual benefits allowance.

The members of the Board of Management may accept a maximum of two paid or unpaid positions on an outside supervisory board or any other such (advisory) position, provided they obtain the prior approval of the Supervisory Board.

## Remuneration for the Board of Management

Total annual remuneration for the Corbion Board of Management in 2014 amounted to € 2.0 million including STIP over 2014 (2013: € 3.2 million). The table below shows the amounts which the respective Board member (i) received/was entitled to over 2014 (base salary, STIP, benefits allowance, relocation costs) and (ii) received/was entitled to in 2014 by way of vesting (LTIP, special share award).

**Breakdown remuneration Board of Management [1)]**

| Thousands of euros | Year | Base salary | STIP | LTIP | Benefits allowance | Special share award | Relocation costs | Total |
|---|---|---|---|---|---|---|---|---|
| T. de Ruiter | 2014 | 413 | 250 | 0 | 150 | 0 | 69 | **882** |
| E.E. van Rhede van der Kloot | 2014 | 208 | 172 [2)] | 0 | 64 | 100 | 0 | **544** |
| S. Thormählen | 2014 | 269 | 139 | 0 | 75 | 0 | 41 | **524** |
| **Total** | 2014 | 890 | 561 | 0 | 289 | 100 | 110 | **1,950** |

*1) For Messrs. De Ruiter and Thormählen as of 1 April 2014, for Mr. Van Rhede van der Kloot as of 12 May 2014.*
*2) As of 1 January 2014.*

## Remuneration for the Supervisory Board

Total remuneration for members of the Supervisory Board in 2014 amounted to € 0.4 million (2013: € 0.3 million).

Every Supervisory Board member receives an annual base fee of € 45,000; the Vice-Chairman receives € 50,000 and the Chairman € 60,000.

For membership of the Audit Committee an additional fee of € 10,000 applies, and for the Chairman € 15,000. A member of the Nomination Committee, Remuneration Committee, or Science and

Technology Committee receives an additional € 5,000 in fee; the fee for the Chairman of these Committees amounts to € 7,500. In addition, members received reimbursement of expenses.

**Breakdown remuneration Supervisory Board**

| *Thousands of euros* | Year | Base fee | Committee fee | Total* |
|---|---|---|---|---|
| R.H.P. Markham, Chairman | 2013 | 60 | 8 | **68** |
| (chairman Nomination Committee/member Remuneration Committee) | 2014 | 60 | 13 | **73** |
| M. Vrijsen, Vice-Chairman per May 2014 | 2013 | 30 | 3 | **33** |
| (chairman Remuneration Committee per May 2014, member Nomination Committee, member Science & Technology Committee) | 2014 | 49 | 17 | **66** |
| J.P. de Kreij (member Audit Committee) | 2013 | 45 | 5 | **50** |
| | 2014 | 45 | 10 | **55** |
| R. Pieterse (chairman Audit Committee) | 2013 | 45 | 10 | **55** |
| | 2014 | 45 | 15 | **60** |
| S. Riisgaard (chairman Science & Technology Committee, member Remuneration committee/Nomination Committee), appointed per May 2014 | 2014 | 29 | 14 | **43** |
| W. Spinner (member Audit Committee) | 2014 | 45 | 5 | **50** |
| | 2013 | 45 | 10 | **55** |
| M.P.M. de Raad, Vice-Chairman (chairman Remuneration Committee/ member Nomination Committee), resigned per May 2014 | 2014 | 50 | 8 | **58** |
| | 2014 | 19 | 3 | **22** |
| | Total 2013 | 275 | 39 | **314** |
| | Total 2014 | 292 | 82 | **374** |

** Excluding expenses*

No loans or advance payments or any guarantees to that effect have been granted to the members of the Supervisory Board. None of the members of the Supervisory Board has shares in the company or any option rights relating thereto (as at 25 February 2015).

## Remuneration for former members of the Board of Management

Effective 12 May 2014, Messrs. Hoetmer (CEO) and Kramer (CFO) stepped down as members of the Board of Management after 9 and 8 years of service respectively.

Effective 1 August 2014, their contractual notice period of six months commenced. During the period of inactive duty in 2014 both former Board members received their regular base salary, benefits and pension, prorated STIP, and the 2014 conditional LTIP award as stipulated in their employment contracts.

In 2014, the personal targets have been achieved. The actual financial performance versus targets showed an average achievement rate of 101%. In 2014 the STIP payment amounted to 99% of target STIP pay out for both Mr. Hoetmer and Mr. Kramer. The number of performance shares conditionally granted under the LTIP program to Mr. Hoetmer in 2014 (vesting in 2017) is 23,145 representing a value of € 381,663. The number of performance shares conditionally granted under the LTIP program to Mr. Kramer in 2014 (vesting in 2017) is 14,564 representing a value of € 240,161. These shares will be delivered into a blocked account upon vesting. The lock-up period will end per May 2019. The performance against the peer group will be measured to determine the percentage of shares that will actually vest for the former members of the Board of Management.

Mr. Kramer has left employment of the company effective 8 December 2014 (before the end of his notice period) as a result of accepting a new role elsewhere. He has declined his entitlement to receive contractual severance.

At the Extraordinary Shareholders' Meeting held in July 2014, approval was withheld for the performance share award (€ 517,140 for Mr. Hoetmer and € 294,334 for Mr. Kramer) granted in 2013 to Messrs. Hoetmer and Kramer in recognition of the successful completion of the divestment of the Bakery Supplies businesses in 2013.

Given the outcome of this shareholders' meeting, the Supervisory Board has requested full compensation of the performance share award granted to the former Board members. As previously stated, as a matter of Dutch corporate law, the fact that shareholder approval has not been granted does not automatically mean that the performance share award has become invalid vis-à-vis the former Board members or that it can unilaterally be revoked by the company.

After extensive discussions with the former Board members, a settlement has been reached with them according to which they voluntarily (without acknowledging any claims of the company) return a total amount of € 350,000 (€ 223,055 by Mr. Hoetmer and € 126,945 by Mr. Kramer). After diligent investigations and consultations, the Supervisory Board has come to the conclusion that from the perspective of the best interest of the company, this settlement is to be preferred over legal proceedings given the legal uncertainties and the costs and duration thereof.

**Breakdown remuneration former Board members**

The table below shows the amounts which the respective former Board member (i) received/was entitled to over 2014 (base salary, STIP, pension benefits, notice period) and (ii) received/was entitled to in 2014 by way of vesting (LTIP, commitment award) or received in 2014 by way of contractual severance (other termination benefits).

| Thousands of euros | Year | Base salary | STIP | LTIP | Pension benefits | Notice period 2) | Other termination benefits 3) | Total |
|---|---|---|---|---|---|---|---|---|
| G.H. Hoetmer | 2013 | 668 | 470 | 581 | 199 | | | **1,918** |
| | 2014 | 394 | 224 | 65 1) | 118 | 367 | 398 | **1,566** |
| N.J.M Kramer | 2013 | 507 | 295 | 342 | 119 | | | **1,263** |
| | 2014 | 297 | 139 | 49 1) | 89 | 314 | 321 | **1,209** |
| Total 2013 | 2013 | 1,175 | 765 | 923 | 318 | | | **3,181** |
| Total 2014 | 2014 | 691 | 363 | 114 | 207 | 681 | 719 | **2,775** |

*1) This relates to the commitment award 2014.*
*2) This relates to base salary and pension benefits as of 1 August 2014. For Mr. Kramer until 8 December 2014.*
*3) As stipulated in their contracts, an additional retirement contribution for a further two years has been provided to the former Board members. Mr. Kramer received his contribution for the commitment award for a further two years at the time he left employment of the company.*

*Amsterdam, the Netherlands, 25 February 2015*

On behalf of the Supervisory Board
**R.H.P. Markham**

# Sustainability statements

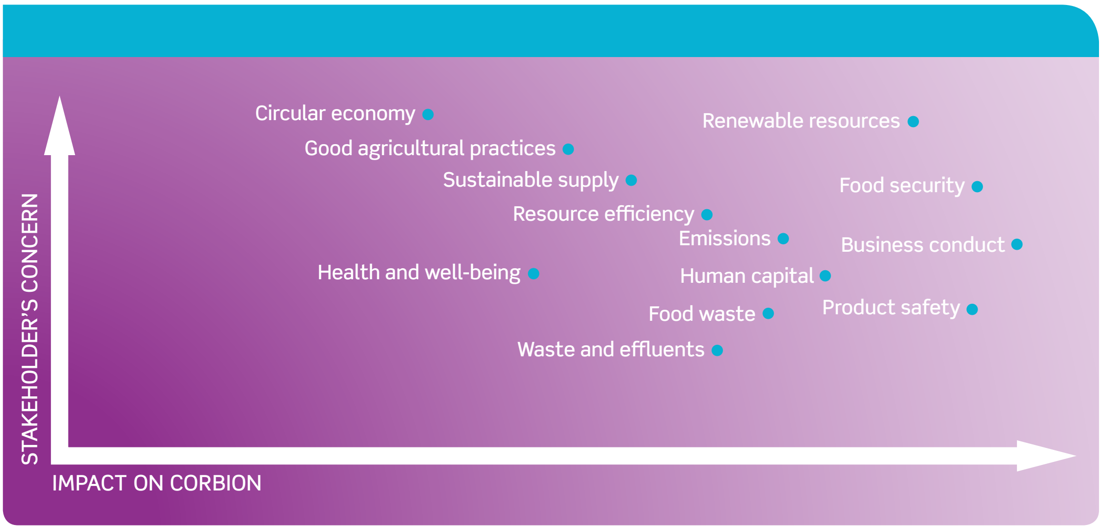
Sustainability is at the heart of our business. Growing worldwide demand imposes an increasing burden on natural resources driving the need for sustainable industry solutions.
Less dependence on fossil-based fuels is critical in sustainable industry solutions, and this requires science-driven innovations. In this respect Corbion made good progress in 2014, as is reflected by the launch of a gypsum-free lactic acid fermentation process on a demonstration scale at our Gorinchem industrial site in the Netherlands. Last year we also demonstrated the feasibility of second-generation feedstock fermentation for the production of lactic acid, lactide, and PLA, as, for the first time, we were able to produce high-purity bioplastics from second generation feedstock (plant-based material such as bagasse, corn stover, wheat straw, and wood chips).
At Corbion we focus on the entire value chain in order to reduce our own social and environmental impacts, as well as those of our suppliers and customers. We will continue to achieve this through:

- Sustainable supply by requiring responsible environmental and social performance from our suppliers.
- Sustainable processes by using safe, innovative, and resource-efficient technologies.
- Sustainable product solutions by helping produce fresh, safe, and healthy food and making chemicals from renewable sources.

We remain strongly committed to our sustainable sourcing program, which will be aligned with the Corbion strategy update in 2015. We also continue to be committed to our zero-accident ambition for our employees.
All our new products and processes, as well as our key commercial products, continue to be subject to a rigorous Life Cycle Assessment.
We constantly strive to increase engagement from various parts of the organization behind our sustainability initiatives: procurement, innovation, operations, finance, and marketing. These initiatives also have the full support from the members of the Board of Management.

## Materiality

Corbion mapped its material issues according to their relevance for our stakeholders and their impact on Corbion. The materiality matrix depicted below shows how these issues were ranked. All topics shown in the matrix are relevant both to our stakeholders and to Corbion. We have used the Materiality concept to assess the topics included in this annual report. The sustainability assessment that is performed as part of our stage-gate process, also includes an assessment of these topics.




## Renewable resources

Our products are based on renewable raw materials enabling us to contribute to an economy based on the use of renewable resources as an alternative to fossil-based resources. This is viewed as an area of opportunity for Corbion. Our Biobased Innovations business unit focuses on the development of new biobased organic acids to replace fossil-based acids.

## Food security

Society is concerned about the use of food crops for other applications than food and feed. Currently, only a small fraction of the harvested agricultural biomass is used for the production of energy and biochemicals. World population growth will drive the global demand for biomass for food and industrial applications in the next decades, raising the crucial question of how to increase the production of biomass in a sustainable way, thereby maximizing resource efficiency and minimizing land use. In our raw material selection, we consider these efficiencies, including the efficient conversion of the raw material into the desired products like organic acids. At this stage, the use of first-generation feedstocks, like sugar, is the most efficient and sustainable. Within R&D, we continued our work on new processes that support the production of biochemicals made from second-generation feedstocks and improve the efficiency of resource use by our products made from first-generation feedstocks.

## Business conduct

Good business practices with regard to transparency, integrity, and the prevention of corruption remain essential to us to ensure Corbion's long-term success. How we implement this is outlined in our Corbion Code of Conduct, which is aligned with the principles of the United Nations Global Compact, the Universal Declaration on Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Fundamental Principles and Rights at Work.

## Product safety

Our biobased food ingredients are designed to keep food products fresh and safe, and reduce food waste. This continues to be a priority for our business today and in the future.

## Human capital

This refers to how Corbion treats its employees in terms of training, human rights, fair remuneration, and occupational health and safety. Our employees are a vital part of the company "capital" and essential to our long-term success. Cornerstones of our updated people strategy are organizational and people readiness, leadership development, and workforce planning & resourcing.

## Emissions

The reduction of our carbon footprint plays a key role in Corbion's process development. The process we have developed for gypsum-free production of lactic acid will significantly reduce $CO_2$ emissions from cradle to gate, according to our Life Cycle Assessment.

### Resource efficiency
Efficient use of energy, water, and resources in our production processes continues to be a focal point in our Operational Excellence and Innovation programs.

### Food waste
Corbion's portfolio includes preservation ingredients and various shelf life extension solutions which help reduce food waste.

### Sustainable supply
A significant part of the environmental and social impact in our value chain is upstream of our own operations. We engage with suppliers, evaluate supplier performance through risk assessment, and encourage them to use global standards and good agricultural practices. We also participate in multi-stakeholder initiatives such as Sedex for all our raw materials and Bonsucro for our key agricultural raw material, sugar cane.

### Waste and effluents
Refers to the management and reduction of solid waste and effluents from Corbion's production processes.

### Good agricultural practices
Corbion procures a significant part of its raw materials from the agricultural industry. We are member of Bonsucro, a global not-for-profit multi-stakeholder organization which fosters the sustainability of the sugar cane sector through its leading metric-based certification scheme and its support for continuous improvement.

### Circular economy
A circular economy is an industrial system that is restorative or regenerative by intention and design. This amongst others implies that resources can be used and re-used again and again. The transition to a circular economy decreases the world's dependence on finite resources and reduces greenhouse gas emissions. Corbion's biobased products are based on renewable resources and therefore contribute to the development of a circular economy.

### Health and well-being
Corbion offers various solutions that contribute to human health and well-being. Examples include our solutions for sodium reduction and mineral fortification, and our biomedical and resorbable polymers.

## GRI G4 TABLE

Our report is based on the "Global Reporting Initiative G4 – Core" guidelines and contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. Our reporting boundary is defined per material aspect as follows.

Economic aspects refer to our business operations as outlined in our financial statements. Environmental aspects refer to our business operations and, in the case of $CO_2$ emissions, are determined based on the Greenhouse Gas Protocol and include upstream activities related to scope III.

The social aspects relate to human capital and business conduct – labor practices and decent work, human rights, and society (anti-corruption) are reported for the boundary of our company. As we understand the importance of social and environmental aspects in our supply chain, we are starting to assess these through our sustainable sourcing program, as described in the Procurement section in this report. The aspect of product responsibility extends beyond our company boundary to the use of our products by our customers. We track any incidents and complaints concerning health and safety impact of our products during their life cycle.

Additional material topics identified through our materiality assessment – renewable resources, food security, and food waste – involve stakeholders beyond our company boundary. How we address these topics is included in this report.
External assurance has only been carried out for the aspect of economic performance.

## General Standard Disclosures

| Core | # | Description | Location in report |
|---|---|---|---|
| Strategy and analysis | 1 | CEO statement on sustainability | Sustainability statements |
| | 2 | Description of key impacts, risks, opportunities | Addressing megatrends, Risk management |
| Organizational profile | 3 | Name | Corbion at a glance |
| | 4 | Brands, products, services | Corbion at a glance, Biobased Ingredients, Biobased Innovation |
| | 5 | Location of HQ | Corbion at a glance |
| | 6 | Countries | Corbion at a glance |
| | 7 | Ownership | Corbion at a glance |
| | 8 | Markets served | Our business |
| | 9 | Employees, operations, sales | Corbion at a glance |
| | 10 | Employee breakdown | Social performance |
| | 11 | Collective bargaining | Social performance |
| | 12 | Describe supply chain | Operations, supply chain, and procurement |
| | 13 | Changes in reporting period | Our strategy, Information on the Corbion share |
| | 14 | Precautionary approach | Risk management |
| | 15 | Charters and principles | Social performance, Sustainability statements |
| | 16 | Membership organizations | Social performance |
| Identified material aspects and boundaries | 17 | Entities | Financial statements |
| | 18 | Process on defining content and aspects | Sustainability statements |
| | 19 | List of aspects | Sustainability statements |
| | 20 | Boundary per aspect within company | Sustainability statements |
| | 21 | Boundary per aspect outside of company | Sustainability statements |
| | 22 | Restatements | Sustainability statements |
| | 23 | Significant changes in boundary | Sustainability statements |
| Stakeholder engagement | 24 | List of stakeholder groups | Social performance |
| | 25 | Basis for identification of stakeholders | Social performance, Sustainability statements |
| | 26 | Approach to stakeholder engagement | Social performance, Sustainability statements |
| | 27 | Topics and concerns raised through stakeholder engagement | Social performance, Sustainability statements |
| Report profile | 28 | Reporting period | Financial statements |
| | 29 | Date of last report | Financial statements |
| | 30 | Reporting cycle | Financial statements |
| | 31 | Point of contact | Contact |
| | 32 | GRI content index | Sustainability statements |
| | 33 | Policy on external assurance | Auditor's report |
| Governance | 34 | Governance structure | Corporate governance |
| Ethics and integrity | 56 | Values principles and standards | Sustainability statements |

## Specific standard disclosures

| Category | Material aspect | DMA and indicator | Location in report |
|---|---|---|---|
| Economic | Economic performance | EC1 | Financial commentary, Financial statements |
| Environmental | Energy | EN3, EN4, EN5 | Environmental performance |
| | Water | EN8 | Environmental performance |
| | Emissions | EN15, EN16, EN17, EN21 | Environmental performance |
| | Effluents and waste | EN22, EN23, EN24, EN25, EN29 | Environmental performance |
| | Environmental grievance mechanisms | EN34 | Environmental performance |
| Social | Labour practices and decent work | LA1, LA6 | Social performance |
| | Human rights | HR3 | Social performance |

| Category | Material aspect | DMA and indicator | Location in report |
|---|---|---|---|
| | Society | SO4, SO5, SO8 | Social performance |
| | Product responsibility | PR2 | Operations, supply chain, and procurement |

## UN GLOBAL COMPACT

"Corbion is a signatory to the United Nations Global Compact. We are committed to aligning our operations and strategies with these ten principles in the areas of human rights, labor, environment, and anti-corruption. We will continue to support the principles and communicate our progress in terms of practical actions and outcomes." Tjerk de Ruiter, CEO Corbion.

### United Nations Global Compact Reference List

| Topic | Principle | Location in report |
|---|---|---|
| Human rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses. | Sustainable supply<br>Social performance |
| Labor | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;<br>Principle 4: the elimination of all forms of forced and compulsory labor;<br>Principle 5: the effective abolition of child labor; and<br>Principle 6: the elimination of discrimination in respect of employment and occupation. | Sustainable supply<br>Social performance |
| Environment | Principle 7: Businesses should support a precautionary approach to environmental challenges;<br>Principle 8: undertake initiatives to promote greater environmental responsibility; and<br>Principle 9: encourage the development and diffusion of environmentally friendly technologies. | Sustainable supply<br>Environmental performance<br>Second-generation feedstock case / PLA case |
| Anti-Corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. | Sustainable supply<br>Social performance |

# FINANCIAL STATEMENTS

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# Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

| *Millions of euros* | *Note* | 2014 | 2013 (restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Net sales | *4* | 770.1 | 743.6 |
| Costs of raw materials and consumables | | -388.3 | -381.7 |
| Production costs | | -160.2 | -122.0 |
| Warehousing and distribution costs | | -42.8 | -39.6 |
| **Gross profit** | | **178.8** | **200.3** |
| | | | |
| Selling expenses | | -64.7 | -58.8 |
| Research and development costs | | -35.9 | -24.9 |
| General and administrative expenses | | -65.3 | -79.1 |
| **Operating result** | | **12.9** | **37.5** |
| | | | |
| Financial income | *7* | 0.1 | 0.2 |
| Financial charges | *7* | -9.5 | -17.3 |
| Results from joint ventures and associates | *14* | -1.6 | -1.2 |
| **Result before taxes from continuing operations** | | **1.9** | **19.2** |
| Taxes | *8* | -20.2 | -14.0 |
| **Result after taxes from continuing operations** | | **-18.3** | **5.2** |
| **Discontinued operations** | | | |
| **Result after taxes from discontinued operations** | *9* | | **-3.0** |
| | | | |
| **Result after taxes** | | **-18.3** | **2.2** |
| | | | |
| **Per common share in euros** | *10* | | |
| Basic earnings from continuing operations | | -0.34 | 0.03 |
| Diluted earnings | | -0.33 | 0.03 |
| | | | |
| Basic earnings from continuing and discontinued operations | | -0.34 | -0.01 |
| Diluted earnings | | -0.33 | -0.01 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *Millions of euros* | *Note* | 2014 | 2013 (restated) |
|---|---|---|---|
| **Result after taxes** | | **-18.3** | **2.2** |
| | | | |
| **Other comprehensive results to be recycled** | | | |
| Translation reserve | *19* | 27.3 | -22.5 |
| Hedge reserve | *19* | 0.9 | 5.9 |
| Taxes relating to other comprehensive results to be recycled | *19* | -1.9 | -7.0 |
| **Total other comprehensive results to be recycled** | | **26.3** | **-23.6** |
| | | | |
| **Other comprehensive results not to be recycled** | | | |
| Remeasurement defined benefit arrangements | *21* | -1.4 | 0.8 |
| Taxes relating to other comprehensive results not to be recycled | | 0.7 | 0.2 |
| **Total other comprehensive results not to be recycled** | | **-0.7** | **1.0** |
| | | | |
| **Total comprehensive result after taxes** | | **7.3** | **-20.4** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *Before profit appropriation, millions of euros* | *Note* | As at 31-12-2014 | As at 31-12-2013 (restated) |
|---|---|---|---|
| **Assets** | | | |
| Property, plant, and equipment | *11* | 288.7 | 310.2 |
| Intangible fixed assets | *12* | 122.9 | 97.5 |
| Loans, receivables, and other | *13* | 3.3 | 4.9 |
| Joint ventures and associates | *14* | 6.6 | 6.9 |
| Deferred tax assets | *22* | 11.6 | 16.0 |
| **Total non-current assets** | | **433.1** | **435.5** |
| | | | |
| Inventories | *15* | 128.4 | 97.1 |
| Receivables | *16* | 103.9 | 97.1 |
| Tax assets | | 2.3 | 12.0 |
| Cash and cash equivalents | *17* | 111.4 | 123.9 |
| Assets held for sale | *18* | 4.5 | |
| **Total current assets** | | **350.5** | **330.1** |
| | | | |
| **Total assets** | | **783.6** | **765.6** |
| **Equity and liabilities** | | | |
| **Equity** | *19* | **508.7** | **504.8** |
| | | | |
| Provisions | *20* | 11.8 | 12.0 |
| Deferred tax liabilities | *22* | 9.4 | 10.1 |
| Non-current liabilities | *23* | 35.6 | 94.4 |
| **Total non-current liabilities** | | **56.8** | **116.5** |
| | | | |
| Interest-bearing current liabilities | *24* | 70.0 | 0.1 |
| Trade payables | | 57.0 | 57.7 |
| Other non-interest-bearing current liabilities | | 66.9 | 73.4 |
| Provisions | *20* | 18.3 | 10.0 |
| Tax liabilities | | 5.9 | 3.1 |
| **Total current liabilities** | | **218.1** | **144.3** |
| | | | |
| **Total equity and liabilities** | | **783.6** | **765.6** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *Before profit appropriation, millions of euros* | Share capital | Share premium reserve | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|
| **As at 1 January 2013** | **18.2** | **73.5** | **49.9** | **652.2** | **793.8** |
| Result after taxes 2013 | | | | 2.2 | 2.2 |
| Other comprehensive result after taxes 2013 | | | -23.6 | 1.0 | -22.6 |
| Transfers to/from Other reserves | | | -12.6 | 12.6 | |
| **Total comprehensive result after taxes 2013** | | | **-36.2** | **15.8** | **-20.4** |
| Cash dividend | | | | -70.1 | -70.1 |
| Stock dividend | 0.5 | -0.5 | | | |
| Acquired company shares | | | | -200.9 | -200.9 |
| Share-based remuneration transfers | | | -1.1 | 1.1 | |
| Share-based remuneration charged to result | | | 0.8 | | 0.8 |
| Impact prior period adjustments share-based remuneration | | | 0.7 | 0.9 | 1.6 |
| **Total transactions with shareholders** | **0.5** | **-0.5** | **0.4** | **-269.0** | **-268.6** |
| **As at 31 December 2013 (restated)** | **18.7** | **73.0** | **14.1** | **399.0** | **504.8** |
| Result after taxes 2014 | | | | -18.3 | -18.3 |
| Other comprehensive result after taxes 2014 | | | 26.3 | -0.7 | 25.6 |
| Transfers to/from Other reserves | | | 17.2 | -17.2 | |
| **Total comprehensive result after taxes 2014** | | | **43.5** | **-36.2** | **7.3** |
| Cash dividend | | | | -5.6 | -5.6 |
| Stock dividend | 0.1 | -0.1 | | | |
| Share-based remuneration transfers | | | -0.9 | 0.9 | |
| Share-based remuneration charged to result | | | 2.2 | | 2.2 |
| Withdrawn shares | -2.7 | -10.0 | | 12.7 | |
| **Total transactions with shareholders** | **-2.6** | **-10.1** | **1.3** | **8.0** | **-3.4** |
| **As at 31 December 2014** | **16.1** | **62.9** | **58.9** | **370.8** | **508.7** |

*For more information on equity see Note 19.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

| *Millions of euros* | *Note* | 2014 | 2013 (restated) |
|---|---|---|---|
| **Cash flow from continuing operating activities** | | | |
| Result after taxes | | -18.3 | 5.2 |
| *Adjusted for:* | | | |
| • Depreciation/amortization of fixed assets | *6* | 44.1 | 41.0 |
| • Impairment of fixed assets | *11/12* | 37.8 | 1.3 |
| • Result from divestments of fixed assets | | -0.3 | 2.1 |
| • Share-based remuneration | | 2.2 | 2.4 |
| • Interest income | *7* | -0.1 | -0.2 |
| • Interest expense | *7* | 4.7 | 12.7 |
| • Exchange rate differences | *7* | 0.9 | -2.5 |
| • Fluctuations in fair value of derivatives | *7* | | 6.3 |
| • Interest (income) expense on defined benefit pension plans - net | *7* | 0.3 | 0.5 |
| • Impairment of financial asset classified as available-for-sale | *7* | 3.1 | |
| • Other financial income and charges | *7* | 0.5 | 0.3 |
| • Results from joint ventures and associates | *14* | 1.6 | 1.2 |
| • Taxes | *8* | 20.2 | 14.0 |
| **Cash flow from continuing operating activities before movements in working capital** | | **96.7** | **84.3** |
| Movement in provisions | | 5.7 | -20.5 |
| *Movements in working capital:* | | | |
| • Receivables | | 1.2 | -12.9 |
| • Inventories | | -23.1 | 2.4 |
| • Non-interest-bearing current liabilities | | -0.1 | 8.7 |
| **Cash flow from continuing business operations** | | **80.4** | **62.0** |
| Interest received | | 0.1 | 0.2 |
| Interest paid | | -6.8 | -15.8 |
| Tax paid on profit | | -6.9 | -12.3 |
| **Cash flow from continuing operating activities** | | **66.8** | **34.1** |
| **Cash flow from discontinued operating activities** | | | **-24.2** |
| **Cash flow from operating activities** | | **66.8** | **9.9** |
| **Cash flow from continuing investment activities** | | | |
| Acquisition of group companies | | | -2.0 |
| Investment joint ventures and associates | *14* | -1.3 | -1.7 |
| Investment other financial assets | | -5.7 | -1.5 |
| Capital expenditure on (in)tangible fixed assets | | -67.8 | -66.1 |
| Divestment of (in)tangible fixed assets | | 0.8 | 2.1 |
| **Cash flow from continuing investment activities** | | **-74.0** | **-69.2** |
| **Cash flow from discontinued investment activities** | | | **865.7** |
| **Cash flow from investment activities** | | **-74.0** | **796.5** |
| **Cash flow from financing activities** | | | |
| Proceeds from interest-bearing debts | | | 81.0 |
| Repayment of interest-bearing debts | | -1.1 | -596.4 |
| Acquisition of company shares | *19* | | -200.9 |
| Paid-out dividend | | -5.6 | -70.1 |
| **Cash flow from financing activities** | | **-6.7** | **-786.4** |
| **Net cash flow** | | **-13.9** | **20.0** |
| Effects of exchange rate differences on cash and cash equivalents | | 1.4 | -2.7 |
| **Increase/decrease cash and cash equivalents** | | **-12.5** | **17.3** |
| Cash and cash equivalents at start of financial year | | 123.9 | 106.6 |
| Cash and cash equivalents at close of financial year | | 111.4 | 123.9 |

*For more information on the cash flow statement see Note 29.*

# Notes to the consolidated financial statements

## 1 ACCOUNTING INFORMATION

### General

Corbion is the global market leader in lactic acid, lactic acid derivatives, and lactides, and a leading company in emulsifiers, functional enzyme blends, minerals, and vitamins. The company delivers high-performance biobased products made from renewable resources and applied in global markets such as bakery, meat, pharmaceuticals and medical devices, home and personal care, packaging, automotive, coatings, and adhesives. Its products have a differentiating functionality in all kinds of consumer products worldwide.

Corbion is based in Amsterdam, the Netherlands and listed on NYSE Euronext Amsterdam.

The consolidated financial statements drawn up by the Board of Management have been discussed by the Supervisory Board on 25 February 2015. They will be presented to the General Shareholders' Meeting for adoption on 22 May 2015. The Supervisory Board will give a preliminary recommendation regarding the consolidated financial statements to the General Shareholders' Meeting.

In compliance with Section 2:402 of the Dutch Civil Code the income statement of Corbion nv is presented in a summarized form as it is incorporated in the consolidated financial statements.

### Overview of prior period adjustments

**Contractual obligations towards the former Board of Management**

During 2014, Corbion discovered that the full effects of contractual obligations towards the former Board of Management were not completely included in the financial statements of 2013. To correct this the financial statements for 2013 have been restated. The effect of this restatement is summarized below and contains three elements:

- an expense of € 0.9 million due to the incremental fair value step-up of the 2010 LTIP plan in accordance with IFRS 2 Share Based Payments. The incremental fair value step-up was required due to the modification of the 2010 LTIP plan for both members of the Board of Management in March 2013 (for further details see Note 19);
- an expense of € 0.7 million concerning the accelerated vesting of the 2011, 2012, and 2013 LTIP plans due to the cancellation of the service obligation. This was caused by the termination agreement reached with a member of the Board of Management prior to the end of 2013 and;
- an understated provision of € 0.4 million for excess tax levies concerning the termination agreement of the same member of the Board of Management.

Of the above mentioned total € 2.0 million result after taxes prior period adjustment, € 1.1 million had already been accounted for in the H1 2014 figures which, based on this prior period adjustment, has been released in H2 2014. Of this € 1.1 million reversal in H2 2014, € 0.9 million was classified as one-off costs in the H1 2014 accounts.

| *Millions of euros* | 2013 |
|---|---|
| General and administrative expenses | (2.0) |
| **Result after taxes** | **(2.0)** |
| | |
| Provisions | 0.4 |
| Option reserve (equity) | 0.7 |
| Retained earnings (equity) | 0.9 |
| | |
| Basic earnings per share continuing and discontinued operations | (0.03) |
| Diluted earnings per share continuing and discontinued operations | (0.03) |

**Change in accounting policy**

As of 30 September 2014 the company changed its accounting policy in connection with the presentation of defined benefit costs. The company now presents the financing components of the defined benefit costs as financing costs instead of employee benefits. Both methods are allowed under IFRS. Management is of the opinion that the new accounting policy provides reliable and more relevant information about the company's financial position and performance. By aligning the accounting policy with common industry practice (being presentation of the financing component as financing costs) Corbion's financial statements are more comparable. The comparative financial statements have been restated to reflect this change in accounting policy. The effect of the change in accounting policy on the key figures in 2014 and 2013 is as follows:

| *Millions of euros* | 2014 | 2013 |
|---|---|---|
| General and administrative expenses | 0.3 | 0.5 |
| Operating result | 0.3 | 0.5 |
| Financial charges | (0.3) | (0.5) |
| **Result after taxes** | | |
| Basic earnings per share continuing and discontinued operations | | |
| Diluted earnings per share continuing and discontinued operations | | |

**Change in presentation**

Certain prior year comparatives have been reclassified to conform to the current year's presentation as aligned with the new organizational structure announced in the October 2014 strategy update. The reclassifications mentioned below did not impact operating result. In the 2013 income statement, this affected the following accounts:

| *Millions of euros* | 2013 as previously reported | Reclassification | 2013 after reclassifications |
|---|---|---|---|
| Costs of raw materials and consumables | 378.2 | 3.5 | 381.7 |
| Production costs | 122.8 | (0.8) | 122.0 |
| Selling expenses | 56.8 | 2.0 | 58.8 |
| Research and development costs | 25.8 | (0.9) | 24.9 |
| General and administrative expenses | 81.4 | (3.8) | 77.6 |

## Reported amounts

Unless stated otherwise all amounts in the financial statements are reported in millions of euros.

### Exchange rates of main currencies in euros

| | Average exchange rate 2014 | Average exchange rate 2013 | Exchange rate 31-12-2014 | Exchange rate 31-12-2013 |
|---|---|---|---|---|
| US dollar | 1.33 | 1.33 | 1.21 | 1.38 |
| Japanese yen | 140.30 | 129.49 | 145.23 | 144.50 |
| Brazilian real | 3.12 | 2.87 | 3.22 | 3.25 |
| Thai baht | 43.13 | 40.72 | 39.91 | 45.05 |

## 2 ACCOUNTING PRINCIPLES

### Basis of preparation

The consolidated financial statements of Corbion nv have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. With the exception of financial instruments, the financial statements in general have been prepared on the basis of the historical cost principle.

The comparative income statement and cash flow statement are presented as if an operation which was discontinued during the financial year had been discontinued from the start of the comparative years (see Note 9, Discontinued operations).

### New and amended standards adopted by the group

In 2014, Corbion applied all the new and amended standards and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), if and insofar as these applied to Corbion and were effective as at 1 January 2014.

The main effective changes applied by Corbion at 1 January 2014 are:

**- New and revised standards on consolidation, joint arrangements, associates, and disclosures**
In May 2011, a package of five standards on consolidation, joint arrangements, associates, and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011), and IAS 28 (as revised in 2011). These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2014, with earlier application permitted. Except for revised disclosure, the new standards and amendments did not have a significant impact on amounts reported in the consolidated financial statements.

### Accounting standards and interpretations not yet adopted

None of the new and amended IFRS and IFRIC interpretations not yet effective, have been applied by Corbion.

The main effective changes after 1 January 2014 are:

**- IFRS 9 Financial instruments**
IFRS 9 (2014) issued in July 2014 replaces most of the guidance in IAS 39. IFRS 9 will be effective for annual periods beginning on or after 1 January 2018, subject to endorsement in certain territories. Corbion currently anticipates that the new standard does not have a significant impact on amounts reported in the consolidated financial statements.

**- IFRS 15 Revenue from contracts with customers**
IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

Corbion is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

Corbion anticipates that the application of all other new and amended IFRS and IFRIC interpretations currently known for future periods will have no significant impact on the Corbion financial statements.

## Consolidation

The consolidation includes the financial data of Corbion nv and its group companies (together "Corbion"). All inter-company receivables, debts, and transactions have been eliminated. Group companies are companies in which Corbion nv exercises control. The results of acquisitions and divestments are recognized from the moment that control is obtained or transferred.

## Foreign currency

The consolidated financial statements are in euros. The euro is Corbion nv's functional and presentation currency. The functional currency is the currency of the primary environment where the group company operates and may therefore differ from one company to another. Transactions in other than the functional currency are translated at the exchange rates that apply on the transaction date. Any monetary assets and liabilities resulting from such transactions are translated at the exchange rates on the balance sheet date. Any exchange rate differences are recognized in the income statement or deferred in other comprehensive income as qualifying cash flow hedges and net investment hedges.
The assets and liabilities of consolidated foreign group companies and the long-term foreign-currency loans, which have been taken out to finance these subsidiaries, are converted into euros on the balance sheet date, taking taxes into account. The subsequent currency translation differences are incorporated in the translation reserve in equity. The results of the foreign group companies are translated into euros on the basis of average exchange rates. The difference between net profit on the basis of average exchange rates and net profit on the basis of the exchange rates as at the balance sheet date is incorporated in the translation reserve in equity. The same applies to exchange rate differences arising from borrowings and other financial instruments if they hedge the currency risk related to the net investments. If a foreign operation is divested or scaled down the associated cumulative currency translation differences are recognized as result in the income statement.

## Property, plant, and equipment

Land, buildings, machines, installations, and other operating assets are valued at the acquisition price or the cost of production, subject to straight line depreciation calculated over the estimated economic life and the estimated residual value. The cost of production includes the cost of materials and direct labor and an attributable part of the indirect costs. Land is not depreciated. Grants are deducted from the acquisition price or the production costs of the assets to which the grant relates. Property, plant, and equipment are tested for impairment if there are indications for this. Impairment is the amount by which the book value of the property, plant, and equipment exceeds the recoverable amount. The recoverable amount of an asset is the higher of (a) value in use and (b) fair value less cost to sell.

## Intangible fixed assets

**Goodwill**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.
Goodwill is valued at cost less impairment. Goodwill is tested for impairment annually – or more often if there are indications for impairment. Impairment is the amount by which the book value of the goodwill of a cash-flow-generating unit exceeds the recoverable amount, being the higher of (a) value in use and (b) fair value less cost to sell. The value in use is the present value of the cash flows which the unit is expected to generate. If the recoverable amount of the cash-generating

unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. If impairment is incurred, the impairment is charged to the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods.
When an entity or activity is sold or closed down the goodwill allocated to the entity is included in the calculations for the result of the sale.

**Customer base**
The customer base comprises the part of the paid acquisition sum which, upon acquisition, is allocated to the value of the acquired customer base. It is valued at fair value as at the acquisition date and amortized using a straight line method over the estimated economic life. Amortization charges arising from the customer base are recognized in selling expenses. The value of the customer base is tested for impairment whenever there is an indication that the assets may be impaired.

**Brands and licenses**
Brands and licenses comprise the part of the paid acquisition sum which is allocated to the value of the acquired trademarks and product licenses. Brands and licenses are valued at fair value as at the acquisition date and are subject to straight line amortization calculated over the estimated economic life. Amortization charges arising from brands and licenses are recognized in selling expenses. The value of the brands and licenses is tested for impairment whenever there is an indication that the assets may be impaired.

**Research and development costs**
Research and development costs comprise the part of the paid acquisition sum which is allocated to the value of the acquired research and development costs. These costs are valued at fair value as at the acquisition date. Own research costs are not capitalized, but charged to the income statement. Own development costs are capitalized if the appropriate criteria are met. Research and development costs are valued at cost and amortized using a straight line method over the estimated economic life. Amortization charges arising from research and development costs are recognized in research and development costs. The value of the development costs is tested for impairment whenever there is an indication that the assets may be impaired.

**Non-compete agreements**
Non-compete agreements comprise the part of the paid acquisition sum which is allocated to the value of the acquired non-compete agreements. Non-compete agreements are valued at fair value as at the acquisition date and are subject to straight line amortization calculated over the estimated economic life. Amortization charges arising from non-compete agreements are recognized in selling expenses. The value of the non-compete agreements is tested for impairment whenever there is an indication that the assets may be impaired.

**Other intangible fixed assets**
Other intangible fixed assets consist primarily of capitalized or acquired third-party software and licenses. Other intangible fixed assets are valued at historical cost if capitalized or at fair value if acquired and amortized on a straight line basis over the estimated economic life. Software and licenses amortization charges are recognized in general and administrative expenses. Emission rights are not recognized in the balance sheet as cost is zero. The value of the other intangible fixed assets is tested for impairment whenever there is an indication that the assets may be impaired.

## Financial fixed assets

**Loans, receivables, and other**
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market (generally with a duration of more than one year). Such assets are initially recognized at fair value plus any directly related attributable costs. Subsequently they are valued at amortized costs using the effective interest method, less any impairment losses.

Available-for-sale assets are measured at fair value in the balance sheet. Fair value changes on available-for-sale assets are recognised directly in equity, through the statement of changes in equity, except for interest on available-for-sale assets, impairment losses, and foreign exchange gains or losses.

**Joint ventures and associates**
Joint ventures and associates are accounted for using the equity method. A joint venture is a contractual agreement under which two or more parties conduct an economic activity and unanimous approval is required for financial and operating policies. An associate is an entity over which the company has significant influence but no control, generally involving an equity shareholding between 20% and 50% of the voting rights.

## Deferred taxes

Deferred taxes concern tax loss carry forward and liabilities and assets arising from temporary differences between the tax bases and their carrying amounts in the consolidated financial statements of (in-)tangible fixed assets, inventories, and provisions. Deferred taxes are determined using tax rates that have been enacted at the balance sheet date and are expected to apply when the related deferred income tax is realized or the deferred tax liability is settled. Deferred tax assets are recognized if and insofar that is probable that future taxable profit will be available against which the temporary difference and tax loss carry forward can be utilized. Tax assets and liabilities are netted when there is a legal right and the intention to offset. Deferred tax assets and liabilities with the same term and relating to the same fiscal unities are offset against each other.

## Inventories

Inventories of raw materials, consumables, technical materials, and packaging are stated at the lower of cost (first in, first out) and net realizable value. Inventories of work in progress and finished products are stated at the lower of production cost and net realizable value. Total cost of production includes payroll costs and materials and an attributable part of the indirect production costs. A valuation adjustment is deducted for non-marketable inventories.

## Receivables

Receivables are valued on the basis of the amortized cost using the effective interest rate method less provisions deemed necessary for non-collectability.

## Cash and cash equivalents

Cash and cash equivalents comprise cash in bank, cash in hand, current deposits, money market funds, and highly liquid treasury bonds with original maturities of no more than three months. Bank overdrafts are presented as current interest-bearing liabilities.

## Equity

Common shares and financing preference shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as an equity deduction, net of tax. The price paid for repurchased shares (treasury shares) is deducted from equity until the shares are cancelled or reissued. Dividend to be distributed to the holders of common shares is recognized as a liability upon approval of the profit appropriation by the Annual General Shareholders' Meeting.
Corbion runs a share plan for the Board of Management and share-based plans for Senior Management. The fair value of the right to shares on the date of allocation is recognized in the income statement as payroll costs over the vesting period. Liabilities arising from share-based plans with payment in shares are included in equity and valued only initially. Liabilities arising from share-based plans with payment in cash are included in provisions and revalued every period.

## Provisions

**Pension and early retirement schemes**
Defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate pension plan or insurance company and will have no legal or

constructive obligation to pay further amounts. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.
For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service costs are recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurements

The first two components of defined benefit costs are presented in profit or loss. Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation in the consolidated statement of financial position represents the actual deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.
A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

**Other long-term employee benefit commitments**
The other long-term employee benefit commitments relate mainly to anniversaries, years of service, termination packages, and medical costs. The commitments arising from these benefits are accounted for similarly as the defined benefit pension plans.

**Reorganization, restructuring, and other**
These provisions relate to a legal or constructive obligation as a result of a past event, the amount of which is uncertain but which can be estimated reliably and of which it is more likely than not that an outflow of resources is required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the liability. A provision for reorganization is recognized after Corbion has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly.
A provision for a legal claim is recognized if a reliable estimate can be made of the expected outcome of the claims, measuring the claim as a weighing of all possible outcomes against their probabilities. A provision for an onerous contract is recognized when the expected benefits to be derived from the contract are lower than the unavoidable costs of fulfilling its terms and conditions.

## Liabilities
Interest-bearing liabilities are recognized initially at fair value and subsequently at amortized cost using the effective interest method. Upon sale or settlement of interest-bearing liabilities any profits or losses are directly recognized in the income statement.

## Leases
Lease agreements in which the lessor transfers substantially all the risks and rewards of the ownership of an asset to the lessee are classified as financial leases. All assets and liabilities of a financial lease are capitalized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease agreements that do not meet the conditions for a financial lease are classified as operational leases. Payments made are charged to income on a straight-line basis over the period of the lease.

## Segment reporting

An operating segment is a component that engages in business activities from which it earns revenues and incurs expenses. All operating segments are reviewed regularly by the Board of Management to make decisions about resources to be allocated to the segments and assess its performance for which discrete financial information is available.

## Net sales

Net sales comprises the proceeds of goods delivered to third parties less discounts and value-added tax.
Net sale of goods is recognized when Corbion has transferred the actual risks and rewards of ownership of the goods to the buyer, when the amount of the proceeds can be reliably measured, and when it is probable that the economic benefits of the sale will flow to Corbion.

## Costs of raw materials, packaging, and consumables

Costs of raw materials and consumables relate to the cost of consumption of raw materials, consumables, and packaging materials. Cost of raw materials and consumables are recognized in the income statement when the risks and rewards of ownership of the goods sold have been transferred to a party outside the group. These costs include the purchase price of all raw material and all directly attributable costs.

## Production costs

Production costs are the costs relating to production operations.

## Warehousing and distribution costs

Warehousing and distribution costs relate to the costs of warehousing and transport, including transport insurance.

## Selling expenses

Selling expenses relate to the costs of marketing and sales.

## General and administrative expenses

General and administrative expenses relate to the costs of administration, management, and IT.

## Financial income and charges

Financial income comprises interest income on cash and cash equivalents and interest income on loans to other parties. Interest income is recognized in the period to which it relates, using the effective interest method.
Financial charges comprises interest expenses and exchange differences on borrowings, finance lease expenses, impairments on available-for-sale assets, and other financial expenses. All borrowing costs are recognized in the income statement using the effective interest method.

## Taxes

Tax on the result is calculated on the basis of the result before taxes, taking account of untaxed profit elements, non- and part-deductible costs, and fiscal facilities. The prevailing nominal tax rates are applied. Non-recoverable withholding taxes on foreign dividends are taken into account. Taxes in the income statement for the year comprise current and deferred taxes. Taxes are recognized in the income statement unless they relate to items directly recognized in equity. Current tax is the expected tax rate payable on the taxable income for the year, using statutory tax rates at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## Financial instruments and hedge activities

Derivative financial instruments are used to manage exposure to foreign exchange risk, interest rate risk, and commodity price risk. Derivative financial instruments are recognized at fair value. The gain or loss on the remeasurement to fair value is immediately recognized in the income statement. However where derivative financial instruments qualify for hedge accounting, recognition depends on the nature of the item being hedged.

**Fair value hedge**
Fair value hedges hedge the exposure to changes in the fair value of a recognized asset or liability or an unrecognised firm commitment. Changes in the fair value of a hedging derivative are recognized in the income statement. Changes in the fair value of the hedged item attributable to the risk hedged are recorded as part of the carrying value of the hedged item and are also recognized in the income statement.

**Cash flow hedge**
Cash flow hedges hedge possible fluctuations in cash flows which can be attributed to a certain currency, interest rate, or commodity price risk associated with a recognized asset or liability, or a highly probable expected future transaction. The effective part of changes in the fair value of derivative financial instruments which are designated and classified as cash flow hedge is recognized in equity. Gains or losses from the non-effective part are directly recognized in the income statement. If a hedging instrument expires, is sold, or if the instrument can no longer be qualified as a hedging instrument, the cumulative gains and losses remain in equity until the expected future transaction is recognized in the income statement. If the expected future transaction is no longer probable the cumulative result is transferred immediately from equity to the income statement.

**Net investment hedge**
Hedges for net investments in foreign operations are handled in a similar way as cash flow hedges. Gains or losses from the hedging instrument which can be attributed to the effective part of the hedge are recognized in equity; any gains or losses which cannot be attributed to the effective part are directly recognized as financial income and charges in the income statement. Cumulative gains and losses in equity are recognized in the income statement as soon as the foreign operation is partly divested or sold.

Upon entering into a transaction the relationship between the hedging instrument and the hedged position, as well as the risk management aims and the starting points for entering into various hedging transactions are documented. Corbion also documents its estimate as to whether the derivative financial instrument offsets the movements in the fair values or cash flows of the hedged positions effectively. The documentation process starts at the time of entering into such a contract and is updated continuously.

## Discontinued operations and non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable. A discontinued operation is a component that either has been disposed of, or that is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations, or (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Discontinued operations are stated on the basis of the lower of carrying amount and fair value less cost to sell. Discontinued operations are presented separately in the income statement and cash flow statement.
In accordance with IFRS 5, fixed assets related to discontinued operations will no longer be depreciated and amortized after the classification as held for sale.
For more information on discontinued operations see Note 9.

## Critical accounting estimates and judgments
Corbion makes use of accounting estimates and judgments. Described below are the estimates and judgments as at the balance sheet date that carry a substantial risk of a material adjustment to the book value of assets and liabilities in the next financial year.

**Goodwill impairment**
Every year, Corbion tests the goodwill based on the higher of fair value less cost to sell and the value-in-use method. The value-in-use is calculated on the basis of estimates and judgments of the expected cash flows which are discounted on a WACC basis. For a description of the main

estimates, valuation assumptions, and a sensitivity analysis of the applied assumptions see Note 12.

**(In)tangible fixed assets**
(In)tangible fixed assets are tested for sustained impairment if there is an indication of possible impairment. A key factor is the recoverable amount which is calculated on the basis of estimates and assumptions of anticipated discounted cash flows, on the one hand, and an estimate of the fair value less cost to sell, on the other.

**Pension and early retirement schemes**
Actuarial calculations are used to determine provisions for group personnel arrangements and net receivables or obligations from group pension plans. These calculations use assumptions in respect of future developments in salary, mortality, staff turnover, return on investments et cetera. Changes to these estimates and assumptions can lead to actuarial gains and losses which are recognized in the consolidated statement of comprehensive income. For more information on the applied assumptions see Note 21.

**Taxes**
Corbion is subject to various tax systems across the world. Estimates and judgments are used to determine the tax items in the financial statements. Interpretation differences in tax liabilities are also taken into account. For more information on taxes see Note 22.

## 3 CONSOLIDATED INCOME STATEMENT BEFORE ONE-OFF COSTS

The consolidated income statement for financial years 2014 and 2013 from continuing operations before one-off costs (non-IFRS financial measures) can be presented as follows.

| | 2014 | | | 2013 (restated) | | |
|---|---|---|---|---|---|---|
| | Before one-off costs | One-off costs | Total | Before one-off costs | One-off costs | Total |
| Net sales | 770.1 | | 770.1 | 743.6 | | 743.6 |
| Costs of raw materials and consumables | -388.3 | | -388.3 | -381.7 | | -381.7 |
| Production costs | -120.7 | -39.5 | -160.2 | -121.9 | -0.1 | -122.0 |
| Warehousing and distribution costs | -42.8 | | -42.8 | -39.6 | | -39.6 |
| **Gross profit** | **218.3** | **-39.5** | **178.8** | **200.4** | **-0.1** | **200.3** |
| Selling expenses | -58.9 | -5.8 | -64.7 | -57.6 | -1.2 | -58.8 |
| Research and development costs | -32.0 | -3.9 | -35.9 | -24.9 | | -24.9 |
| General and administrative expenses | -61.9 | -3.4 | -65.3 | -59.2 | -19.9 | -79.1 |
| **Operating result** | **65.5** | **-52.6** | **12.9** | **58.7** | **-21.2** | **37.5** |
| Less: depreciation/amortization/impairment (in)tangible fixed assets | 44.1 | 37.8 | 81.9 | 41.0 | 1.3 | 42.3 |
| **EBITDA** | **109.6** | **-14.8** | **94.8** | **99.7** | **-19.9** | **79.8** |
| Depreciation/amortization/impairment (in)tangible fixed assets | -44.1 | -37.8 | -81.9 | -41.0 | -1.3 | -42.3 |
| **Operating result** | **65.5** | **-52.6** | **12.9** | **58.7** | **-21.2** | **37.5** |
| Financial income | 0.1 | | 0.1 | 0.2 | | 0.2 |
| Financial charges | -6.4 | -3.1 | -9.5 | -17.3 | | -17.3 |
| Results from joint ventures and associates | -1.6 | | -1.6 | -1.2 | | -1.2 |
| **Result before taxes from continuing operations** | **57.6** | **-55.7** | **1.9** | **40.4** | **-21.2** | **19.2** |
| Taxes | -17.4 | -2.8 | -20.2 | -10.9 | -3.1 | -14.0 |
| **Result after taxes from continuing operations** | **40.2** | **-58.5** | **-18.3** | **29.5** | **-24.3** | **5.2** |

In 2013 one-off cost items may occur up to and including the “Operating result” item. The one-off item “Taxes” relates to taxes on these one-off costs only. In 2014 one-off cost items may occur up

to and including results after taxes.
One-off costs relate to material non-recurring items in the income statement that are exceptional by nature and are not related to the normal cause of business. These exceptional items include amongst others write down of inventories to net realizable value, reversals of write downs, impairments, reversals of impairments, additions to and releases from provisions for restructuring and reorganization, results on assets sold, gains on the sale of subsidiaries, joint ventures and associates, and any other provision being formed or released. The company considers an events exceptional (one-off) when the aggregate amount of the events per line item of the income statement exceeds a threshold of € 0.5 million.
In 2013 one-off costs were recorded for the strategic transformation. In 2014, a total of € 58.5 million one-off costs were recorded, including the following major items:

1. Impairments of € 20.2 million, all non-cash items, related to the closure of our Kansas Avenue powder blending plant (€ 8.2 million). Furthermore, impairments were recognized for pre-engineering costs due to a scope change of an envisaged expansion of the lactic acid plant in Thailand (€ 7.9 million) and other (€ 4.1 million).
2. Partial, non-cash, impairment of our Thailand based lactide plant of € 17.5 million. Although we are making progress in the development of PLA related initiatives, our lactide plant in Thailand is currently underutilized.
3. Reorganization charge of € 12.1 million mostly related to Streamline, our productivity improvement program.
4. In 2014 agreement was reached with respect to the contractual obligations towards former Board of Management, amounting to € 2.8 million.
5. An impairment on the financial expense line of € 3.1 million which relates to an equity investment in an entity.
6. The relatively high tax charge on exceptional items is partially caused by the reversal of deferred tax assets, further to a review by management on the recoverability of such deferred tax assets.

## 4 SEGMENT INFORMATION

As a result of the strategy update in October 2014, Corbion has made an updated assessment of the reportable segments. In line with the revised management responsibilities and internal management reporting for its strategic decision-making process Corbion now distinguishes between Biobased Ingredients and Biobased Innovations. For IFRS segmentation purposes Biobased Ingredients has been segmented into two further businesses, Food and Biochemicals. The unallocated part of total continuing operations mainly comprises central activities. As a result of the strategy update, prior year segmentation has been restated.

In the Food segment, our food ingredients portfolio keeps food safe and fresh, from creation to consumption, and as such, reduces food waste. It ranges from preservation ingredients to microbial spoilage prevention and ingredients that keep food fresh and tasty throughout shelf life. The combined use of industry knowledge and scientific creativity enables us to offer industry-leading biobased technology and sustainability gains. Our future-focused thinking impacts every industry ranging from baking, meat, and dairy to confectionery and beverage.

In the Biochemicals segment, our biobased chemicals derived from renewable resources such as sugar or starch, are a sustainable alternative to fossil-based chemicals in various applications, including cleaning detergents, hand soap, coatings, and animal feed.
Offering improved performance and multiple benefits, our biobased solutions are versatile and, at the same time, provide lower cost in use with enhanced environmental credentials.

Our Biobased Innovations business unit creates new business platforms to help advance bio-technology developments. Our PLA/lactide business and the succinic-acid joint venture with BASF (Succinity) are part of this unit. Our longer-term development projects, such as our gypsum-free fermentation technology, lactic acid based on second-generation biomass, and FDCA are also included in this business unit. We will drive for growth via a disciplined stage-gate investment approach using our own core technology platforms, acquired or licensed technologies, and partnerships to improve our change of success.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## Segment information by business area

| | Food | | Biochemicals | | Biobased Innovations | | Unallocated (central activities) | | Corbion continuing operations | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013* |
| **Income statement information** | | | | | | | | | | |
| Net sales | 573.5 | 571.8 | 186.4 | 166.6 | 10.2 | 5.2 | | | 770.1 | 743.6 |
| Operating result | 66.5 | 77.2 | 24.4 | 20.4 | -52.2 | -19.1 | -25.8 | -41.0 | 12.9 | 37.5 |
| One-off costs included in operating result | 17.7 | 2.8 | 2.7 | 0.5 | 30.3 | | 1.9 | 17.9 | 52.6 | 21.2 |
| Operating result excluding one-off costs | 84.2 | 80.0 | 27.1 | 20.9 | -21.9 | -19.1 | -23.9 | -23.1 | 65.5 | 58.7 |
| **Alternative non-IFRS performance measures** | | | | | | | | | | |
| EBITDA excluding one-off costs | 105.5 | 103.6 | 38.2 | 31.5 | -11.6 | -13.5 | -22.5 | -21.9 | 109.6 | 99.7 |
| **Ratios alternative non-IFRS performance measures** | | | | | | | | | | |
| EBITDA margin % | 18.0 | 17.7 | 20.4 | 18.7 | | | | | 12.3 | 10.7 |
| EBITDA margin % excluding one-off costs | 18.4 | 18.1 | 20.5 | 18.9 | | | | | 14.2 | 13.4 |

*) *The restatement in EBITDA and operating result relates to the reclassified financing component of the defined benefit plans. Further, operating result 2013 is impacted by the prior year adjustment related to the contractual obligations towards the former Board of Management. For futher details, see Note 1.*

Corbion generates almost all of its revenues from the sale of goods.

## Information on the use of alternative non-IFRS performance measures

In the above table and elsewhere in the financial statements a number of non-IFRS performance measures is presented. Management is of the opinion that these so-called alternative performance measures might be useful for the readers of these financial statements. Corbion management uses these performance measures to make financial, operational, and strategic decisions and evaluate performance of the segments. The alternative performance measures can be calculated as follows:

- EBITDA is the operating result before depreciation, amortization, and impairment of (in)tangible fixed assets.
- EBITDA margin is EBITDA divided by net sales x 100.

## Segment information by geographical region

| | Net sales | | Non-current assets | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| The Netherlands | 97.5 | 83.4 | 140.4 | 135.2 |
| Rest of Europe | 63.7 | 57.0 | 36.5 | 36.0 |
| North America | 483.3 | 479.8 | 148.7 | 135.2 |
| Other countries | 125.6 | 123.4 | 95.9 | 113.1 |
| **Corbion total operations** | **770.1** | **743.6** | **421.5** | **419.5** |

The above information is based on the geographical location of the assets. Non-current assets exclude those relating to deferred tax assets.

## 5 PAYROLL AND SOCIAL INSURANCE

| | 2014 | 2013 (restated) |
|---|---|---|
| Payroll | 114.8 | 110.2 |
| Pension premiums – defined benefit pension plans | 0.3 | 3.8 |
| Pension premiums – defined contribution pension plans | 9.4 | 9.2 |
| Other social insurance | 13.4 | 11.6 |
| Share-based remuneration | 2.2 | 2.4 |
| **Total** | **140.1** | **137.2** |

## 6 DEPRECIATION/AMORTIZATION OF (IN)TANGIBLE FIXED ASSETS

| | 2014 | 2013 |
|---|---|---|
| Depreciation of property, plant, and equipment | 40.1 | 36.2 |
| Amortization of intangible fixed assets | 4.0 | 4.8 |
| **Total** | **44.1** | **41.0** |

## 7 FINANCIAL INCOME AND CHARGES

| | 2014 | 2013 |
|---|---|---|
| Interest income | -0.1 | -0.2 |
| Interest charges | 4.7 | 12.7 |
| Exchange rate differences | 0.9 | -2.5 |
| Interest (income) expense on defined benefit pension plans - net | 0.3 | 0.5 |
| Impairment of financial asset classified as available-for-sale | 3.1 | |
| Fluctuations in fair value of derivatives | | 6.3 |
| Other | 0.5 | 0.3 |
| **Total** | **9.4** | **17.1** |

## 8 TAXES

| | Continuing operations | | Discontinued operations | Total | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2013 | 2014 | 2013 |
| Current tax | 18.3 | 19.0 | 12.7 | 18.3 | 31.7 |
| Deferred tax | 1.9 | -5.0 | -0.1 | 1.9 | -5.1 |
| **Tax charge (income)** | **20.2** | **14.0** | **12.6** | **20.2** | **26.6** |

For calculation of taxes on discontinued operations see Note 9.

## Reconciliation of result before taxes and tax charge

| | Continuing operations | | Discontinued operations | Total | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2013 | 2014 | 2013 |
| **Result before taxes** | **1.9** | **19.2** | **9.6** | **1.9** | **28.8** |
| Applicable tax charge at average statutory tax rate | 3.6 | 6.4 | 4.5 | 3.6 | 11.0 |
| Income not subject to tax | -4.7 | -10.6 | -6.6 | -4.7 | -17.2 |
| Expenses not deductible for tax purposes | 2.9 | 7.7 | 8.6 | 2.9 | 16.3 |
| Effect of the reversal of tax assets | 15.1 | 6.4 | 6.5 | 15.1 | 12.9 |
| Additions/releases of tax provision | 0.7 | 3.4 | | 0.7 | 3.4 |
| Prior years effects | 2.6 | 0.8 | 0.4 | 2.6 | 1.2 |
| Effects of recycling | | -0.1 | -8.4 | | -8.5 |
| Effects of goodwill impairment | | | 7.5 | | 7.5 |
| **Tax charge (income)** | **20.2** | **14.0** | **12.6** | **20.2** | **26.6** |
| **Average tax rate on operations** | **1,063.2%** | **72.9%** | **131.3%** | **1,063.2%** | **92.4%** |

The average statutory tax rate is the average of the statutory tax rates in the countries where Corbion operates, weighted on the basis of the result from ordinary activities before taxes in each of these countries.

The realization of deferred tax assets depends on the expected future profitability. Based on management's expectations the valuation allowance has been increased.

The adjustment in respect of the effects of goodwill impairment reflects the effect of impairing goodwill which is not deductible for tax purposes.

The adjustment in respect of prior years reflects the effects of changes to relevant regulations, facts, or other factors compared to those used in establishing the current tax position or deferred tax balance in previous years.

## Breakdown of the tax charge recognized in equity

| | Continuing operations | | Discontinued operations | Total | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2013 | 2014 | 2013 |
| Tax liability due to loan-related exchange rate differences | 1.7 | 18.7 | -10.0 | 1.7 | 8.7 |
| Tax liability due to hedge results of financial instruments | 0.2 | -1.6 | -0.1 | 0.2 | -1.7 |
| Tax charge due to remeasurement of defined benefit obligation | -0.7 | 0.5 | -0.7 | -0.7 | -0.2 |
| **Tax charge (income) recognized in equity** | **1.2** | **17.6** | **-10.8** | **1.2** | **6.8** |

# 9 DISCONTINUED OPERATIONS

## Divestment of the Bakery Supplies businesses

On 3 July 2013, Corbion announced the successful completion of the divestment of its Bakery Supplies businesses to affiliates of Rhône Capital. The Bakery Supplies businesses have been divested for an Enterprise Value of € 1,050 million.

## Profit for the year from discontinued operations

| | 2013 (6 months) |
|---|---|
| **Operations** | |
| Net sales | 1,244.1 |
| Costs of raw materials and consumables | -773.4 |
| Production costs | -147.0 |
| Warehousing and distribution costs | -100.2 |
| **Gross profit** | **223.5** |
| Selling expenses | -92.6 |
| Research and development costs | -10.2 |
| General and administrative expenses | -82.4 |
| **Operating result** | **38.3** |
| Results from joint ventures and associates | 0.3 |
| **Result before taxes** | **38.6** |
| Taxes | -20.7 |
| **Result operations after taxes** | **17.9** |
| | |
| **Divestment** | |
| IFRS 5 remeasurement | -30.0 |
| Divestment result (gross) | 6.2 |
| Recycled translation reserve | -5.2 |
| Taxes | 8.1 |
| **Result divestment after taxes** | **-20.9** |
| **Result after taxes** | **-3.0** |
| | |
| **Other comprehensive results to be recycled** | |
| Translation reserve | -9.8 |
| Hedge reserve | -0.3 |
| Taxes relating to other comprehensive results to be recycled | 10.1 |
| **Total other comprehensive results to be recycled** | **0.0** |
| | |
| **Other comprehensive results not to be recycled** | |
| Defined benefit arrangements | -2.7 |
| Taxes relating to other comprehensive results not to be recycled | 0.7 |
| **Total other comprehensive results not to be recycled** | **-2.0** |
| **Total comprehensive result after taxes** | **-5.0** |

The income statement is based on a stand-alone situation of the discontinued operations adjusted for elimination of intercompany transactions and reallocation of other incremental expenses directly associated with the discontinued operations. Net effects are opposite presented in continuing operations. Taxes on these adjustments are adjusted as well and calculated on the basis of the applicable nominal tax rate. Taxes in the income statement also take account of changes in overall deferred tax liabilities and assets positions as well as current income tax positions due to the classification as discontinued operations as at the end of 2012 and the associated legal restructuring.

## Cash flows from discontinued operations

| | 2013 |
|---|---|
| **Cash flow from operating activities** | |
| Result after taxes | -3.0 |
| *Adjusted for:* | |
| • Impairment of fixed assets | 30.0 |
| • Results from purchase/sale of group companies and activities | -6.2 |
| • Exchange rate differences | 5.2 |
| • Results from joint ventures and associates | -0.3 |
| • Taxes | 12.6 |
| **Cash flow from operating activities before movements in working capital** | **38.3** |
| Movement in provisions | -9.7 |
| *Movements in working capital:* | |
| • Receivables | -25.3 |
| • Inventories | -15.3 |
| • Non-interest-bearing current liabilities | 2.2 |
| **Cash flow from business operations** | **-9.8** |
| Tax paid on profit | -14.4 |
| **Cash flow from operating activities** | **-24.2** |
| | |
| **Cash flow from investment activities** | |
| Sale of group companies | 873.5 |
| Capital expenditure on (in)tangible fixed assets | -7.8 |
| **Cash flow from investment activities** | **865.7** |

The cash flow statement is also based on a stand-alone situation of the discontinued operations with the following adjustments: the adjustments in the income statement are considered to be cashed immediately and the intercompany cash flows are eliminated.

# 10 EARNINGS PER COMMON SHARE

Earnings per common share and earnings per common share from continuing and discontinued operations are calculated by dividing the profit available for holders of common shares by the weighted average number of outstanding common shares in Corbion nv.
Diluted earnings per common share are calculated by dividing the profit available for holders of common shares by the weighted average number of outstanding common shares in Corbion nv adjusted for the effects of potential exercise of share rights by the Board of Management.

| | 2014 | 2013 (restated) |
|---|---|---|
| **Result after taxes** | **-18.3** | **2.2** |
| Minus: dividend financing preference shares | 2.4 | 2.8 |
| **Total profit available for holders of common shares (A)** | **-20.7** | **-0.6** |
| Minus: profit discontinued operations (B) | | -3.0 |
| **Continuing operations profit available for holders of common shares (C)** | **-20.7** | **2.4** |
| | | |
| **Weighted average number of outstanding common shares (D)** | **61.4** | **70.5** |
| Plus: common shares related to share rights | 0.4 | 0.2 |
| **Weighted average number of outstanding common shares after dilution (E)** | **61.8** | **70.7** |
| | | |
| **Per common share in euros** | | |
| Basic earnings from continuing operations (C/D) | -0.34 | 0.03 |
| Basic earnings from discontinued operations (B/D) | | -0.04 |
| Basic earnings (A/D) | -0.34 | -0.01 |
| | | |
| Diluted earnings from continuing operations (C/E) | -0.33 | 0.03 |
| Diluted earnings from discontinued operations (B/E) | | -0.04 |
| Diluted earnings (A/E) | -0.33 | -0.01 |

# 11 PROPERTY, PLANT, AND EQUIPMENT

| | Land | Buildings | Machinery and equipment | Other fixed assets | Under construction | Total |
|---|---|---|---|---|---|---|
| **1 January 2013** | | | | | | |
| Acquisition prices | 18.7 | 164.8 | 499.1 | 42.8 | 27.0 | 752.4 |
| Cumulative depreciation | | -68.9 | -347.9 | -32.6 | | -449.4 |
| **Book value** | **18.7** | **95.9** | **151.2** | **10.2** | **27.0** | **303.0** |
| **Movements** | | | | | | |
| Capital expenditure | | 0.1 | 14.9 | 6.0 | 45.8 | 66.8 |
| Divestments | -0.5 | -1.7 | -0.9 | -0.5 | -0.4 | -4.0 |
| Exchange rate differences | -1.1 | -5.9 | -9.3 | -0.5 | -1.5 | -18.3 |
| Acquisition of group companies | | | 0.2 | | | 0.2 |
| Depreciation | | -4.9 | -26.7 | -4.6 | | -36.2 |
| Impairment | | -1.0 | -0.3 | | | -1.3 |
| Other | 1.3 | 0.3 | 7.6 | 0.7 | -9.9 | |
| **Net movement in book value** | **-0.3** | **-13.1** | **-14.5** | **1.1** | **34.0** | **7.2** |
| **31 December 2013** | | | | | | |
| Acquisition prices | 18.4 | 139.7 | 479.3 | 46.6 | 61.0 | 745.0 |
| Cumulative depreciation | | -56.9 | -342.6 | -35.3 | | -434.8 |
| **Book value** | **18.4** | **82.8** | **136.7** | **11.3** | **61.0** | **310.2** |
| **Movements** | | | | | | |
| Capital expenditure | | 0.2 | 0.5 | 1.2 | 52.7 | 54.6 |
| Divestments | | | -0.3 | -0.2 | | -0.5 |
| Exchange rate differences | 1.4 | 7.1 | 8.7 | 0.5 | 3.0 | 20.7 |
| Depreciation | | -6.3 | -29.7 | -4.1 | | -40.1 |
| Impairment | | -10.0 | -17.4 | | -7.9 | -35.3 |
| Other | | 8.0 | 37.5 | 2.5 | -64.4 | -16.4 |
| Reclassification as assets held for sale | -3.3 | -1.2 | | | | -4.5 |
| **Net movement in book value** | **-1.9** | **-2.2** | **-0.7** | **-0.1** | **-16.6** | **-21.5** |
| **31 December 2014** | | | | | | |
| Acquisition prices | 16.5 | 147.6 | 542.2 | 52.0 | 52.9 | 811.2 |
| Cumulative depreciation | | -67.0 | -406.2 | -40.8 | -8.5 | -522.5 |
| **Book value** | **16.5** | **80.6** | **136.0** | **11.2** | **44.4** | **288.7** |
| Depreciation rates | | 2.5 - 4% | 6.7-12.5% | 20-50% | | |

The property, plant, and equipment item includes fixed assets with a book value of € 0.2 million (31 December 2013: € 0.4 million) which are financed through a financial lease.

The impairment recorded for buildings in 2013 (part of the unallocated segment) relates to a lower fair value for office premises which are partly vacant.
In 2014, the following impairments were recorded:

- An impairment of our Thailand-based lactide plant (part of the Biobased Innovations segment). Although we are making progress in the development of PLA-related initiatives, our lactide plant in Thailand is currently underutilized. Based on a reassessment of volume development and timing, we made an impairment of these assets (recorded partly in the Buildings category and partly in the Machinery and equipment category) of THB 702 million (€ 17.6 million). In this (value-in-use) impairment calculation, the terminal value assumes no growth. The pre-tax discount rate used is 13.1%. The net present value of the projected cash flows underlying the impairment calculation is sensitive to aforementioned assumptions, especially the volume development. In case the assumed volume development would accelerate (delay) by 1 year this would have a positive (negative) impact of approximately € 10 million on the calculated net present value.

- To improve productivity, we have initiated “Streamline”, a program to align with the organization to these portfolio choices, simplify our business processes, and optimize our manufacturing footprint. This program resulted in several assets being impaired, the most significant being the Kansas Avenue plant impairment of € 8.2 million in the Food segment, which is expected to be closed in 2015. The recoverable amount of the building is based on the fair value less costs to sell, supported by an external valuation. Furthermore, impairments were recognized for pre-engineering costs due to a scope change of an envisaged expansion of the lactic acid plant in Thailand (€ 7.9 million) and obsolescence of certain assets in the US Blair plant (€ 1.5 million).

The “Other” movement of € 16.4 million relates to a transfer of assets from tangible fixed assets to intangible fixed assets.

## 12 INTANGIBLE FIXED ASSETS

| | Goodwill | Customer base | Brands and licenses | Research and development costs | Non-compete agreements | Other intangible fixed assets | Total |
|---|---|---|---|---|---|---|---|
| **1 January 2013** | | | | | | | |
| Acquisition prices | 56.6 | 13.7 | 26.2 | 13.2 | 7.9 | 3.0 | 120.6 |
| Cumulative amortization | -2.9 | -6.4 | -2.4 | -6.8 | -6.5 | -2.2 | -27.2 |
| **Book value** | **53.7** | **7.3** | **23.8** | **6.4** | **1.4** | **0.8** | **93.4** |
| **Movements** | | | | | | | |
| Capital expenditure | | | 3.3 | 5.3 | | 0.1 | 8.7 |
| Acquisition of group companies | 0.3 | | 2.6 | | | | 2.9 |
| Exchange rate differences | -2.1 | -0.3 | -0.3 | | | | -2.7 |
| Amortization | | -1.2 | -1.0 | -0.8 | -1.4 | -0.4 | -4.8 |
| Other | | | 0.2 | -0.2 | | | |
| **Net movement in book value** | **-1.8** | **-1.5** | **4.8** | **4.3** | **-1.4** | **-0.3** | **4.1** |
| **31 December 2013** | | | | | | | |
| Acquisition prices | 54.7 | 13.1 | 32.0 | 18.3 | 7.5 | 2.9 | 128.5 |
| Cumulative amortization | -2.8 | -7.3 | -3.4 | -7.6 | -7.5 | -2.4 | -31.0 |
| **Book value** | **51.9** | **5.8** | **28.6** | **10.7** | | **0.5** | **97.5** |
| **Movements** | | | | | | | |
| Capital expenditure | | | 0.3 | 4.5 | | 3.1 | 7.9 |
| Exchange rate differences | 6.3 | 0.6 | 0.7 | | | | 7.6 |
| Amortization | | -1.1 | -1.0 | -1.2 | | -0.7 | -4.0 |
| Impairment | | | | -2.5 | | | -2.5 |
| Other | | | | 16.4 | | | 16.4 |
| **Net movement in book value** | **6.3** | **-0.5** | | **17.2** | | **2.4** | **25.4** |
| **31 December 2014** | | | | | | | |
| Acquisition prices | 61.3 | 14.9 | 33.3 | 39.1 | | 6.0 | 154.6 |
| Cumulative amortization | -3.1 | -9.6 | -4.7 | -11.2 | | -3.1 | -31.7 |
| **Book value** | **58.2** | **5.3** | **28.6** | **27.9** | | **2.9** | **122.9** |
| Amortization rate | 0% | 7 - 10% | 5 - 10% | 33.3% | 20-60% | 33.3% | |

**Goodwill impairment test**

Goodwill is allocated to Corbion’s cash generating units (CGUs) identified as the operating segments. The Food and Biochemicals operating segments represent the levels to which company

goodwill is allocated for the purposes of impairment testing. The Biobased Innovations segment does not contain any goodwill.
Main reasons for this approach are:

- It represents a non-arbitrary, reasonable, and consistent basis for the allocation of goodwill.
- The allocation is in line with the expected synergies at the time of an acquisition with benefits for more than one entity.
- The allocation represents the lowest level where goodwill is monitored by the Board of Management, while not being larger than the operating segments.

**Breakdown of the book value of the goodwill by segment**

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Food | 56 | 50 |
| Biochemicals | 2 | 2 |
| **Total operations** | **58** | **52** |

The recoverable amount of both segments is determined using a value-in-use method. The main assumptions used are derived from the financial and business plans for 2013 until 2017 which have been approved by the Board of Management. From 2017 onwards a stable growth of 1% is taken into account in combination with a relatively constant cost structure.

The future cash flows are discounted on the basis of the WACC before tax.

**Overview of the WACC used**

| | As at 31-12-2014 | | As at 31-12-2013 | |
|---|---|---|---|---|
| | pre-tax | post-tax | pre-tax | post-tax |
| Food | 10.1% | 7.1% | 14.5% | 10.7% |
| Biochemicals | 10.0% | 7.9% | 13.1% | 11.0% |

In 2013, the WACC was calculated using different CGUs. Some businesses of the Biochemicals segment reported in 2013 have now been allocated to the Biobased Innovations segment (which does not contain any goodwill). The WACC for 2013 shown above reflects the Biochemicals segment WACC according to the 2013 segmentation and has been included for comparison purposes only.

In addition, sensitivity analyses have been carried out in respect of the assumptions using:

- A terminal value growth of 0%.
- A discount rate of +1%.

Both assumptions applicable at the same time would not lead to any impairment.

Given the above assumptions and the outcome of analyses, the Board of Management has concluded that the value-in-use of both segments is not lower than the book value of the segments including goodwill.

## Impairment testing other intangible fixed assets

In 2014, impairments of in total € 2.5 million were recognized for intangible fixed assets. In the Biobased Innovations segment an impairment was recorded for the project for the development of an alternative microorganism (€ 1.4 million). Further, as part of the impairment of the lactide plant in the first half year, the related intangible assets were impaired. As a result of the strategy update pre-engineering costs were impaired due to a scope change of an envisaged expansion of the lactic acid production plant in Thailand as discussed in Note 11.

The “Other” movement of € 16.4 million relates to a transfer of assets from tangible fixed assets to intangible fixed assets.

## 13 LOANS, RECEIVABLES, AND OTHER

| | Long-term receivables and other |
|---|---|
| **As at 1 January 2013** | **3.6** |
| Investment | 1.3 |
| **As at 31 December 2013** | **4.9** |
| Investment | 1.4 |
| Impairments | -3.0 |
| **As at 31 December 2014** | **3.3** |

The book value of the long-term receivables does not significantly deviate from the fair value. The impairment relates to an equity investment in an entity which is in financial difficulties.

## 14 JOINT VENTURES AND ASSOCIATES

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Joint ventures | Associates | Joint ventures | Associates |
| Carrying amount of interests | 5.2 | 1.4 | 5.1 | 1.8 |
| Share of total profit and loss | -0.7 | -0.9 | -0.6 | -0.6 |

## 15 INVENTORIES

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Raw materials, consumables, technical materials, and packaging | 36.5 | 28.1 |
| Work in progress | 15.9 | 9.6 |
| Finished product | 79.0 | 60.5 |
| Impairment provision | -3.0 | -1.1 |
| **Total** | **128.4** | **97.1** |

### Movements in inventories impairment provision

| | 2014 | 2013 |
|---|---|---|
| **As at 1 January** | **-1.1** | **-2.2** |
| Additions | -1.7 | -0.2 |
| Releases | | 1.5 |
| Use | -0.2 | -0.2 |
| **As at 31 December** | **-3.0** | **-1.1** |

## 16 RECEIVABLES

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Trade receivables | 96.5 | 85.8 |
| Impairment provision | -1.6 | -2.0 |
| Other receivables | 5.7 | 6.2 |
| Derivatives | 0.7 | 0.2 |
| Prepayments and accrued income | 2.6 | 6.9 |
| **Total** | **103.9** | **97.1** |

The remaining term of receivables is less than one year. The face value of the receivables (excluding derivatives) does not significantly deviate from the fair value.

The credit risk associated with trade receivables is managed by local finance managers. Periodically, each entity reports the expired credit terms and movements in the provisions for trade receivables to the Board of Management. The maximum credit risk in respect of trade receivables is € 96.5 million (2013: € 85.8 million).

Trade receivables are not interest-bearing and generally have an average term of credit of 30-90 days. The impairment provision is based on expired terms of credit and defined individually. The trade receivables item includes an amount of € 13.1 million in receivables with expired terms of credit which are expected to be received and are therefore not provided for.

**Breakdown of expired credit terms**

| | Total | < 30 days | 30-60 days | 60-90 days | > 90 days |
|---|---|---|---|---|---|
| Food | 9.8 | 7.9 | 1.3 | 0.3 | 0.3 |
| Biochemicals | 3.2 | 2.6 | 0.4 | 0.1 | 0.1 |
| Biobased Innovations | 0.1 | 0.1 | | | |
| **Total** | **13.1** | **10.6** | **1.7** | **0.4** | **0.4** |

**Movements in trade receivables impairment provision**

| | 2014 | 2013 |
|---|---|---|
| **As at 1 January** | **-2.0** | **-2.1** |
| Additions/releases | 0.7 | 0.1 |
| Use | | -0.1 |
| Exchange rate differences | -0.3 | 0.1 |
| **As at 31 December** | **-1.6** | **-2.0** |

The additions/releases of the trade receivables impairment provision are recognized as general and administrative expenses.

## 17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes € 60.0 million in short-term deposits (31 December 2013: € 50.0 million in Dutch treasury certificates, € 23.0 million in money market funds, and € 10.0 million in short-term deposits). The cash and cash equivalents are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

# 18 NON-CURRENT ASSETS HELD FOR SALE

| | 2014 | 2013 |
|---|---|---|
| Land | 3.3 | |
| Building | 1.2 | |
| **Total** | **4.5** | |

In the next 12 months, Corbion intends to dispose of a parcel of land and a building it will no longer use. A search is underway for a buyer. No impairment loss was recognized upon reclassification as held for sale as the fair value less costs to sell is expected to be higher than the carrying amount.

# 19 EQUITY

**Share capital**
As at 31 December 2014, the authorized share capital totaled € 50 million, consisting of 182 million common shares with a nominal value of € 0.25 each and 18 million financing preference shares with a nominal value of € 0.25 each, divided into three series of six million named FPA, FPB, and FPC.

The series of financing preference shares have the following dividend percentages and dividend review dates.

| Finprefs | Dividend | First dividend review date | Review interval |
|---|---|---|---|
| FPA series | 2.67% | 1 August 2017 | five years |
| FPB series | 2.67% | 1 August 2017 | five years |
| FPC series | 6.40% | 1 August 2017 | five years |

Holders of financing preference shares have priority over holders of common shares regarding dividend payments and liquidation proceeds.
The average dividend until the first dividend review date on outstanding financing preference shares is 3.93% as at 31 December 2014.

**Movements in number of issued shares**

| | Common | FPA | FPB | FPC | Total preference shares |
|---|---|---|---|---|---|
| **As at 1 January 2014** | **71,939,942** | **852,512** | **852,512** | **1,278,770** | **2,983,794** |
| Withdrawn shares | -10,263,027 | | | -409,513 | -409,513 |
| Stock dividend | 364,846 | | | | |
| **As at 31 December 2014** | **62,041,761** | **852,512** | **852,512** | **869,257** | **2,574,281** |

**Movements in number of shares with dividend rights**

| | Common | FPA | FPB | FPC | Total preference shares |
|---|---|---|---|---|---|
| **As at 1 January 2014** | **61,176,915** | **852,512** | **852,512** | **869,257** | **2,574,281** |
| Share-based remuneration | 15,345 | | | | |
| Stock dividend | 364,846 | | | | |
| **As at 31 December 2014** | **61,557,106** | **852,512** | **852,512** | **869,257** | **2,574,281** |

**Movements in treasury stock common shares**

| | Number | Nominal amount (in euros) |
|---|---|---|
| **As at 1 January 2014** | **10,763,027** | **2,690,757** |
| Share-based remuneration | -15,345 | -3,836 |
| Withdrawn shares | -10,263,027 | -2,565,757 |
| **As at 31 December 2014** | **484,655** | **121,164** |

As at 31 December 2014, Corbion had a treasury stock of 484,655 common shares at its disposal with a nominal value of € 0.25 each (representing 0.8% of the total share capital issued) at an average acquisition price of € 17.63.
Treasury stock shares have no dividend rights.

## Share movement: stock dividend

During the reporting year the company placed at the common shareholders' disposal a stock dividend totaling 364,846 shares (2013: 2,025,231) with a nominal value of € 0.25 each.
The total nominal value of € 91,212 (2013: € 506,308) arising from the stock dividend during the reporting year has been charged to the share premium reserve.

## Share movement: share-based remuneration

During the reporting year the company transferred a total of 15,345 shares (2013: 61,493) with a nominal value of € 0.25 each pursuant to share-based remuneration arrangements.

## Share-based remuneration arrangements: Board of Management

A share plan is in place for the Board of Management. Three current and two former members of the Board of Management have a total of 422,079 unvested share rights in the company as at 31 December 2014 (2013: 177,776 ). The nominal amount of the shares which are claimable under unvested share rights equals € 105,520 per that date.

Each year members of the Board of Management are entitled to a conditional grant of Corbion shares. There are two target levels for this incentive. One applies to the CEO and the other to the CFO and CTO. The CEO is entitled to a conditional share grant value of 60% of his base salary. The CFO and CTO are entitled to a conditional share grant value of 50% of their base salary. The total number of conditionally granted shares is determined by dividing the "at target" amount applicable for the respective Board member (as a percentage of base salary) by the (undiscounted) fair value average stock price over the month prior to the date of grant (April of any year). The performance criterion for the LTIP is Total Shareholder Return over a three-year performance period. After vesting and share delivery, the Board members according to the plan rules, are required to keep the shares in a blocked account for another two years. The total lock-up period therefore is five years. For further details refer to the Remuneration policy and report in the Report of the Supervisory Board.

At the time of his appointment, Mr. De Ruiter was granted a one-off time-restricted performance share award equivalent to a target value of € 2 million in Corbion shares to vest over four years. This award bridges part of the compensation gap between the United States and the Netherlands. The award encourages delivering a growing, increasingly profitable, and sustainable business portfolio. The value of one conditional share will be equal to the average share price of five days preceding the AGM, no discounts are applied. The award vests in four equal parts per year, only if a minimum Corbion growth rate is achieved each year. Delivering predetermined long-term (4-year) innovation milestones allows for an additional vesting of the total number of shares of up to 25% in year 4. This means that the actual number of shares that vest, will range between 0% and 125% of the grant value. The value of the vested shares depends on the performance delivered and the share price development. Vested shares need to be retained for twelve months after the end of his contract of assignment.

In 2013 Corbion divested its Bakery Supplies businesses to Rhône Capital for € 1.050 million. Because of the complexity of the transaction, and at the same time, the need to focus on ongoing business, the Supervisory Board set a number of business- and transaction-related targets to optimize successful conclusion of the divestment. The Supervisory Board determined after the close of the transaction that these targets were fully achieved and decided to grant shares to both former members of the Board of Management for their achievement. These new targets resulted in a modification of the granted LTIP 2010 - 2013 series under IFRS 2 which has been recorded as a prior period adjustment as discussed in Note 1 “Accounting Information”. The incremental fair value as a result of the modification amounts to € 0.9 million and has been calculated as the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. Also refer to Note 28.

## Share-based remuneration arrangements: management

Reward plans (“Phantom plan”) are available for certain members of management. Participants in these plans are awarded a provisional cash payment. Depending on the Total Shareholder Return (TSR) of Corbion compared with the peer group and continued employment after a period of three to four years, the actual gross amount if any is determined and paid.

A share buying program is in place for managers who also participate in the “Phantom plan”. On 1 October of the year following the calendar year in which participants have acquired shares, a gross cash payment worth 30% of the fair value on this date of the shares acquired is made to the participants.

Certain members of management receive a package of Corbion shares worth 9.5% of their fixed salary (commitment award). They may sell as many shares as needed to pay the income tax obligations related to these shares. The acquired shares shall be held in a separate blocked account until the end of their employment at Corbion. At the time of his appointment Mr. Van Rhede van der Kloot received a one-off time-restricted share award of € 100,000 to compensate for the cancelation of an entitlement to a commitment award.

**Movements in number of unvested shares: Board of Management**

| Year of allocation | Total as at 31-12-2013 | Allocated in 2014 | Vested and expired in 2014 | Total as at 31-12-2014 |
|---|---|---|---|---|
| 2011 | 40,551 | | 40,551 | |
| 2012 | 75,918 | | | 75,918 |
| 2013 | 61,307 | | | 61,307 |
| 2014 | | 287,988 | 3,134 | 284,854 |
| **Total** | **177,776** | **287,988** | **43,685** | **422,079** |

**Valuation allocated unvested shares 2014: Board of Management**

The fair value of the above-mentioned performance-related shares allocated in 2014 was € 20.28 per share (2013: € 21.05). The fair value is estimated by using the Black & Scholes model and the assumptions set forth below.

| | 2014 | 2013 |
|---|---|---|
| Risk-free interest rate | 0.45% | 0.44% |
| Expected dividend gains | | |
| Expected volatility in share price | 31% | 32% |
| Term | 3 years | 3 years |

### Movements in number of blocked commitment award shares: total management

| | Total as at 31-12-2013 | Allocated in 2014 | Released in 2014 | Total as at 31-12-2014 |
|---|---|---|---|---|
| **Total** | **66,072** | **16,684** | **29,298** | **53,458** |

### Other reserves

| | Movements in legal reserves | | | | |
|---|---|---|---|---|---|
| | Translation reserve | Hedge reserve | Development costs | Share plan reserve | Total |
| **As at 1 January 2013** | **29.9** | **-4.7** | **23.6** | **1.1** | **49.9** |
| • Net investment hedge | | | | | |
| Exchange rate differences foreign currency loan | 3.6 | | | | 3.6 |
| Tax effect | -0.8 | | | | -0.8 |
| • Translation difference | | | | | |
| Foreign group companies | -26.1 | | | | -26.1 |
| Tax effect | -4.7 | | | | -4.7 |
| • Cash flow hedge | | | | | |
| Fluctuations in fair value derivatives | | 5.9 | | | 5.9 |
| Tax effect | | -1.5 | | | -1.5 |
| • Share-based remuneration charged to result | | | | 2.4 | 2.4 |
| • Share-based remuneration transfers | | | | -2.0 | -2.0 |
| • Movement in capitalization of development costs | | | -12.9 | | -12.9 |
| • Other transfers | | | | 0.3 | 0.3 |
| **As at 31 December 2013** | **1.9** | **-0.3** | **10.7** | **1.8** | **14.1** |
| | | | | | |
| • Net investment hedge | | | | | |
| Exchange rate differences foreign currency loan | -12.4 | | | | -12.4 |
| Tax effect | 3.1 | | | | 3.1 |
| • Translation difference | | | | | |
| Foreign group companies | 39.7 | | | | 39.7 |
| Tax effect | -4.8 | | | | -4.8 |
| • Cash flow hedge | | | | | |
| Fluctuations in fair value derivatives | | 0.9 | | | 0.9 |
| Tax effect | | -0.2 | | | -0.2 |
| • Share-based remuneration charged to result | | | | 2.2 | 2.2 |
| • Share-based remuneration transfers | | | | -0.9 | -0.9 |
| • Movement in capitalization of development costs | | | 17.2 | | 17.2 |
| **As at 31 December 2014** | **27.5** | **0.4** | **27.9** | **3.1** | **58.9** |

In specific circumstances legal reserves must be created in accordance with Part 9, Book 2 of the Dutch Civil Code. The legal reserves comprise the translation reserve, hedge reserve, and development costs reserve. In case a legal reserve has a negative value no payments can be made from the retained earnings up to the level of the negative value(s). The positive legal reserves as at 31 December 2014 amount to € 55.8 million.

A reserve for non-transferable profits is not applicable as Corbion has no restrictions to transfer profits from its operations in the different countries.

# 20 PROVISIONS

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Pension and early retirement schemes | 9.4 | 10.9 |
| Other long-term employee benefit commitments | 2.4 | 1.1 |
| Reorganization and restructuring | 16.4 | 9.6 |
| Other | 1.9 | 0.4 |
| **Total** | **30.1** | **22.0** |

### Movements in provisions

| | Pension and early retirement schemes | Other long-term employee benefit commitments | Reorganization and restructuring | Other | Total |
|---|---|---|---|---|---|
| **As at 1 January 2014** | **10.9** | **1.1** | **9.6** | 0.4 | **22.0** |
| Addition charged to result | 0.6 | 1.8 | 14.6 | 1.9 | 18.9 |
| Release credited to result | | -0.8 | -1.6 | -0.3 | -2.7 |
| Equity movements | 1.4 | | | | 1.4 |
| Withdrawal for intended purpose | -4.2 | | -6.6 | -0.1 | -10.9 |
| Exchange rate differences | 0.7 | 0.3 | 0.4 | | 1.4 |
| **As at 31 December 2014** | **9.4** | **2.4** | **16.4** | **1.9** | **30.1** |
| | | | | | |
| **Short-term part included in provisions** | | | | | |
| **As at 31 December 2014** | | | **16.4** | **1.9** | **18.3** |

### Pension and early retirement schemes

Pension and early retirement schemes relate to post-employment defined benefit arrangements. For more information on pensions see Note 21.

### Other long-term employee benefit commitments

Other long-term employee benefit commitments relate mainly to anniversary commitments, past-service commitments, conditional incentive plans, and health insurance.

### Reorganization and restructuring

This provision relates mainly to the “Streamline”, restructuring program, a program to align the organization with our portfolio choices, simplify our business processes, and optimize our manufacturing footprint.

### Other

The other provisions relate mainly to loss-making contracts, legal disputes, and other litigation risks.

# 21 PENSIONS

Corbion sponsors defined benefit pension plans in the US and UK. Both plans are closed schemes and based on final pay. All plans have been established in accordance with the legal requirements of the countries involved. The defined benefit plans are administered by a separate fund that is legally separated from the entity. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The defined benefit obligation as per year-end consisted for the vast majority of the UK plan.

Summary of the main UK scheme benefits:

- The Normal Retirement Age (NRA) is 65; however, Section 1 members are able to take their benefits in respect of pre 1 October 2003 service unreduced from age 60.
- Pensions in deferment increase in line with statutory revaluation with the exception of pre 1 October 2003 benefits for Section 1 members, which have an underpin linked to the level of pension increases in payment (which are linked to RPI).
- Pensions in payment increase in line with RPI capped at 5% for benefits in respect of pre 1 January 2006 service and RPI capped at 2.5% for benefits in respect of post 31 December 2005 service.

The UK pension scheme is in a deficit situation. For this plan a recovery plan has been agreed in 2013 for which Corbion will contribute additional funding payments of GBP 1.1 million per year with an increase of 5% per year payable until 2021 or until the scheme is no longer in a deficit situation.

The plans typically expose the group to actuarial risks such as investment risk, interest rate risk, and longevity risk.

- Investment risk
  The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plans have a relatively balanced investment in mainly equity securities and debt instruments.
- Interest risk
  A decrease in the bond interest rate will increase the plan liability; however, this will be partly offset by an increase in the return on the plan's debt investments.
- Longevity risk
  The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Breakdown of the amounts recognized in respect of defined benefit pension plans in the income statement and statement of comprehensive income**

| | 2014 | 2013 |
|---|---|---|
| Current service costs | 0.5 | 1.5 |
| Net interest expense | 0.3 | 0.5 |
| Gains/losses from significant settlements | -0.2 | 2.3 |
| **Total pension costs recognized in income statement** | **0.6** | **4.3** |
| | | |
| **Remeasurements on the net defined benefit liability** | | |
| • Return on plan assets (excluding amounts included in interest income) | -3.9 | 2.0 |
| • Actuarial gains/losses arising from changes in demographic assumptions | 0.7 | |
| • Actuarial gains/losses arising from changes in financial assumptions | 5.5 | 10.1 |
| • Actuarial gains/losses arising from experience adjustments | -0.9 | -0.6 |
| • Adjustments for restrictions on the defined benefit assets | | -15.0 |
| **Total pension costs recognized in other comprehensive income** | **1.4** | **-3.5** |
| **Total** | **2.0** | **0.8** |

## Amounts recognized in the statement of financial position

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Present value of defined benefit obligations | 75.6 | 74.1 |
| Fair value of plan assets | 66.2 | 64.0 |
| **Funded status** | **9.4** | **10.1** |
| Restrictions on assets recognized | | 0.8 |
| **Net liability** | **9.4** | **10.9** |

## Movements in defined benefit obligation

| | 2014 | 2013 |
|---|---|---|
| **As at 1 January** | **74.1** | **435.7** |
| Current service costs | 0.5 | 1.5 |
| Interest charges | 3.2 | 6.0 |
| Pension payments | -5.0 | -10.4 |
| | | |
| **Remeasurement (gains)/losses** | | |
| • Actuarial (gains)/losses arising from changes in demographic assumptions | 0.7 | |
| • Actuarial (gains)/losses arising from changes in financial assumptions | 5.5 | 10.1 |
| • Actuarial (gains)/losses arising from experience adjustments | -0.9 | -0.6 |
| Significant settlements | -8.1 | -429.4 |
| Exchange rate differences | 5.6 | -0.7 |
| Liabilities directly associated with assets held for sale in prior year, but not sold | | 61.9 |
| **As at 31 December** | **75.6** | **74.1** |

## Movements in fair value of plan assets

| | 2014 | 2013 |
|---|---|---|
| **As at 1 January** | **64.0** | **432.8** |
| Interest income | 2.9 | 5.9 |
| Pension payments | -3.5 | -10.2 |
| Contributions from the employer | 1.9 | 20.7 |
| | | |
| **Remeasurement gains/(losses)** | | |
| • Return on plan assets (excluding amounts included in interest income) | 3.9 | -2.0 |
| Significant settlements | -7.9 | -431.7 |
| Exchange rate differences | 4.9 | -0.7 |
| Liabilities directly associated with assets held for sale in prior year, but not sold | | 49.2 |
| **As at 31 December** | **66.2** | **64.0** |

The settlement reported above in defined benefit obligation and the fair value of plan assets in 2014 relates to a TPIE (Total Pension Increase Exchange) exercise for the CSM UK fund. Deferred members over the age of 55 were offered a transfer value to a personal pension, which was then converted into an immediate pension with no pension increase. As a result of the transfer, the liabilities and assets of the scheme were reduced.

The actual return on plan assets was € 6.8 million positive (2013: € 3.9 million positive).

The investment strategy is based on the composition of the obligations of the pension schemes. Based on Asset Liability Management models analyses have been performed on a regular basis to define the investment portfolio. At year-end the asset allocation was as follows:

### Asset categories of plan assets

| | 2014 | 2013 |
|---|---|---|
| Quoted equity securities | 34.9 | 43.6 |
| Unquoted equity securities | | 0.2 |
| Quoted debt securities | 22.9 | 17.6 |
| Other | 8.4 | 2.6 |
| **Total assets** | **66.2** | **64.0** |

### Main weighted average actuarial assumptions

| | 2014 | 2013 |
|---|---|---|
| Discount rate | 3.7% | 4.3% |
| Salary growth rate | | |
| Pension growth rate | 3.0% | 2.2% |

### Sensitivity of the defined benefit obligation to changes in the weighted principal assumption

| | Change in assumption | Increase in assumption | Decrease in assumption |
|---|---|---|---|
| Discount rate | 0.50% | (7.9) | 8.8 |
| Salary growth rate | 0.50% | | |
| Pension growth rate | 0.50% | 5.6 | (5.2) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated statement of financial position.

Each year an Asset Liability Matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.

The strategic investment policy of the scheme can be summarized as follows:
- A strategic asset mix comprising 70% in equities and 30% in bonds.
- Interest rate risk is managed through the use of government and corporate bonds of an appropriate duration.
- Currency risk is managed by implementing a 50% currency hedge on the global equity holding.

The average duration of the defined benefit obligation as at 31 December 2014 is 22.6 years.

The expected contributions to the defined benefit pension plans in the coming year amount to € 2.1 million.

# 22 DEFERRED TAX

### Breakdown of deferred tax assets and liabilities

| | 2014 | 2013 (restated) |
|---|---|---|
| Deferred tax liabilities | 10.1 | 21.2 |
| Deferred tax assets | -16.0 | -21.4 |
| **As at 1 January** | **-5.9** | **-0.2** |
| | | |
| Tax charge in income statement | 1.9 | -5.1 |
| Translation differences foreign group companies | 0.6 | 1.2 |
| Acquisition/sale of group companies | | 0.6 |
| Tax charge movements in equity | 1.2 | -2.4 |
| **As at 31 December** | **-2.2** | **-5.9** |
| | | |
| Deferred tax liabilities | 9.4 | 10.1 |
| Deferred tax assets | -11.6 | -16.0 |
| **As at 31 December** | **-2.2** | **-5.9** |

### Breakdown of deferred tax assets and liabilities by type

| | As at 31-12-2014 | | As at 31-12-2013 | |
|---|---|---|---|---|
| | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Property, plant, and equipment | -6.3 | 10.6 | -15.6 | 17.4 |
| Intangible fixed assets | -9.5 | 11.1 | -9.5 | 9.0 |
| Current assets/liabilities | -0.5 | 4.7 | -0.6 | 4.6 |
| Tax loss carry forward | -3.4 | | -4.4 | |
| Provisions | -9.4 | 0.3 | -8.0 | 1.1 |
| Other | | 0.2 | | 0.1 |
| | **-29.1** | **26.9** | **-38.1** | **32.2** |
| Netting | 17.5 | -17.5 | 22.1 | -22.1 |
| **Total** | **-11.6** | **9.4** | **-16.0** | **10.1** |

The short-term part of deferred tax assets, after write-down and netting with the short-term part of deferred tax liabilities, amounts to € 2.0 million (2013: € 1.9 million).

Depending on the term of anticipated realization of deferred tax assets and liabilities, these are netted. This may be the case for a legal entity or for a group of legal entities which are considered one fiscal unity. After netting deferred tax assets and liabilities are assessed and the possibilities of future realization are analyzed. Corbion has considered tax planning opportunities which provide convincing evidence to record the deferred tax assets. This may result in full or partial write-down of the relevant tax asset or liability.

### Breakdown of deferred taxes due to tax loss carry forward

| | 2014 | 2013 |
|---|---|---|
| Total tax loss carry forward | 153.1 | 145.5 |
| Tax loss carry forward not qualified as deferred tax asset | -139.4 | -127.9 |
| **Tax loss carry forward qualified as deferred tax asset** | **13.7** | **17.6** |
| Average tax rate | 25.0% | 25.0% |
| **Deferred tax asset** | **3.4** | **4.4** |

### Expiry date of tax losses carry forward not qualified as deferred tax asset

| | 2014 | 2013 |
|---|---|---|
| Within 5 years | 6.5 | 6.4 |
| Between 5 and 10 years | 53.5 | 41.0 |
| 10 years or longer | 51.3 | 52.7 |
| No expiry date | 28.1 | 27.8 |
| **Tax loss carry forward not qualified as deferred tax asset** | **139.4** | **127.9** |

### Breakdown of the tax charge arising from deferred tax assets and liabilities in the income statement by type

| | 2014 | 2013 |
|---|---|---|
| Property, plant, and equipment | 1.4 | -2.3 |
| Intangible fixed assets | 2.3 | 4.3 |
| Current assets/liabilities | -0.4 | -1.2 |
| Tax loss carry forward | 1.1 | -6.6 |
| Provisions | -1.0 | 1.0 |
| Exchange rate differences loans | -1.7 | 2.9 |
| Financial instruments | -0.1 | -1.8 |
| Other | 0.3 | -1.4 |
| **Total** | **1.9** | **-5.1** |

## 23 NON-CURRENT LIABILITIES

| | | | Effective interest % | | Average term in years | |
|---|---|---|---|---|---|---|
| | As at 31-12-2014 | As at 31-12-2013 | As at 31-12-2014 | As at 31-12-2013 | As at 31-12-2014 | As at 31-12-2013 |
| Private placement 2010 | 34.6 | 92.2 | 4.35 | 3.89 | 4.0 | 3.1 |
| Financial lease commitments | 0.1 | 1.1 | 4.12 | 7.29 | 3.0 | 6.7 |
| Other debts | 0.9 | 1.1 | | | 4.8 | 7.0 |
| **Total** | **35.6** | **94.4** | | | | |
| **Weighted average** | | | **4.21** | **3.88** | **4.0** | **3.1** |

The weighted average term has been calculated on the basis of the remaining terms of the individual loans.
Repayments on the above amounts are due within five years (€ 22.2 million) and after five years (€ 12.4 million).

### Fair value of the main long-term loans

| | Balance sheet value as at 31-12-2014 | Fair value as at 31-12-2014 | Balance sheet value as at 31-12-2013 | Fair value as at 31-12-2013 |
|---|---|---|---|---|
| Private placement 2010 | 34.6 | 36.2 | 92.2 | 94.9 |

**Private placement 2010**
During 2014, the private placement loan was fully earmarked as a net investment hedge for all US dollar companies. Hence, exchange rate differences in respect of this liability are charged to the translation reserve in equity.

# 24 INTEREST-BEARING CURRENT LIABILITIES

| | As at 31-12-2014 | As at 31-12-2013 | Effective interest % As at 31-12-2014 | Effective interest % As at 31-12-2013 |
|---|---|---|---|---|
| Private placement 2010 | 70.0 | | 3.31 | |
| Financial lease commitments | | 0.1 | | 0.83 |
| **Total** | **70.0** | **0.1** | | |
| **Weighted average** | | | **3.31** | **0.83** |

# 25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**General**

Corbion uses various financial instruments in order to secure an optimal financing structure. It does so in accordance with a treasury policy approved by the Board of Management. Corbion also uses various financial instruments in order to reduce purchase price risks. It does so in accordance with a procurement policy approved by the Board of Management.

**Capital risk management**

Corbion manages its capital to ensure that entities in the Corbion group will be able to continue as going concerns while maximizing return to stakeholders through the optimization of the debt and equity balance. The group's overall financing strategy remains unchanged from 2013.

The capital structure of Corbion consists of net debt (interest-bearing debts as detailed in Notes 23 and 24 offset by cash and cash equivalents as detailed in Note 17) and equity. The Corbion risk treasury committee reviews the capital structure of Corbion on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The main conditions for Corbion's credit facility are as follows: the net debt/EBITDA ratio may not exceed the factor 3.5 and the interest cover ratio may not be lower than 3.5. These external conditions were met in 2014 as well as in 2013. In line with the updated strategy, Corbion internally sets the net debt/EBITDA ratio at 3.0.

**Ratios at year-end**

| | 2014 | 2013 |
|---|---|---|
| Net debt position/EBITDA | -0.1 | -0.2 |
| Interest cover | 23.8 | 13.6 |

**Currency risk management**

Currency risk management distinguishes between translation risks and transaction risks.

*Translation risks*

The translation risk arises because Corbion is active on the international market, which means that it is exposed to risks arising from currency fluctuations, particularly in the US dollar, Brazilian real, Japanese yen, and Thai baht.

In principle, Corbion applies the matching principle. This means that capital employed in foreign operations is financed using the country's currency in order to avoid wide fluctuations due to translation effects. For practical reasons a specific limit is defined for each currency. Corbion does not hedge translation risks in respect of operating results. This means that currency fluctuations particularly in the US dollar can have a material effect on Corbion's income statement. US translation effects of the operating result are partially hedged by the interest paid on the US dollar loan.

**Breakdown of the net amount of unhedged translation risk for each currency**

| *Millions of euros* | Net risk position | |
|---|---|---|
| Currency | As at 31-12-2014 | As at 31-12-2013 |
| • US dollar | 110.5 | 96.3 |
| • Brazilian real | 19.1 | 18.4 |
| • Thai baht | 97.8 | 110.7 |

*Transaction risks*

The currency transaction risk arises in the course of ordinary business activities. Corbion uses forward currency contracts and currency swaps in order to hedge the risk arising from purchase and sales deals and/or commitments from current purchase and sales contracts. Transactions that are highly probable are fully hedged and included in cash flow hedge accounting. Other reasonably probable transactions are partially hedged. For practical reasons a specific limit is defined for each currency.

**Fair value of the forward currency contracts**

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Receivables | 0.7 | 0.2 |
| **Total** | **0.7** | **0.2** |

Hedge accounting is being applied to these contracts, so any unrealized fluctuations in the fair value are deferred in the hedge reserve of equity until the underlying hedged transaction is recognized in the result. All forward currency contracts expire within a year.

**Sensitivity analysis of hedges in place**

A 10% weakening of the euro against the Japanese yen would have decreased the equity with € 1.0 million, the net result would not be significantly impacted.

**Interest risk management**

As the interest rate has been fixed (3.95% on average) for all of Corbion's long-term debt (€ 105.6 million) for a period of on average 2.1 years, the interest risk is limited.

**Sensitivity analysis**

If the interest rate would increase by 50 basis points the net result and equity would not change significantly.

**Purchase risk management**

Corbion uses commodity derivative contracts (swaps and collars) to reduce the risk profile of purchasing.

The commodity derivative contracts concern the main commodities used by Corbion, including wheat, oils, gas, corn, and sugar.

Corbion entered into commodity derivative contracts to hedge the variable price risk of the main commodities used. The fair value of these contracts was a liability of € 3.3 million as at 31 December 2014 (31 December 2013: asset of € 0.2 million). Hedge accounting is applied for the major part of these commodity derivative contracts. Further analysis can be found in the section on hedge transactions.

### Fair value of the commodity derivative contracts

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Receivables | | 0.2 |
| Current liabilities | -3.3 | |
| **Total** | **-3.3** | **0.2** |

All commodity derivative contracts expire within a year.

### Sensitivity analysis

If the purchase price of the involved commodities would increase by 10%, profit & loss and equity would be impacted by € 0.2 million.

### Valuation of financial instruments

Corbion measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements based on inputs other than level 1 quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements based on valuation techniques that include inputs for the asset or liability that are based on observable market data (unobservable inputs).

### Breakdown valuation of financial instruments

| 31 December 2014 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Derivatives** | | | | |
| • Foreign exchange contracts | | 0.7 | | 0.7 |
| • Commodity swaps/collars | | -3.3 | | -3.3 |
| **Total** | | **-2.6** | | **-2.6** |

### Breakdown fair values financial instruments

| 31 December 2014 | Balance sheet value | Fair value |
|---|---|---|
| **Financial fixed assets** | | |
| • Loans, receivables, and other | 1.4 | 1.4 |
| • Loans non-interest-bearing | 1.9 | 1.9 |
| **Receivables** | | |
| • Trade receivables | 94.9 | 94.9 |
| • Other receivables | 5.7 | 5.7 |
| • Accruals and deferred income | 2.6 | 2.6 |
| **Cash** | | |
| • Short-term deposits | 60.0 | 60.0 |
| • Cash other | 51.4 | 51.4 |
| **Interest-bearing liabilities** | | |
| • Private placement 2010 (net investment hedge) | -104.6 | -107.3 |
| • Financial lease commitments | -0.1 | -0.1 |
| • Other debts | -0.9 | -0.9 |
| **Non-interest-bearing liabilities** | | |
| • Trade payables | -57.0 | -57.0 |
| • Other payables | -66.9 | -66.9 |
| **Derivatives** | | |
| • Foreign exchange contracts | 0.7 | 0.7 |
| • Commodity swaps/collars | -3.3 | -3.3 |
| **Total** | **-14.2** | **-16.9** |

### Fair values are determined as follows

- The fair value of financial fixed assets does not significantly deviate from the book value.
- The fair value of receivables equals the book value because of their short-term character.
- Cash and cash equivalents are measured at nominal value which, given the short-term and risk-free character, corresponds to the fair value.
- Market quotations are used to determine the fair value of debt owed to private parties, credit institutions, and other debts. As there are no market quotations for most of the loans the fair value of short- and long-term loans is determined by discounting the future cash flows at the yield curve applicable as at 31 December.
- Financial lease commitments: the fair value is estimated as the present value of the future cash flows, discounted at the interest rate for similar contracts which is applicable as at the balance sheet date. This fair value equals the book value.
- Given the short-term character, the fair value of non-interest-bearing liabilities equals the book value.
- Currency and interest derivatives are measured on the basis of the present value of future cash flows over the remaining term of the contracts, using the bank interest rate (such as Euribor) as at the reporting date for the remaining term of the contracts. The present value in foreign currencies is converted using the exchange rate applicable as at the reporting date.
- Commodity derivatives are measured on the basis of the present value of future cash flows, using market quotations or own variable market price estimations of the involved commodity as at the reporting date.

### Hedge transactions

The negative amount of € 0.4 million in hedge reserve (see Note 19) relates to the hedging of risks arising from future purchase and sales deals and/or commitments from current purchase and

sales contracts amounting to € 34.0 million.
The amount of € 27.5 million in translation reserve (see Note 19) relates to currency fluctuations in respect of the net investments in foreign operations less the currency fluctuations of the corresponding net investment hedges. In case of divestment of a net investment in a foreign operation, the corresponding net impact of the currency fluctuations is moved from the translation reserve to the income statement.

In the past year no cash flow hedges were terminated due to changes to the expected future transaction. No ineffective parts were recorded in respect of the net investment hedge and cash flow hedge.

### Derivatives

| | Short < 1 year | | Long > 1 year | |
|---|---|---|---|---|
| | As at 31-12-2014 | As at 31-12-2013 | As at 31-12-2014 | As at 31-12-2013 |
| **Derivatives receivables used as hedge instrument in cash flow hedge relations** | | | | |
| Foreign exchange contracts | 0.7 | 0.2 | | |
| Commodity swaps/collars | | 0.2 | | |
| | | | | |
| **Derivatives liabilities used as hedge instrument in cash flow hedge relations** | | | | |
| Commodity swaps/collars | -0.1 | | | |
| | | | | |
| **Derivatives liabilities used as hedge instrument in fair value hedge relations** | | | | |
| Commodity swaps/collars | -3.9 | | | |
| **Total derivatives in hedge relations** | **-3.3** | **0.4** | | |
| | | | | |
| **Derivatives receivables not used in a hedge relation with value change through income statement** | | | | |
| Commodity swaps/collars | 0.7 | | | |
| **Total derivatives through income statement** | **0.7** | | | |
| | | | | |
| **Total derivatives** | **-2.6** | **0.4** | | |

### Liquidity risk

Liquidity risk is the risk of Corbion not being able to obtain sufficient financial means to meet its obligations in time. Periodically, the Board of Management evaluates liquidity for the next 12 months.
The committed credit facilities at Corbion's long-term disposal amounted to € 300 million as at 31 December 2014. As at 31 December 2014 nothing had been drawn. Corbion also has a private loan of USD 127 million with American institutional investors.

The main conditions for the credit facility and the private loan are:

- The ratio of net debt position divided by EBITDA ("Earnings Before Interest, Taxes, Depreciation, Amortization and impairment of (in)tangible fixed assets, and excluding one-off costs") may not exceed the factor 3.5 (2013: 3.5).
- A minimum interest cover of 3.5 (2013: 3.5).

These conditions were met during 2014 and as at 31 December 2014. As at 31 December 2013 the then applicable conditions were met.

To provide insight into the liquidity risk the table below shows the contractual terms of the financial obligations (converted at balance sheet date), including interest paid.
The table below analyzes Corbion's financial obligations which will be settled on a net basis, according to relevant expiration dates, based on the remaining period from the balance sheet date to the

contractual expiration date. The amounts shown are contractual non-discounted cash flows.

| | Effective interest % | Less than 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| **As at 31 December 2014** | | | | | |
| Private placement 2010 | 4.35 | 73.8 | 26.3 | 12.9 | 113.0 |
| Financial lease commitments | 4.12 | 0.1 | | | 0.1 |
| Other debts | | 0.2 | 0.7 | | 0.9 |
| Trade payables | | 57.0 | | | 57.0 |
| Other non-interest-bearing current liabilities | | 66.9 | | | 66.9 |
| **Total** | | **198.0** | **27.0** | **12.9** | **237.9** |
| | | | | | |
| **As at 31 December 2013** | | | | | |
| Private placement 2010 | 3.89 | 3.3 | 87.8 | 11.9 | 103.0 |
| Financial lease commitments | 6.75 | 0.1 | 0.5 | 1.0 | 1.6 |
| Other debts | | 0.2 | 0.9 | | 1.1 |
| Trade payables | | 57.7 | | | 57.7 |
| Other non-interest-bearing current liabilities | | 73.4 | | | 73.4 |
| **Total** | | **134.7** | **89.2** | **12.9** | **236.8** |

### Credit risk management

Corbion runs a credit risk in relation to financial instruments. This risk consists of the losses that would be incurred if the other party were to default on its contractual obligations. In respect of disbursed loans, other receivables, and cash and cash equivalents the maximum credit risk equals the book value (see Notes 13, 16, and 17). In respect of derivatives it equals the fair value shown in the table above.

Given the credit rating that it requires of its partners (at least single A) Corbion has no reason to assume that they will not honor their contractual obligations. Based on today's insights, the actual credit risk is virtually nil.

## 26 OFF-BALANCE SHEET FINANCIAL RIGHTS AND COMMITMENTS

### Financial commitments

As at 31 December 2014 the nominal value of future commitments from operational lease contracts for property, plant, and equipment was € 13.2 million (2013: € 6.2 million), € 4.6 million of which expires within one year, € 8.5 million between 1 and 5 years, and € 0.1 million after 5 years.

### Capital commitments

The capital expenditure commitments not yet incurred amounted to € 2.2 million for (in)tangible assets as at 31 December 2014 (2013: € 6.0 million).

### Contingent commitments

*Guarantees*

Third-party guarantees amounted to € 10.8 million as at 31 December 2014 (2013: € 9.8 million). No significant future losses are expected from these guarantees.

*Other*

As the existing structure did not reflect the actual structural, management, and product-line organization of our business, the legal structure of our company was reorganized in 2012. The reorganization was complex involving several entities in various jurisdictions, and therefore could have tax consequences. Prior to carrying out the reorganization, we obtained appropriate outside professional advice confirming a limited tax risk associated with the reorganization. However, if tax authorities in the relevant jurisdictions would challenge the tax treatment of the reorganization and if they are successful in doing so, the tax consequences could be significant.

## 27 RELATED PARTY TRANSACTIONS

There were no significant related party transactions in 2014.

## 28 EVENTS AFTER BALANCE SHEET DATE

**Performance share award former Board of Management**
At the Extraordinary Shareholders' Meeting held in July 2014, approval was withheld for the performance share award granted in 2013 to Messrs. Hoetmer and Kramer in recognition of the successful completion of the divestment of the Bakery Supplies businesses in 2013.

Given the outcome of this shareholders' meeting, the Supervisory Board has requested full compensation of the performance share award granted to the former Board members. As previously stated, as a matter of Dutch corporate law, the fact that shareholder approval has not been granted does not automatically mean that the performance share award has become invalid vis-à-vis the former Board members or that it can unilaterally be revoked by the company.

After extensive discussions with the former Board members, a settlement has been reached with them according to which they voluntarily (without acknowledging any claims of the company) return a total amount of € 350,000 (€ 223,055 by Mr. Hoetmer and € 126,945 by Mr. Kramer). After diligent investigations and consultations, the Supervisory Board has come to the conclusion that from the perspective of the best interest of the company, this settlement is to be preferred over legal proceedings given the legal uncertainties and the costs and duration thereof.

## 29 CASH FLOW STATEMENT

The consolidated cash flow statement is drawn up using the indirect method. The items in the consolidated income statement and consolidated statement of the financial position have been adjusted for changes that do not impact cash inflow and outflow in the reporting year. Working capital consists of inventories and receivables minus non-interest-bearing current liabilities, excluding payable dividend, interest, and income tax. The cash flow from the acquisition of group companies consists of acquisition price payments for the acquired companies less cash and cash equivalents of those companies.

The interest-bearing debts consist of non-current and current liabilities.
The effects of exchange rate differences on cash and cash equivalents are presented separately.

Cash flows from discontinued operations are shown separately in the cash flow statement presenting a single amount for cash flows from operating activities and cash flows from investment activities.

## 30 ADDITIONAL INFORMATION

**Remuneration policy Board of Management**
For more information on the remuneration policy see the Report of the Supervisory Board.

### The number of conditionally granted shares per member of the (former) Board of Management is as follows

| | Granted in | "At target" number outstanding as at 31-12-2014 | Maximum number outstanding as at 31-12-2014 | Year of vesting |
|---|---|---|---|---|
| T. de Ruiter | 2014 | 29,922 | 29,922 | 2015 |
| | 2014 | 29,923 | 29,923 | 2016 |
| | 2014 | 29,923 | 29,923 | 2017 |
| | 2014 | 29,923 | 59,846 | 2018 |
| | 2014 | 19,103 | 33,430 | 2017 |
| E.E. van Rhede van der Kloot | 2014 | 9,855 | 17,246 | 2017 |
| S.F. Thormählen | 2014 | 10,613 | 18,573 | 2017 |
| G.J. Hoetmer | 2012 | 26,627 | 46,597 | 2015 |
| | 2013 | 21,502 | 37,629 | 2016 |
| | 2014 | 23,145 | 40,504 | 2017 |
| N.J.M. Kramer | 2012 | 16,755 | 29,321 | 2015 |
| | 2013 | 13,530 | 23,678 | 2016 |
| | 2014 | 14,564 | 25,487 | 2017 |
| **Total as at 31 December 2014** | | **275,385** | **422,079** | |

### The movements in the number of shares conditionally granted to members of the (former) Board of Management are as follows

| | Maximum number outstanding as at 31-12-2013 | Maximum number granted in 2014 | Vested 2014 | Forfeited 2014 | Maximum number outstanding as at 31-12-2014 |
|---|---|---|---|---|---|
| T. de Ruiter | | 183,044 | | | 183,044 |
| E.E. van Rhede van der Kloot | | 17,246 | | | 17,246 |
| S.F. Thormählen | | 18,573 | | | 18,573 |
| G.J. Hoetmer | 109,115 | 40,504 | | 24,889 | 124,730 |
| N.J.M. Kramer | 68,661 | 25,487 | | 15,662 | 78,486 |
| **Total** | **177,776** | **284,854** | | **40,551** | **422,079** |

### Breakdown of the number of commitment award shares, which are blocked until the end of employment of the member concerned

| | Number as at 31-12-2013 | Awarded in 2014 | Released in 2014 | Number as at 31-12-2014 |
|---|---|---|---|---|
| E.E. van Rhede van der Kloot | 5,615 | 3,134 | | 8,749 |
| G.J. Hoetmer | 25,733 | 5,453 | | 31,186 |
| N.J.M. Kramer | 18,435 | 4,073 | 22,508 | |
| **Total** | **49,783** | **12,660** | **22,508** | **39,935** |

The outstanding number of shares for Mr. Van Rhede van der Kloot as at 31 December 2013 relate to shares received in his previous position before his appointment as CFO. At the time of his appointment Mr. Van Rhede van der Kloot received a one-off time-restricted share award of € 100,000 (gross) to compensate for the cancelation of an entitlement to a commitment award. The awarded shares shown above relate to the net number of shares after deduction for paid income tax.

## Breakdown remuneration (former) Board of Management

| *Thousands of euros* | IAS 24.17 category | Short-term employee benefits | | | Share-based payments | Post-employment benefits | Other long-term benefits | Termination benefits | Total |
|---|---|---|---|---|---|---|---|---|---|
| | 2014 | Base salary 1) | STIP | Excessive levy 2) | LTIP | Pension benefits | Other benefits | Termination benefits 3) | |
| T. de Ruiter (as from April 2014) | | 639 | 250 | | 439 | | | | **1,328** |
| E.E. van Rhede van der Kloot (in his position as CFO as from May 2014) | | 278 | 172 | | 140 | | | | **590** |
| S.F. Thormählen (as from April 2014) | | 391 | 139 | | 43 | | | | **573** |
| **Total Board of Management** | | **1,308** | **561** | | **622** | | | | **2,491** |
| G.J. Hoetmer | | 285 | 312 | 525 | 534 | 84 | | 156 | **1,896** |
| N.J.M. Kramer | | 216 | 195 | | 733 | 63 | | 749 | **1,956** |
| **Total former Board of Management** | | **501** | **507** | **525** | **1,267** | **147** | | **905** | **3,852** |
| **Total remuneration (former) Board of Management** | | **1,809** | **1,068** | **525** | **1,889** | **147** | | **905** | **6,343** |

| *Thousands of euros* | IAS 24.17 category | Short-term employee benefits | | | Share-based payments | Post-employment benefits | Other long-term benefits | Termination benefits | Total |
|---|---|---|---|---|---|---|---|---|---|
| | 2013 (restated) | Base salary 1) | STIP | Crisis/ excessive levy 2) | LTIP | Pension benefits | Other benefits | Termination benefits 3) | |
| G.J. Hoetmer | | 668 | 382 | 698 | 1,695 | 199 | | 2,648 | **6,290** |
| N.J.M. Kramer | | 507 | 240 | 129 | 609 | 119 | | | **1,604** |
| | | **1,175** | **622** | **827** | **2,304** | **318** | | **2,648** | **7,894** |

*The tables above show the costs based on the applicable IFRS standard and do not necessarily reflect the actual amounts paid. Besides the prior year adjustment as discussed in Note 1 "Accounting Information", the 2013 figures have been restated to show the actual recorded costs based on the applicable IFRS standard as required by Dutch Law and IFRS and emphasized in the October 2014 AFM publication. For a reconciliation between the figures reported in 2013 and the restated comparative figures reported in the 2014 annual report see table on page 105.*

*1) Base salary also includes social security contributions and compensation, mainly allowances for expenses (and housing for Mr. de Ruiter and Mr. Thormählen).*

*2) The excessive levy is payable by the employer for termination benefits above certain thresholds. The crisis tax of 16% as imposed by the Dutch government is payable by the employer on the part of the salaries exceeding € 150,000.*

*3) In 2013 the termination benefits for Mr. Hoetmer were recognized. In 2014, for the months June and July 2014 the salaries have been recognized as severance payments instead of base salary, as very limited use has been made of the service availability of the former Board of Management over these two months. The contractual notice period started 1 August 2014. Further, this amount includes contractual pension costs for Mr. Kramer.*

At the Extraordinary Shareholders' Meeting held in July 2014, approval was withheld for the share award granted in 2013 to Messrs. Hoetmer and Kramer, in recognition of the successful completion of the divestment of the Bakery Supplies businesses in 2013. After extensive discussions, a settlement has been reached with the former Board members. For further information see Note 28.

| *Thousands of euros* | | 2013 | 2013 as reported in annual report 2013 | Further alignment to IAS 24/ Dutch law | Prior period adjust-ment [1)] | 2013 as reported in annual report 2014 | Reconcili-ation to remu-neration report [2)] | Remu-neration report |
|---|---|---|---|---|---|---|---|---|
| **G.J. Hoetmer** | | | | | | | | |
| Short-term employee | Base salary | | 668 | | | 668 | | 668 |
| benefits | STIP | | 470 | (88) | | 382 | 88 | 470 |
| | Crisis/excessive levy | | | 304 | 394 | 698 | (698) | |
| Share-based payments | LTIP | | 581 | (113) | 1,227 | 1,695 | (1,114) | 581 |
| Post-employment benefits | Pension benefits | | 199 | | | 199 | | 199 |
| Other long-term benefits | Other benefits | | | | | | | |
| Termination benefits | Termination benefits | | 2,673 | (25) | | 2,648 | (2,648) | |
| | | **Total** | **4,591** | **78** | **1,621** | **6,290** | **(4,372)** | **1,918** |
| **N.J.M. Kramer** | | | | | | | | |
| Short-term employee | Base salary | | 507 | | | 507 | | 507 |
| benefits | STIP | | 295 | (55) | | 240 | 55 | 295 |
| | Crisis levy | | | 129 | | 129 | (129) | |
| Share-based payments | LTIP | | 342 | (53) | 320 | 609 | (267) | 342 |
| Post-employment benefits | Pension benefits | | 119 | | | 119 | | 119 |
| Other long-term benefits | Other benefits | | | | | | | |
| Termination benefits | Termination benefits | | | | | | | |
| | | **Total** | **1,263** | **21** | **320** | **1,604** | **(341)** | **1,263** |
| | | **Total** | **5,854** | **99** | **1,941** | **7,894** | **(4,713)** | **3,181** |

| *Thousands of euros* | | 2014 | | | | As reported in 2014 annual report | Reconcili-ation to remu-neration report [2)] | Remu-neration report |
|---|---|---|---|---|---|---|---|---|
| **G.J. Hoetmer** | | | | | | | | |
| Short-term employee | Base salary | | | | | 285 | 109 | 394 |
| benefits | STIP | | | | | 312 | (88) | 224 |
| | Excessive levy | | | | | 525 | (525) | |
| Share-based payments | LTIP | | | | | 534 | (469) | 65 |
| Post-employment benefits | Pension benefits | | | | | 84 | 34 | 118 |
| Other long-term benefits | Other benefits | | | | | | | |
| Termination benefits | Termination benefits | | | | | 156 | 609 | 765 |
| | | **Total** | | | | **1,896** | **(330)** | **1,566** |
| **N.J.M. Kramer** | | | | | | | | |
| Short-term employee | Base salary | | | | | 216 | 81 | 297 |
| benefits | STIP | | | | | 195 | (56) | 139 |
| | Excessive levy | | | | | | | |
| Share-based payments | LTIP | | | | | 733 | (684) | 49 |
| Post-employment benefits | Pension benefits | | | | | 63 | 26 | 89 |
| Other long-term benefits | Other benefits | | | | | | | |
| Termination benefits | Termination benefits | | | | | 749 | (114) | 635 |
| | | **Total** | | | | **1,956** | **(747)** | **1,209** |
| | | **Total** | | | | **3,852** | **(1,077)** | **2,775** |

*1) For further information on the prior period adjustment see Note 1 "Accounting Information".*

*2) Differences caused by the annual report being based on actual IFRS-costs in the year where remuneration report shows actual payments/shares vested or bonus earned over the year for the former Board member. Further, in the annual report the salaries and related pension benefits for the months June and July 2014 have been recognized as severance payments instead of base salary, as very limited use has been made of the service availability of the former Board of Management over these two months.*

**Breakdown remuneration Supervisory Board**

| *Thousands of euros* | IAS 24.17 category | Short-term employee benefits *) | | Share-based payments | Post-employment benefits | Other long-term benefits | Termination benefits | Total |
|---|---|---|---|---|---|---|---|---|
| | Year | Base fee | Commit-tee fee | LTIP | Pension benefits | Other benefits | Severance payments | |
| R.H.P. Markham, Chairman (chairman Nomination Committee/member Remuneration Committee) | 2013 | 60 | 8 | | | | | **68** |
| | 2014 | 60 | 13 | | | | | **73** |
| M. Vrijsen, Vice-Chairman per May 2014 (chairman Remuneration Committee per May 2014, member Nomination Committee, member Science & Technology Committee) | 2013 | 30 | 3 | | | | | **33** |
| | 2014 | 49 | 17 | | | | | **66** |
| J. P. de Kreij (member Audit Committee) | 2013 | 45 | 5 | | | | | **50** |
| | 2014 | 45 | 10 | | | | | **55** |
| R. Pieterse (chairman Audit Committee) | 2013 | 45 | 10 | | | | | **55** |
| | 2014 | 45 | 15 | | | | | **60** |
| S. Riisgaard (chairman Science & Technology Committee, member Remuneration Committee/Nomination Committee), appointed per May 2014 | 2014 | 29 | 14 | | | | | **43** |
| W. Spinner (member Audit Committee) | 2013 | 45 | 5 | | | | | **50** |
| | 2014 | 45 | 10 | | | | | **55** |
| M.P.M. de Raad, Vice-Chairman (chairman Remuneration Committee/member Nomination Committee), resigned per May 2014 | 2013 | 50 | 8 | | | | | **58** |
| | 2014 | 19 | 3 | | | | | **22** |
| | Total 2013 | 275 | 39 | | | | | **314** |
| | Total 2014 | 292 | 82 | | | | | **374** |

*) *Excluding expenses*

No loans or advance payments or any guarantees to that effect have been made or issued to the members of the Supervisory Board. None of the members of the Supervisory Board has shares in the company or any option rights relating thereto (as at 25 February 2015).

**Fees auditors**

Total fees charged by the auditor can be specified as follows.

| *Thousands of euros* | Deloitte Accountants bv 2014 | Deloitte Other 2014 | Total 2014 | Total 2013 |
|---|---|---|---|---|
| Audit services | 529 | 152 | 681 | 675 |
| Audit-related services | | | | 370 |
| Non-audit services | | | | |
| **Total audit services** | **529** | **152** | **681** | **1,045** |

The audit-related services in 2013 mainly relate to the divestment of the Bakery Supplies businesses.

# Company financial statements

## COMPANY BALANCE SHEET

| *Before profit appropriation, millions of euros* | *Note* | As at 31-12-2014 | As at 31-12-2013 (restated) |
|---|---|---|---|
| **Assets** | | | |
| Financial fixed assets | *31* | 520.2 | 502.4 |
| Deferred tax assets | | 17.2 | 15.1 |
| **Total non-current assets** | | **537.4** | **517.5** |
| | | | |
| Receivables | *32* | 4.0 | 0.5 |
| Cash and cash equivalents | *33* | 86.9 | 101.9 |
| **Total current assets** | | **90.9** | **102.4** |
| | | | |
| **Total assets** | | **628.3** | **619.9** |
| | | | |
| **Equity and liabilities** | | | |
| Common share capital | | 16.1 | 18.7 |
| Share premium reserve | | 62.9 | 73.0 |
| Other reserves | | 58.9 | 14.1 |
| Retained earnings | | 370.8 | 399.0 |
| **Equity** | *34* | **508.7** | **504.8** |
| Non-current liabilities | *35* | 34.6 | 92.2 |
| **Total non-current liabilities** | | **34.6** | **92.2** |
| Interest-bearing current liabilities | *36* | 70.0 | |
| Non-interest-bearing current liabilities | *37* | 11.7 | 19.7 |
| Provisions | *38* | 3.3 | 3.2 |
| **Total current liabilities** | | **85.0** | **22.9** |
| | | | |
| **Total equity and liabilities** | | **628.3** | **619.9** |

## COMPANY INCOME STATEMENT

| *Millions of euros* | 2014 | 2013 (restated) |
|---|---|---|
| Result from group companies after taxes | -40.0 | -6.3 |
| Other income and charges after taxes* | 21.7 | 8.5 |
| **Result after taxes** | **-18.3** | **2.2** |

*) *Social security included in the income statement is rounded zero for 2014 as well as for 2013.*

# Notes to the company financial statements

## General

The separate financial statements of Corbion nv are drawn up in accordance with the principles referred to in Part 9, Book 2 of the Dutch Civil Code. By using the option in Section 2:362 (8) of the Dutch Civil Code the same accounting principles (including the principles for recognizing financial instruments as equity or debt) may be applied in the separate financial statements and the consolidated financial statements. Participations in group companies are valued on the basis of net asset value. Net asset value is determined by valuing assets, provisions, and liabilities and calculating the result using the accounting principles applied in the consolidated financial statements (see Note 2).

A list has been filed at the Amsterdam Trade Register setting out the data on the group companies as required under Sections 2:379 and 2:414 of the Dutch Civil Code.

## 31 FINANCIAL FIXED ASSETS

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Participations in group companies | -108.3 | -205.3 |
| Loans to group companies | 680.6 | 666.9 |
| Joint ventures and associates | 1.4 | 1.8 |
| Owed to/by group companies | -54.9 | 39.0 |
| Other | 1.4 | |
| **Total** | **520.2** | **502.4** |

The balance of participations in group companies and loans to group companies is positive in all participations of Corbion nv.
Amounts owed to or by group companies are long-term.

For more information on joint ventures and associates see Note 14.

| | 2014 | 2013 |
|---|---|---|
| **Movements in participations in group companies** | | |
| As at 1 January | -205.3 | 361.3 |
| Paid-in capital | 68.2 | 150.0 |
| Capital repayment | | -18.0 |
| Acquisition group company | 113.9 | |
| Sale group company | | -657.3 |
| Result group companies | -39.1 | -31.9 |
| Dividend group companies | -1.2 | -6.4 |
| Exchange rate differences | -44.8 | -3.0 |
| **As at 31 December** | **-108.3** | **-205.3** |
| | | |
| **Movements in loans to group companies** | | |
| As at 1 January | 666.9 | 781.9 |
| Exchange rate differences | 78.1 | -39.9 |
| Disbursements | 42.1 | 35.1 |
| Repayments | -106.5 | -110.2 |
| **As at 31 December** | **680.6** | **666.9** |

## 32 RECEIVABLES

The receivables relate to commodity and foreign exchange derivatives and prepaid costs.

## 33 CASH AND CASH EQUIVALENTS

The cash and cash equivalents were available and payable without notice in 2014.

## 34 EQUITY

See Consolidated statement of changes in equity and Note 19 to the consolidated financial statements. For an overview of the legal reserves see Note 19.

## 35 NON-CURRENT LIABILITIES

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Owed to credit institutions | 34.6 | 92.2 |
| **Total** | **34.6** | **92.2** |

See Note 23 to the consolidated financial statements.

## 36 INTEREST-BEARING CURRENT LIABILITIES

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Owed to credit institutions | 70.0 | |
| **Total** | **70.0** | |

# 37 NON-INTEREST-BEARING CURRENT LIABILITIES

| | As at 31-12-2014 | As at 31-12-2013 |
|---|---|---|
| Taxes and social insurance premiums | 6.5 | 17.1 |
| Other debts and accruals and deferred income | 5.2 | 2.6 |
| **Total** | **11.7** | **19.7** |

# 38 PROVISIONS

The amount relates to a restructuring provision. The full amount has been charged to result (see Note 20).

# 39 OFF-BALANCE SHEET COMMITMENTS

## Contingent liabilities

Under section 2:403 of the Dutch Civil Code the company accepts liability for the debts incurred by Dutch group companies. The relevant declarations have been filed for perusal at the office of the relevant trade register.

The company guarantees external loans of USD 127 million drawn by group companies on the credit facility of the company.

## Fiscal unity

Corbion nv and a number of subsidiaries in the Netherlands are part of fiscal unities for purposes of corporate income tax and value added tax. The companies which are part of a fiscal unity are jointly and severally liable for their liabilities.

# 40 PERSONNEL

On average, five personnel were employed by Corbion nv and were working in the Netherlands during 2014 (2013: two personnel).
For more information on remuneration see Note 30.

*Amsterdam, the Netherlands, 25 February 2015*

**Supervisory Board**
R.H.P. Markham, Chairman
M. Vrijsen, Vice-Chairman
J.P. de Kreij
R. Pieterse
S. Riisgaard
W. Spinner

**Board of Management**
T. de Ruiter, CEO
E.E. van Rhede van der Kloot, CFO
S.F. Thormählen, CTO

# Other information

## STATUTORY ARRANGEMENT FOR APPROPRIATION OF PROFIT

The corporate articles of association lay down the following conditions regarding the appropriation of profit (summary).

### Article 25.3

If possible, a dividend shall first be paid from the profit recorded in the adopted financial statements on each financing preference share in a specific series. This dividend shall be equal to a percentage calculated on the basis of the amount paid on the financing preference shares.

### Article 25.4

If the profit is insufficient the dividend on the financing preference shares shall be paid from the company reserves, with the exception of the reserves which were formed as share premium reserve upon the issue of the financing preference shares. If the dividend cannot be paid from the company reserves, it shall be paid in arrear in the subsequent financial years.

### Article 25.14

The Board of Management shall decide subject to the approval of the Supervisory Board which part of the profit is to be reserved after the above provisions have been applied. The remaining profit shall be at the disposal of the General Shareholders' Meeting.
The General Shareholders' Meeting may decide upon a proposal by the Board of Management with the approval of the Supervisory Board to pay dividends to shareholders from the distributable equity.

**Proposed appropriation of profit**

| *Millions of euros* | 2014 | 2013 (restated) |
|---|---|---|
| Result after taxes | -18.3 | 2.2 |
| Available for dividend payment to holders of financing preference shares | 2.4 | 2.8 |
| Proposed addition to the reserves | -33.6 | -54.2 |
| Available for cash dividend to holders of common shares | 12.9 | 3.2 |
| Paid interim cash dividend on divestment proceeds | | 50.4 |
| Dividend* of € 0.21 (2013: € 0.15) per common share with a nominal value of € 0.25 | 12.9 | 3.2 |

*) *2014: at the choice of the shareholders in cash or in stock.*
*2013: at the choice of the shareholders in cash or in stock.*

The dividend proposal is stated in the Report of the Board of Management.

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Audit Committee of Corbion N.V.

## Report on the audit of the financial statements 2014

**Our opinion**

We have audited the financial statements 2014 of Corbion N.V. (the company), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Corbion N.V. as at December 31, 2014, and of its results and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the company financial statements give a true and fair view of the financial position of Corbion N.V. as at December 31, and of its results for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2014;
2. the following statements for 2014: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information presented on pages 58-106 of this report.

The company financial statements comprise:

1. the company balance sheet as at December 31, 2014;
2. the company profit and loss account for 2014;
3. the notes comprising a summary of the significant accounting policies and other explanatory information presented on pages 107-111 of this report.

**Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Corbion N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in The Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Materiality**

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 5.5 million. The materiality is based on ten percent of normalized profit before taxation. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 275,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

**Scope of the group audit**

Corbion N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Corbion N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and / or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified. In addition we considered qualitative factors as part of our assessment which entities are significant to the group, such as:

- The complexity and nature of operations, internal controls and accounting;
- The degree of centralization of processes and controls and entity-level controls;
- The extent and nature of internal control deficiencies and financial statement misstatements identified in prior year;
- Turnover in key leadership and management positions;
- The complexity of the underlying IT infrastructure.

As part of our year-end audit procedures we have reconsidered our assessment of significant group entities in order to ensure we have obtained appropriate coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified

The group engagement team has:
- performed audit procedures at group entities Corbion N.V., Caravan Ingredients Inc, Purac America Inc and Purac Biochem B.V.;
- used the work of other auditors when auditing entity Purac Bioquimica S.A. and Purac Thailand Ltd;
- performed review procedures or specific audit procedures at the other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

**Our key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Impairment of the Thailand based lactide plant*

The 2014 consolidated financial statements include capitalized expenditure (including associated development costs) for the company's lactide plant in Thailand. Due to the current underutilization of the lactide plant in Thailand management determined the recoverable amount for these assets based on amongst others a reassessment of volume development and timing. As the recoverable amount was below the carrying value of these assets, the company recognized a partial, impairment in connection with the lactide plant in Thailand at half-year 2014. We have reviewed management's assessment of the recoverable amount for this group of assets. Our procedures included validating and recalculating management's future cash flow projections and key assumptions, sensitivity analyses on the robustness of the forecasts and assessing the status of significant commercial contracts under negotiation for the lactide plant in Thailand. Further, as part of our audit procedures, we instructed valuation experts to review the discount rate used by the company to determine recoverable value and have assessed the results of their work as part our audit. Following the strategic update mentioned under the next key audit matter and the announcement of the company to invest in a PLA plant in Thailand we reassessed our procedures performed concerning the recoverable amount of the lactide plant in Thailand at year-end 2014. As the investment in the PLA plant in Thailand is conditional on securing a minimum level of utilization from customers which were not realized at year-end 2014, the recoverable amount of the lactide plant in Thailand has not changed due to the strategic update. Further we assessed in addition that proper disclosures have been made of the impairment of the lactide plant in Thailand in accordance with IAS 36 Impairment of Assets. We refer to note 11 Property, Plant and Equipment in the consolidated financial statements.

*Restructuring provision and impairments following strategic update*

A new Board of Management was appointed during 2014. The new Board of Management performed a strategy review and announced a strategic update in October 2014. We refer to the report of the Board of Management for information about the updated strategic direction. Following the strategic update the company recorded:

i. a restructuring provision for the announced redundancies, we refer to note 20 Provisions;
ii. an impairment of the land and buildings and equipment of the Kansas City Avenue facility, we refer to note 11 Property, Plant, and Equipment;
iii. additional impairments of other intangibles due to a reassessment of the recoverable amounts following the strategic update, we refer to note 12 Intangible fixed assets; and
iv. impairments of other tangible fixed assets due to alignment and simplification of operations, we refer to note 11 Property, Plant, and Equipment.

We have amongst others considered the objectivity, independence and expertise of external appraisers that were used by the company to estimate the recoverable amount of the Kansas City Avenue facility after closure and have instructed our valuation experts to review the external appraisal report and have assessed the results of their work as part of our audit. We have challenged management's estimates and considerations concerning the restructuring provisions and additional impairments of other intangibles and tangible fixed assets. Further, as part of our audit procedures, we instructed valuation experts to review the discount rates used by the company to determine recoverable value and have assessed the results of their work as part our audit.

We have reviewed if the recognition criteria for the restructuring provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets have been met at year-end 2014. We have evaluated whether appropriate disclosure of the restructuring and impairments was made in accordance with IAS 36 Impairment of Assets and IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

*Capitalization, valuation and realizability of R&D expenses*

Corbion's capitalized R&D expenses are mainly concentrated in the biobased innovations segments. This segment is subject to megatrends and new business which take time to mature, which are key for future value creation by the company. The capitalized R&D expenses are significant to our audit due to their size and judgement involved in the recoverability of those items. Our audit procedures included amongst others a review the company's policies and procedures for evaluating the presence of impairment, challenging main cash flow assumptions and robustness of forecasts. We evaluated key assumptions based on external data and historical trend analyses. Further, as part of our audit procedures, we instructed valuation experts to review the discount rates used by the company to determine recoverable value and have assessed the results of their work as part our audit. We have evaluated whether appropriate disclosure of impairments were made in accordance with IAS 36 Impairment of Assets. We refer to note 12 Intangible fixed assets in the consolidated financial statements.

*Income taxes*

Corbion operates in various tax jurisdictions. Both the evaluation of areas of tax risk, and the valuation of deferred tax assets in respect of taxable losses, were significant to our audit because the assessment requires significant judgment and is based on assumptions that are affected by uncertain future events such as profitability of operations, availability of tax planning structures and possible discussions with tax authorities. As a result, our audit procedures included, among others, evaluating management's assessment of risk areas, reviewing supporting documentation where appropriate, assessing available options for risk mitigation and evaluating the availability of tax optimization opportunities. Further, as part of our audit procedures, we instructed tax experts to review tax positions and tax risks and have assessed the results of their work as part of our audit. We also focused on the adequacy of the Group's disclosures in respect of the contingent tax risk associated with the reorganization involving several entities in various jurisdictions in 2012. We have evaluated whether appropriate disclosure of the tax position, tax loss carry forwards and tax risks were made in accordance with IAS 12 Income Taxes. We refer to notes 8 Taxes and 22 Deferred tax in the consolidated financial statements.

*Restatement of financial statements 2013*

A material error was present in the financial statements of 2013 for share based payments and board termination benefits. We refer to note 1 Overview of prior period adjustments in the consolidated financial statements for information on the restatement of this error. We have assessed the underlying contracts and the termination agreement, challenged the revised positions and evaluated the accounting impact. We assessed in addition that proper disclosures have been made in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

**Responsibilities of management and the Supervisory Board for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks

mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the company's financial reporting process.

**Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

**Report on other legal and regulatory requirements**

*Report on the management board report and the other information*

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the management board and other information):

- We have no deficiencies to report as a result of our examination whether the report of the management board, presented on pages 7 – 51, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the report of the management board, to the extent we can assess, is consistent with the financial statements.

*Engagement*

- We were appointed by the Shareholders as auditor of Corbion N.V. (CSM N.V. at that moment) on April 26, 2006, as of the audit for year 2006 and have operated as statutory auditor ever since that date.

Amsterdam, February 25, 2015

Deloitte Accountants B.V.

*Original has been signed by*

L. Albers

## BRIEF RESUMÉS OF THE MEMBERS OF THE SUPERVISORY BOARD

**As at 31 December 2014**

### R.H.P. Markham (1946, m), Chairman

| | |
|---|---|
| Nationality | British |
| Previous position | Executive Director and Chief Finance Officer Unilever nv |
| Supervisory directorships | Non-Executive Director of Legal and General Plc, UK<br>Non-Executive Director of United Parcel Services Inc.,US<br>Non-Executive Director of Astra Zeneca Pl, UK |
| First appointed in | 2010 |
| Current term of office | 2014 - 2018 |

### M. Vrijsen (1947, m), Vice-Chairman

| | |
|---|---|
| Nationality | Dutch |
| Previous positions | Senior Vice President Global Operations and Engineering of E.I. du Pont de Nemours & Company (Du Pont), Belgium<br>Various positions at Du Pont, Belgium |
| Supervisory directorships | Broadview Holding<br>Fiets! Belgium<br>Casco Phil, Belgium |
| Additional position | Senior External Advisor McKinsey |
| First appointed in | 2013 |
| Current term of office | 2013 - 2017 |

### J.P. de Kreij (1959, m)

| | |
|---|---|
| Nationality | Dutch |
| Position | Vice-Chairman Executive Board and Chief Financial Officer of Royal Vopak nv |
| Supervisory directorship | Vice-Chairman Supervisory Board Evides nv (until 28 June 2014) |
| Additional position | Member Advisory Council of the Listed Companies of NYSE Euronext |
| First appointed in | 2011 |
| Current term of office | 2011 - 2015 |

### R. Pieterse (1942, m)

| | |
|---|---|
| Nationality | Dutch |
| Previous position | Chairman Board of Management Wolters Kluwer nv |
| Supervisory directorships | Chairman Mercurius Groep bv<br>Member eVision bv |
| Additional positions | Board member of various foundations |
| First appointed in | 2004 |
| Current term of office | 2012 - 2016 |

### S. Riisgaard (1951, m)

| | |
|---|---|
| Nationality | Danish |
| Previous position | President & CEO of Novozymes A/S, Denmark |
| Supervisory directorships | Chairman of Alk-Abello, Denmark<br>Member of Århus University, Denmark<br>Chairman of Cowi Holding A/S, Denmark<br>Chairman of Egmont Holding and Foundation, Denmark<br>Vice-Chairman of Novo Nordisk Foundation, Denmark<br>Member of Novo A/S, Denmark<br>Vice-Chairman of Villum Foundation, Denmark<br>Chairman of WWF, Denmark<br>Chairman of Xellia A/S, Denmark |
| First appointed in | 2014 |
| Current term of office | 2014 - 2018 |

### W. Spinner (1948, m)

| | |
|---|---|
| Nationality | German |
| Previous position | Member Board of Management Bayer AG, Germany |
| Supervisory directorships | Member Altana AG, Wesel, Germany<br>Member The Zuellig Group International Hong Kong |
| First appointed in | 2004 |
| Current term of office | 2011 - 2015 |

## BRIEF RESUMÉS OF THE MEMBERS OF THE BOARD OF MANAGEMENT

**As at 31 December 2014**

### T. de Ruiter (1959), Chief Executive Officer

| | |
|---|---|
| Nationality | Dutch |
| Previous positions | CEO and President of LS9, Inc., US<br>CEO of the Genencor division of Danisco and a member of the Danisco Executive Committee, US<br>COO Cultures, Specialities and Flavours at Danisco, US<br>Several management positions at Quest International |
| Supervisory directorships | Nu-Tek Food Science LLC, US |
| First appointed in | 2014 |
| Current term of office | 2014 - 2018 |

### E.E. van Rhede van der Kloot (1963), Chief Financial Officer

| | |
|---|---|
| Nationality | Dutch |
| Previous positions | SVP Finance at Corbion<br>CFO of Purac, a division of CSM<br>Divisional finance director for chemicals in European region at Vopak<br>Several technical and finance positions at Unilever nv |
| First appointed in | 2014 |
| Current term of office | 2014 - 2018 |

### S. Thormählen (1956), Chief Technology Officer

| | |
|---|---|
| Nationality | German |
| Previous positions | CEO of MucoVax GmbH, Germany<br>Member of the Board of Accera Inc., US<br>Member of various research committees<br>Executive Vice President R&D and Executive Board Member of the Danone Group, France<br>Senior Vice President R&D at L'Oréal, US<br>Several R&D leadership positions at Beiersdorf, Germany and US |
| First appointed in | 2014 |
| Current term of office | 2014 - 2018 |

## COMPANY SECRETARY

### H.G. Noppers (1975)

| | |
|---|---|
| Nationality | Dutch |
| Employed since | 2009 |

## GROUP STRUCTURE

**As at 31 December 2014**

| Name | Nature of business | Proportion of ordinary shares held by the group (%) |
|---|---|---|
| PRINCIPAL SUBSIDIARIES | | |
| **Argentina** | | |
| Purac Argentina S.A. | Operating company | 100 |
| **Brazil** | | |
| Purac Sínteses Indústria e Comércio Ltda. | Operating company | 100 |
| **China** | | |
| Corbion Trading (Shanghai) Co., Ltd. | Operating company | 100 |
| **India** | | |
| Corbion India PL | Operating company | 100 |
| **Japan** | | |
| Corbion Japan K.K. | Operating company | 100 |
| **Mexico** | | |
| Purac Mexico S. de R.L. de C.V. | Operating company | 100 |
| **The Netherlands** | | |
| BakeMark International bv | Holding company | 100 |
| Corbion Group Netherlands bv | Holding company | 100 |
| Expalkan V bv | Holding company | 100 |
| Purac Biochem bv | Operating company | 100 |
| Bird Engineering bv | Operating company | 100 |
| **Poland** | | |
| Purac Polska Sp. z o.o. | Operating company | 100 |

| Name | Nature of business | Proportion of ordinary shares held by the group (%) |
|---|---|---|
| **Singapore** | | |
| Purac Asia Pacific PTE Ltd. | Operating company | 100 |
| | | |
| **Spain** | | |
| Purac Bioquímica S.A. | Operating company | 100 |
| | | |
| **Switzerland** | | |
| Corbion Finanz AG | Holding company | 100 |
| | | |
| **Thailand** | | |
| Purac (Thailand) Limited | Operating company | 100 |
| | | |
| **United Kingdom** | | |
| Expalkan Closed Scheme Ltd. | Pension funding company | 100 |
| Expalkan II Closed Scheme Ltd. * | Pension funding company | 100 |
| | | |
| **US** | | |
| Corbion America Holdings Inc. | Holding company | 100 |
| Corbion America Subholdings Inc. | Holding company | 100 |
| Caravan Ingredients Inc. | Operating company | 100 |
| Purac America Inc. | Operating company | 100 |
| | | |
| JOINT VENTURES | | |
| **Germany** | | |
| Succinity GmbH | Operating company | 50 |
| | | |
| **The Netherlands** | | |
| Bioprocess Pilot Facility bv | Operating company | 31.1 |
| Dutch Technology Fund I bv | Operating company | 11.1 |
| Icos Cleantech Early Stage Fund II bv | Operating company | 23.3 |

** The company's UK subsidiary, Expalkan II Closed Scheme Limited (company registration number 08555972) is exempt from the requirements to audit its accounts under section 479A of the Companies Act 2006. Under section 479C of the Companies Act 2006, Corbion nv, being the parent undertaking of Expalkan II Closed Scheme Limited, has given a statutory guarantee of all the outstanding liabilities to which the company is subject at 31 December 2014.*

## FIVE YEARS IN FIGURES

| *Millions of euros* | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| **Continuing operations*)** | | | | | |
| Net sales | 770 | 744 | 754 | 3,113 | 2,990 |
| Operating result | 13 | 38 | 38 | -150 | 158 |
| EBITDA excluding one-off items | 110 | 100 | 99 | 223 | 287 |
| Result after taxes | -18 | 5 | 26 | -174 | 99 |
| Earnings per common share in euros 1) | -0.34 | 0.03 | 0.30 | -2.56 | 1.41 |
| Diluted earnings per common share in euros 1) | -0.33 | 0.03 | 0.30 | -2.55 | 1.40 |
| Cash flow from operating activities | 67 | 34 | 73 | 148 | 189 |
| Cash flow from operating activities per common share, in euros 1) **) | 1.05 | 0.44 | 0.96 | 2.06 | 2.73 |
| Depreciation/amortization fixed assets | 44 | 41 | 43 | 103 | 107 |
| Capital expenditure on fixed assets | 63 | 76 | 56 | 92 | 83 |
| EBITDA margin % 2) | 14.2 | 13.4 | 13.1 | 7.2 | 9.6 |
| Result after taxes/net sales % | -2.4 | 0.7 | 3.4 | -5.6 | 3.3 |
| Number of employees at closing date | 1,893 | 1,885 | 1,834 | 9,843 | 9,664 |
| **Total operations** | | | | | |
| **Balance sheet** | | | | | |
| Non-current assets | 433 | 436 | 1,374 | 1,559 | 1,791 |
| Current assets | 239 | 206 | 704 | 740 | 718 |
| Non-interest-bearing current liabilities | 130 | 134 | 490 | 479 | 483 |
| Net debt position 3) | -6 | -29 | 511 | 616 | 631 |
| Provisions | 40 | 32 | 220 | 257 | 277 |
| Equity | 509 | 505 | 859 | 948 | 1,117 |
| **Key data per common share** | | | | | |
| Number of issued common shares | 62,041,761 | 71,939,942 | 69,914,711 | 67,658,699 | 65,998,134 |
| Number of common shares with dividend rights | 61,557,106 | 61,176,915 | 69,909,876 | 67,580,372 | 65,873,803 |
| Weighted average number of outstanding common shares **) | 61,409,446 | 70,479,684 | 71,902,593 | 69,813,766 | 67,515,917 |
| Price as at 31 December | 13.82 | 15.40 | 16.25 | 12.08 | 26.19 |
| Highest price in calendar year | 17.27 | 18.60 | 16.48 | 26.88 | 26.27 |
| Lowest price in calendar year | 10.56 | 14.41 | 10.49 | 9.25 | 18.55 |
| Market capitalization as at 31 December | 851 | 942 | 1,136 | 816 | 1,725 |
| Earnings in euros **) | -0.34 | -0.01 | -0.96 | -2.56 | 1.41 |
| Diluted earnings in euros **) | -0.33 | -0.01 | -0.96 | -2.55 | 1.40 |
| **Other key data** | | | | | |
| Cash flow from operating activities | 67 | 10 | 197 | 148 | 189 |
| Depreciation/amortization fixed assets | 44 | 41 | 110 | 103 | 107 |
| Capital expenditure on (in)tangible fixed assets | 63 | 76 | 76 | 92 | 83 |
| Number of employees at closing date | 1,893 | 1,885 | 9,650 | 9,843 | 9,664 |
| Number of issued financing preference shares | 2,574,281 | 2,983,794 | 2,983,794 | 2,983,794 | 2,983,794 |
| Equity per share in euros 4) | 7.93 | 7.87 | 11.78 | 13.44 | 16.22 |
| **Ratios** | | | | | |
| Net debt position/EBITDA 5) | -0.1 | -0.2 | 2.0 | 2.8 | 2.1 |
| Interest cover 6) | 23.8 | 13.6 | 10.1 | 7.6 | 9.7 |
| Balance sheet total: equity | 1:0.6 | 1:0.7 | 1:0.4 | 1:0.4 | 1:0.4 |
| Net debt position: equity | 1:-87.7 | 1:-17.2 | 1:1.6 | 1:1.5 | 1:1.8 |
| Current assets: current liabilities | 1:0.6 | 1:0.4 | 1:0.4 | 1:0.6 | 1:0.6 |

*) *The previous years are not restated for discontinued operations later on.*
**) *Only the preceding year is restated for stock dividend.*

1) *Per common share in euros after deduction of dividend on financing preference shares.*
2) *EBITDA margin % is EBITDA divided by net sales x 100.*
3) *Net debt position comprises interest-bearing debts less cash and cash equivalents.*
4) *Equity per share is equity divided by the number of shares with dividend rights.*
5) *EBITDA is "Earnings Before Interest, Taxes, Depreciation and Amortization and impairment of (in)tangible fixed assets" including acquisition/divestment results and including discontinued operations, and excluding one-off costs.*
6) *Interest cover is EBITDA as defined in Note 4 divided by net interest income and charges.*

# INFORMATION ON THE CORBION SHARE

## Share capital

Corbion is listed on NYSE Euronext Amsterdam.
As at 31 December 2014 62,041,761 common shares of € 0.25 each and 2,574,281 financing preference shares of € 0.25 each had been issued, including 484,655 common shares with Corbion.

## Substantial shareholdings

Pursuant to the Financial Supervision Act, the following notifications of capital interest in Corbion as at 31 December 2014 were reported:

| | | | |
|---|---|---|---|
| 1. | ING Groep N.V. | 15.53% | |
| 2. | ASR Nederland N.V. | 5.20% | |
| 3. | RWC Partners Limited | 5.07% | |
| 4. | J.O. Hambro Capital Management Limited | 5.03% | |
| 5. | ING Fund Management | 4.20% | 5.03% voting rights |
| 6. | Blackrock Inc. | 3.09% | 3.13% voting rights |
| 7. | Lansdowne Partners Limited | 1.96% | 4.90% voting rights |

NB: As at 25 February 2015 Corbion nv has a capital interest of 0.75%.

## Other information

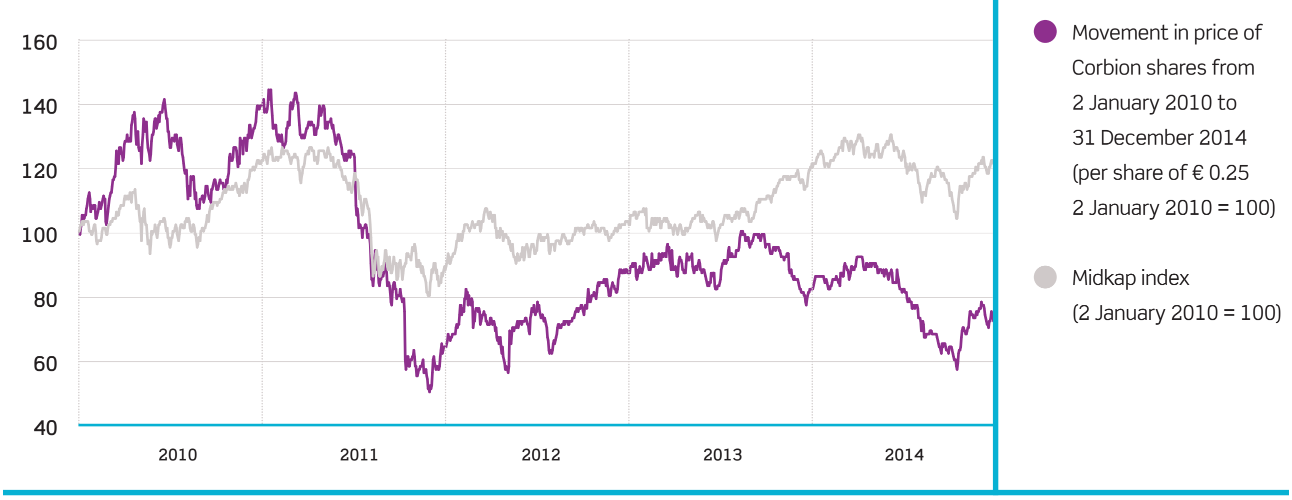
| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Number of common shares with dividend rights x 1,000 as at 31 December | 61,557 | 61,177 | 69,910 | 67,580 | 65,874 |
| Market capitalization in millions of euros as at 31 December | 851 | 942 | 1,136 | 816 | 1,725 |
| Highest share price | 17.27 | 18.60 | 16.48 | 26.88 | 26.27 |
| Lowest share price | 10.56 | 14.41 | 10.49 | 9.25 | 18.55 |
| Share price as at 31 December | 13.82 | 15.40 | 16.25 | 12.08 | 26.19 |
| Average daily turnover of shares | 141,134 | 243,793 | 373,949 | 414,275 | 320,656 |

## Important dates*)

| | |
|---|---|
| 24 April 2015 | Publication of the interim management statement first quarter 2015 |
| 22 May 2015 | General Shareholders' Meeting |
| 26 May 2015 | Ex date |
| 27 May 2015 | Record date |
| 12 June 2015 | Dividend payable for 2014 |
| 12 August 2015 | Publication of half-year figures 2015 |
| 30 October 2015 | Publication of the interim management statement third quarter 2015 |
| 12 May 2016 | General Shareholders' Meeting |

*) *Subject to change.*

## Trends in share price



Corbion

# CASES

# Lactic acid: the lifeblood of our business

Lactic acid is a compound of the carboxylic acid family found naturally in our blood.

And here at Corbion, lactic acid is the lifeblood of our business.

It forms the foundation of many of our commercial activities, in everything from food, to chemicals to plastics (made from poly lactic acid) to biomedicine...and beyond.

But most importantly, the people of the world increasingly desire products that our current – and future - lactic acid platforms can produce.

Lactic acid is safe. It's human-friendly. It's versatile. And it's immensely powerful, with almost limitless potential. Which is why this unique molecule will continue to take center stage.

But why - and how?

## FROM LACTIC ACID TO BIOBASED BUILDING BLOCKS

Our 80 years' experience in the industry includes the unique ability to produce *very pure* lactic acid with just one part impurity per billion.

Our scientists have already succeeded in producing lactic acid without the by-product of gypsum (a solid deposit that is undesirable in large volumes).

Meanwhile, in Spain, we've joined forces with BASF to produce the same high quality succinic acid.

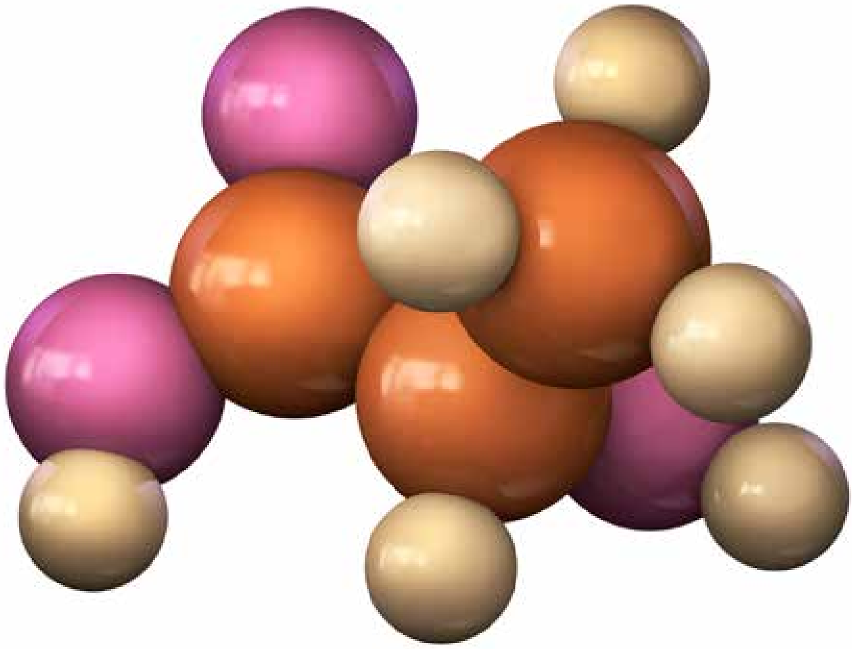
These are just three reasons why Corbion is uniquely positioned to drive the next stage of the *lactic acid revolution* – and the move to new biobased building blocks that will create a new generation of essential products from nature.

## INVESTING IN THE FUTURE

We will continue to invest in innovations that add value to contemporary life while preserving the planet and boosting the profitability of our growing operation – from the development of game-changing new microorganisms to the perfection of lactic acid production techniques.

This is the unique *acid test* that we at Corbion now face. We cannot and will not wait...

# Under the microscope: lactic acid



1 2-Hydroxypropanoic acid or, as we call it, lactic acid, is a chemical compound formed from the breakdown of glucose and glycogen in the human body, but also across nature.

2 When the body produces lactic acid it splits into a lactate ion (lactate) and a hydrogen ion. The hydrogen ion (H+) is the 'acid' part and is readily neutralized in the body fluids; the lactate ion is a vital and essential fuel for the body.

3 Lactic acid was discovered by the Swedish chemist Carl Wilhelm Scheele in 1780 and first produced commercially by Charles E. Avery at Littleton, Massachusetts, in 1881.

4 Lactic acid provides a unique balance between acidic and antimicrobial properties. The acidity is a valued taste ingredient; and the antimicrobial functionality provides preservation and food safety. In a household cleaning product the acidity removes scaling while the antimicrobial functionality features as a disinfectant.

5 Lactic acid bacteria have been used by people to ferment or culture foods for preservation for at least 4000 years; mainly in fermented milk products like yoghurt, cheese, butter, kefir, and koumiss.

6 Besides being generally colorless and odorless, lactic acid has a recognizable but pleasant taste – especially found in sauerkraut and certain cheeses and yoghurts.

7 There are two types of lactic acid: L(+)-lactic acid and D(-)-lactic acid. The two types are each other's mirror images, with different application potential. The L(+) form is found in the human body and formed or applied in many foods; while D(-)-lactic acid has more chemical uses, for instance in crop protection. Corbion manufactures both.

8 Some 95% of commercial lactic acid is produced through microbial fermentation (conversion without air) of carbohydrates: At Corbion this process has been developed over decades to deliver extreme purity.

9 The high purity of lactic acid is an absolute necessity in critical applications. In the pharmaceutical industry, for example, it's used in parenteral and dialysis solutions in hospitals. Here sodium lactate, the salts of lactic acid, is acting as an electrolyte in the human body.

10 The high purity of lactic acid is also essential for the production of poly lactic acid (PLA) – which is one of the most widely used bioplastics in the world based on volume and number of applications. In making PLA, the alcohol group of one lactic acid molecule binds to the acid side of the next molecule, which creates long chains that forms the plastic.

# Clean label: looking for the consumer-friendly ingredient

We're all looking far more closely at the ingredients found in the food we buy: And that starts with reading the label.

In the eyes of consumers, *clean label* generally equates to ingredients that they understand and recognize; that are natural and minimally processed; and contain no additives or preservatives.

And while its precise definition remains subjective, the defining challenge for our industry is clear: How do you remove ingredients from food without compromising product taste, texture, safety, and shelf life?

The answer lies in biobased ingredients like lactic acid and lactates...plus plenty of knowhow.

## TACKLING A MEATY CHALLENGE

Just one example is Verdad® – our family of biobased safety and preservation solutions for the meat industry. Fermented from natural raw materials, they appear on the product label as *vinegar* or *cultured corn sugar* and safeguard meat products by maintaining shelf life without compromising the eating experience for consumers.

Equally importantly for our customers, Verdad enables three important words to appear on food labels: *No artificial preservatives*, thanks to the mild and limited processing techniques we use during the production of our ingredients.

It's a true win-win for everyone: In fact recent research from major market survey companies like Euromonitor indicates that a majority of shoppers are willing to pay *more* for clean label products: A premium product at a premium price.

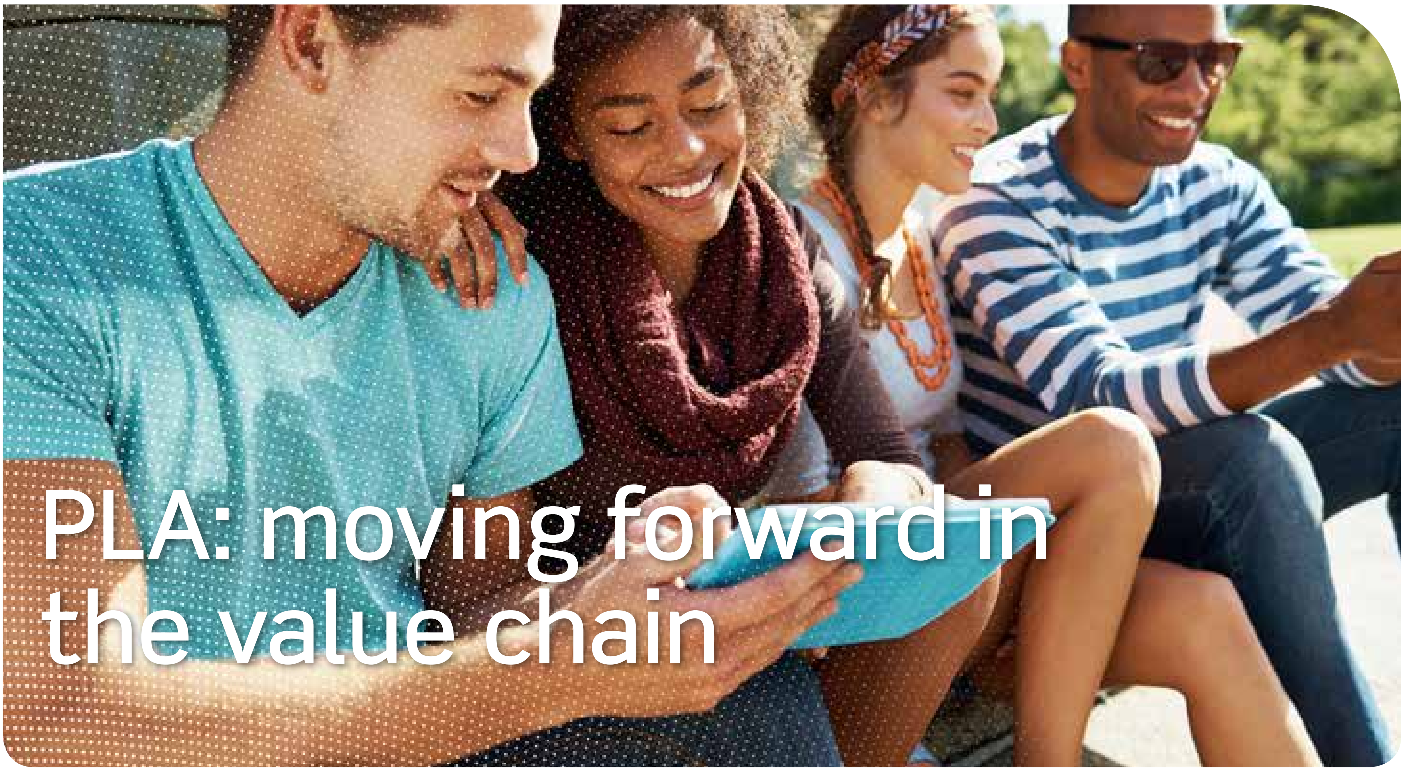
## RISING TO THE OCCASION IN BAKING

But of course clean label isn't restricted to meat.

In the baking industry, our Pristine family of products has experienced double-digit growth in recent years by satisfying customer demand to reduce undesirable chemicals that are used in baking.

Chemical conditioners and strengtheners like Azodicarbonamide (ADA), Bromate, and Diacetyl Tartaric Acid Ester of Mono, and Diglycerides (DATEM) are being replaced by the cleaner labeled combinations of ascorbic acid and enzymes found in Pristine.

Bottom line: We are shortening ingredient declarations and removing ingredients that are unfamiliar and unwelcoming to today's consumers without sacrificing the dough tolerance and finished product quality that both consumers and manufactures have grown to expect.



# PLA: moving forward in the value chain

In October 2014 we announced our intention to move forward in the bioplastics value chain and are set to produce and market the PLA (poly lactic acid) resin ourselves.

This decision was based firstly on the growing global demand: The market for PLA bioplastics is expected to reach 600 kilotonnes per year by 2025; and on innovation: Our scientists were able to create a new, improved type of PLA...

## PLA: A FANTASTIC PLASTIC

For 80 years we have manufactured the lactic acid that constitutes the key building block of PLA. What really changed the game was the development by our research team of a PLA compound with heat stability and impact resistance comparable to mass-market engineering plastics like PS (polystyrene) and ABS (acrylonitrile-butadiene-styrene).

This industry first has opened up a whole new world of applications for PLA – not just in its traditional heartland of food packaging, but in industries as diverse as automotive and electronics.

In fact, high heat PLA can today be found in applications ranging from bioplastic touchscreen computers, in 3D printing, and in durable automotive components.

## LOOKING AHEAD

Meanwhile, despite moving forward in the value chain, we will continue to work with our current and future polymerization partners. And we'll continue to supply them with high quality lactide monomers.

# Gluten: tackling a *sticky* situation

Gluten is a popular word these days. In fact Google recently named the sticky protein found in wheat as its fifth most popular global search term.

But no matter where you stand on the benefits or otherwise of gluten, the simple commercial reality remains that the global baking industry has always struggled to create consistently high-quality baked goods without it.

To make matters worse, gluten prices have risen continually for the past seven years. One bad harvest (as happened during the drought of 2012 across America) can be commercially catastrophic. Meanwhile, emerging sectors like the EU aquafeed market are now competing for this vital commodity, further inflating the price.

It all adds up to a sticky situation: How do you manage this most expensive and volatile of ingredients in a way that's healthier for the bottom line?

The answer: Just add Corbion's GEM 100.

## GEM 100: A SPARKLING SUCCESS

GEM 100 is a natural dough improver that we launched last year to enable our baking customers to reduce or even eliminate Vital Wheat Gluten (VWG) from their products.

GEM 100 is designed to mimic the physical attributes of VWG, strengthening dough to the point where our customers can produce bread that looks, tastes, smells, and feels as great as ever with no major alterations to production, no effect on the ingredient declaration – and of course, a lower VWG content.

## VERSATILITY FOR BAKERS

For bakers, GEM 100 is incredibly versatile because it's suitable for a variety of processes including 'straight' and no-time dough, sponge and dough, brew systems, frozen dough, par baked; in fact anywhere VWG is used.

For example, in a straight or no-time dough process, GEM 100 is simply scaled and added with the other ingredients just as VWG would be. In a sponge and dough process it's extracted from the formula and replaced by water. Then, when the sponge is ready to mix into the dough, the correct amount of GEM 100 is added.

Clearly it's a winning formula: One major Corbion customer in the United States has already cut around 50% of VWG from its bread products by using GEM 100.

# Agrochemicals: more efficient farming, naturally

Since the 1960s, the amount of arable land around the world has barely increased...while the world's population has doubled. Which is why agrochemicals will continue to play a huge role in tackling the megatrend of a growing population and food security by maximizing farming and food production.

But with legislation around the world tightening due to growing agrochemical health fears, the challenge is clear: How do we create commercially viable products that produce stronger crops that resist disease and contribute to better food while being kinder to the planet?

Part of the solution lies in a new generation of biobased agrochemicals...like our PURASOLV® family of lactic acid derivatives.

## REPLACING CHEMICAL SOLVENTS

PURASOLV replaces chemical-based solvents used in agrochemical crop protection formulations. Specifically, it has excellent properties for dissolving crop protection agents, which in turn improves the overall effectiveness of the resulting formulations - enabling hard-pressed farmers to reduce the cost of their harvest.
Most importantly for our customers and consumers, PURASOLV has an outstanding safety profile with low toxicity. In fact, as an FIFRA-registered product (under the Federal Insecticide, Fungicide & Rodenticide Act) it's one of the safest solutions available today.

## INNOVATIONS IN GREEN CHEMISTRY

The story doesn't *quite* end there: PURASOLV gives our customers a valuable commercial advantage thanks to some nifty scientific innovation.

It happened when our research team made a major breakthrough by successfully producing D-lactic acid next to L-lactic acid. The significance of D-lactic acid and its derivatives? They open-up alternative production routes to produce existing crop protection agents at a higher quality and lower cost - all while simultaneously eliminating associated waste streams.

It all adds up to the improved sustainability of commercially viable crop protection agents while further reducing cost-in use for farmers.

Better for human health, the environment – and the bottom line.

# Medical biomaterials: patient-friendly parts

## WHAT DOES SUSTAINABILITY *REALLY MEAN*?

At Corbion it's about more than simply preserving our planet: In recent years we have shown it's also about sustaining and improving *quality of life* for the world's people both today and for future generations: Social sustainability.

Nowhere is this more evident than in the biomedical sector, where thousands of people are today walking the earth with materials like our PURASORB® resorbable polymers inside their bodies.

These medical biomaterials – used in everything from cardiovascular devices and orthopedic implants to wound management - need to be super-strong, flexible, and capable of interacting with the human body and maintaining physical performance. And above all, they need to be safe...

## THE TRUE COST OF INVASIVE SURGERY

So what is the *true* cost of medical implants and devices? Or to put it another way, when a patient has an operation on say a damaged knee or hip...what ultimately is at stake?

Traditional, invasive surgery carries with it some pain; some risk (infection, for example); and a long recovery period. Looking beyond the individual, what is the societal cost? Well, the process is expensive, with medical costs. Health insurance costs. Lost productivity...

And this isn't limited to 'major' procedures. For example, the traditional screws and nails required to support a damaged bone or hold a ligament in place are made from stainless steel – which eventually needs to be removed from the body. Cue another round of surgery, risk, and recovery.

Now, our PURASORB solution is solving this challenge by providing surgeons with a biomaterial that is safer and simpler to work with and above all, patient friendly. Specifically, PURASORB is fully biocompatible (it interacts seamlessly with the human body) and biodegradable. In other words, when the medical implant has reached the end of its active life...it's absorbed safely by the body.

## CUSTOMER BENEFITS

As with all Corbion solutions, the benefits are not solely for people and planet.

The PURASORB® family also delivers profitability for our customers. For example, it can be processed using conventional techniques like extrusion, compression molding, and injection molding – enabling more efficient manufacturing.

Which, with an ever-ageing (and growing) global population, can only be a good thing.

# Second-generation feedstocks: separating rhetoric from reality

When it comes to building a biobased economy what could make more sense than to utilize materials like wood waste and corn husks in order to produce plastics and chemicals - rather than precious fossil fuels.

However, the commercial development of second-generation feedstocks (plant-based materials such as bagasse, corn stover, wheat straw, and wood chips) within the industry has proven to be far from straightforward.

At Corbion we don't (yet) have all the answers. But the one thing *we do know*...is that it can be done: In fact following an intensive research project, a Corbion team has now succeeded in producing high-grade lactic acid from second-generation feedstocks.

It's a great start – not only in terms of preserving the planet but also from a commercial standpoint: Our customers and end users are increasingly asking for it. But as we look ahead to 2015 and beyond there remain several crucial questions still to be addressed...

## BIOBASED PARTNERSHIPS

How do we ensure that second-generation feedstocks are capable of producing polymers and chemicals of the requisite quality and safety at a commercial scale? One key challenge is that creating truly biobased products requires an entirely new production infrastructure – one where we don't physically own all the processes and technologies. It means that in the years ahead we will be reaching out more than ever to forge new relationships with bio-refineries and other innovation partners.

## GETTING THE BALANCE RIGHT

Ultimately there needs to be a balance between what we leave behind on the field (or forest) and how much 'waste' we use for further processing. But what is that balance? Does it mean we need to abandon first-generation feedstocks?

At Corbion, the answer is an emphatic 'no'. In fact the current first-generation feedstocks (industrial cane sugar, sugar beet, corn, and cassava) we use for producing lactic acid, largely for the food industry, are grown following principles of sustainable agriculture that are extremely efficient with a strong yield per hectare of land used for growing biomass.

It's really in the field of biochemicals that we believe second-generation feedstocks will have the biggest impact, and be a true differentiator for Corbion. Which is why our plan is to continue our feedstock journey by working with customers, partners, and consumers to determine what is acceptable - and ethical: For all parties concerned.

# Sustainability: taking a scientific approach

## THE 'CIRCULAR ECONOMY', CLOSED LOOP SYSTEMS, CRADLE TO GRAVE...

You may not understand all the jargon, but at Corbion we are changing the way we think about sustainability to include not only how it impacts the planet and future generations; but also how it positively can impact our bottom line.

Crucial to helping us achieve this goal has been our adoption of life cycle thinking. We use a series of tools and techniques, including the Life Cycle Analyses (LCA) methodology, that we apply to measure the environmental impact of our products and associated processes from raw material extraction and manufacturing.

This environmental footprint data can then be used by our customers to further evaluate environmental impact of our solutions all the way through distribution, product use phase and ultimately disposal and/or recycling at the end of product life.

Bottom line: Our life cycle thinking in combination with the LCA methodology evaluates waste and emissions at all stages of a product life cycle and helps us to identify areas for process improvement.

And as we are increasingly discovering, when you reduce those things...you inevitably reduce costs.

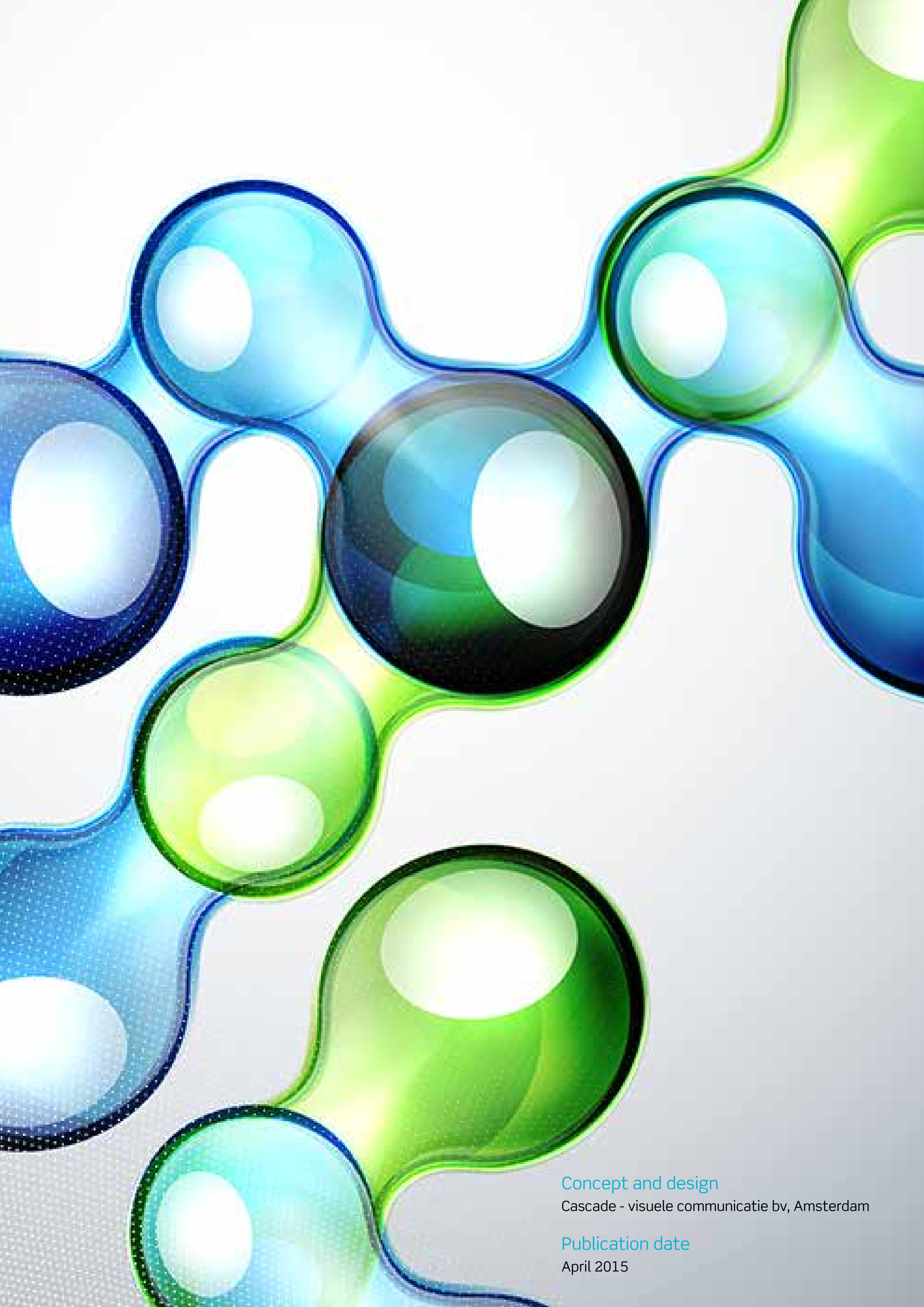
## THE INNOVATION FUNNEL

This is why we decided it was time to integrate elements of the LCA methodology into the very genesis of all products at Corbion: Our innovation funnel.

In the past, when selecting new innovations to pursue (and hopefully manufacture) our criteria were largely financial.

Today the environmental impact, like climate change and non-renewable energy usage, is another of those key criteria we assess for our new products and processes. So far this new approach has yielded promising results like, for example, our gypsum-free technology and our succinic acid developments - both major biobased innovations in our pipeline.

But why stop with new products? We're now set to use a similar sustainability assessment approach across our existing portfolio.



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