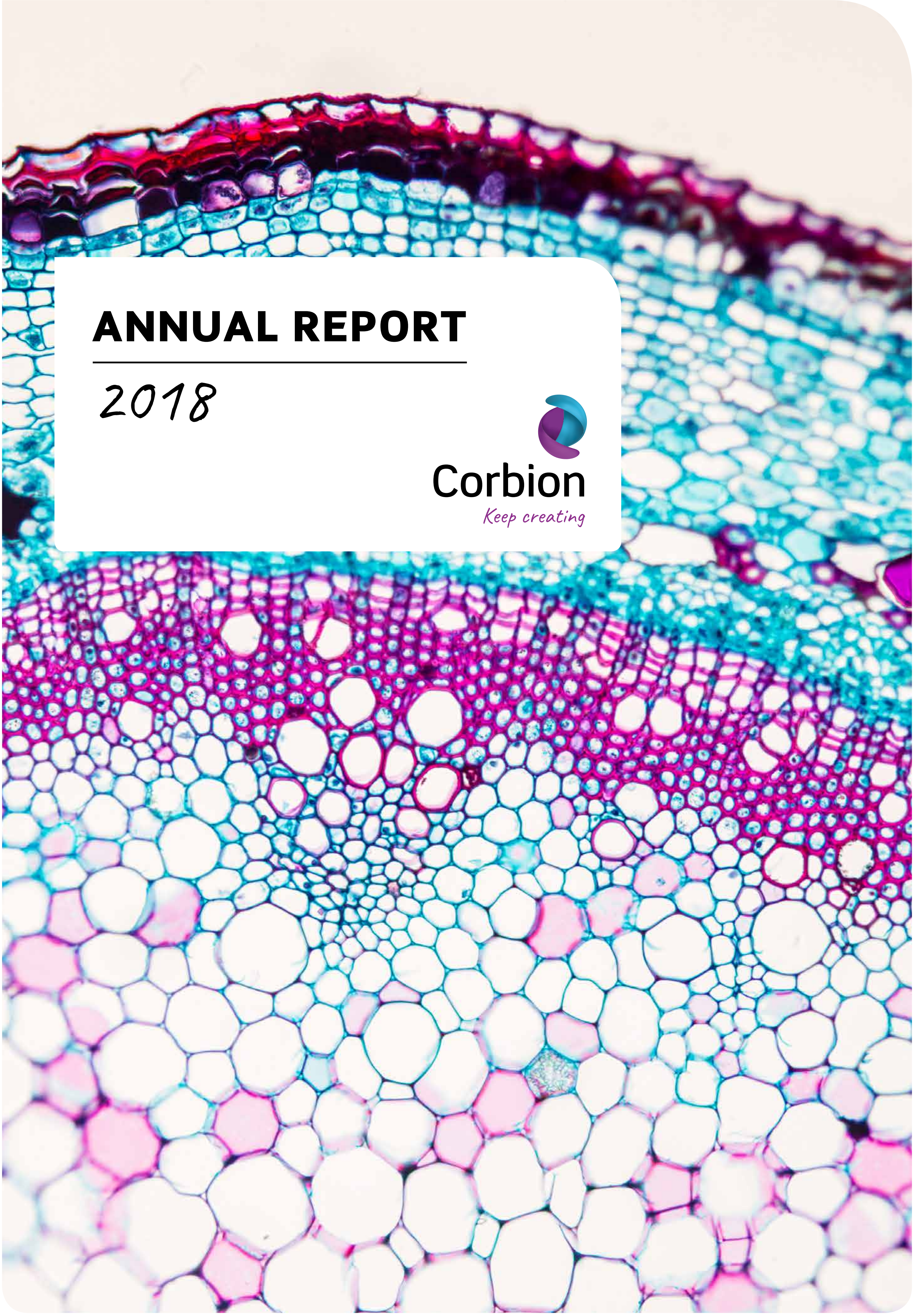
ANNUAL REPORT

2018

Corbion

Keep creating



CONTACT

If you have any questions or remarks regarding this report, we kindly invite you to contact us.

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AT A GLANCE

Corbion is a leading provider of sustainable ingredient solutions for food and biochemicals

Corbion is the global market leader in lactic acid and lactic acid derivatives, and a leading company in emulsifiers, functional enzyme blends, minerals, vitamins, and algae ingredients. We develop sustainable ingredient solutions to improve the quality of life for people today and for future generations. For over 100 years, we have been committed to safety, quality, innovation, and performance. Drawing on our deep application and product knowledge, we work side by side with customers to make our cutting-edge technologies work for them.
In manufacturing we have a long history of excellence in sustainable and resource-efficient production processes across four key areas: organic acids, polymers, emulsifiers, and bakery blends.

Corbion's strategy and all aspects of our operations are built around advancing sustainability underpinned by high ethical standards, whether this relates to the management of our global supply chain, responsible procurement of our raw materials, or the safety and well-being of our people.
In 2018, Corbion generated annual sales of € 897.2 million and had a workforce of 2040 FTE. Corbion is listed on Euronext Amsterdam.

Two lines of business

At Corbion we distinguish between two lines of business, each with a different set of characteristics: Ingredient Solutions and Innovation Platforms. These business units are supported companywide by globally managed R&D, operations, and business support functions.

Ingredient Solutions

Our Ingredient Solutions business unit focuses on our core business: ingredients and solutions for food and biochemicals.

Food
We are a global supplier of food ingredient solutions for leading food manufacturers. We strive to be the leader in keeping food tasty, fresh, and safe from date of production to day of consumption.
With our proven food solutions, we enable our customers to make conscious choices to grow their business and create affordable foods (in the bakery, meat, beverage, confectionery, and dairy markets) that people love and can safely enjoy with their friends and family, just as we enjoy them with ours.

Biochemicals
The inherent safety, sustainability, and performance of our products is what sets us apart, supported by our continuous drive to find better solutions and new opportunities for our customers. Our continuous focus on sustainable practices, our use of renewable feedstocks, and our rich heritage in lactic acid form the foundation for our biochemical applications in everything from (agro)chemicals to resin adhesives, electronic components, pharmaceuticals, home & personal care products, and animal health & nutrition. We are constantly exploring opportunities to bring the benefits of our products and solutions to our customer's applications.

Innovation Platforms
Through our Innovation Platforms business unit, we develop new business platforms, applying disruptive technologies built on decades of experience in fermentation and industrial-scale manufacturing – to deliver long-term value. Collaborating with like-minded partners we empower our customers to make conscious choices, so they can create better, more sustainable products, based on renewable resources. We believe in a circular economy, where our innovations can help improve quality of life – both today and for future generations.

Total Corbion PLA bv, our 50/50 joint venture with Total for the production and marketing of poly lactic acid (PLA) polymers and lactide monomers for bioplastic solutions, is functionally part of Innovation Platforms. The business unit also comprises our Algae Ingredients business and the succinic acid joint venture with BASF (Succinity). Next to these ventures included in this business unit are our longer-term development programs such as FDCA, a biobased building block with unique properties in (bio)polymers and a potential replacement for purified terephthalic acid (PTA), our gypsum-free lactic acid production process, and use of alternative feedstocks (lignocellulosic biomass, agricultural residues, waste) to make lactic acid.

EXECUTIVE COMMITTEE

Members of the Executive Committee

From left: to right *Marcel Wubbolts - CTO, Eddy van Rhede van der Kloot - CFO, Andy Muller - EVP Ingredient Solutions, Marc den Hartog - EVP Innovation Platforms, Jacqueline van Lemmen - EVP Operations, Johan van der Hel - EVP Human Resources, Tjerk de Ruiter - CEO*

MESSAGE FROM THE CEO

Looking back at the progress we have made in the first year of pursuing our Creating Sustainable Growth strategy, there is a lot to be proud of. Our Ingredient Solutions business is on track, making positive strides, particularly in the meat space. We are delivering on our solutions model, expanding beyond our traditional technologies and markets, while building on foundational capabilities in shelf-life extension and listeria control. By broadening our portfolio, we are reaching into new markets with new applications, including poultry and foodservice.

The market conditions in bakery proved to be even more difficult than expected. Fortunately, we did see the negative sales growth in Bakery decline, which gives us confidence about what lies ahead. We continued to bring our bakery customers new solutions – like those in our Pristine® range – that help them reduce unwanted chemicals on their product labels while improving the quality of their finished goods. In Latin America, we continued to grow our business in the large industrial bakery space, leveraging our wealth of experience with U.S. companies.

In Biochemicals, we continued to grow in alignment with our strategic direction, bringing unique products and functionalities to the market and enabling our customers to make a difference in the daily lives of consumers around the world.

On 31 October 2014, we announced plans to build a poly lactic acid (PLA) plant to accelerate our thrust into the bioplastics arena. It has been an incredible journey and we are very proud that in December 2018 the Total Corbion PLA joint venture announced the start-up of its anticipated 75,000 tons per year PLA plant in Rayong, Thailand. This state-of-the-art PLA plant was launched on time, within budget, and without any lost-time incidents, thanks to remarkable dedication and outstanding teamwork. The plant has already produced Luminy® PLA resins, which is good news for consumers and producers who care about improving their carbon footprint and contributing to a circular economy. This illustrates how contributing to a better world can open up a world of innovation and business opportunities.

Since completing the acquisition of TerraVia in the autumn of 2017, we have come to truly appreciate the quality of the people in our Algae Ingredients business, as well as the power and versatility of the platform. We have also seen how much we can learn by sharing technological capabilities; it is a win-win in the truest sense of the word. In June, we acquired Bunge's 49.9% stake in SB Renewable Oils, making us the sole owner of the algae industrial-scale plant in Orindiúva, Brazil. Now that we fully control the commercial-scale manufacturing in Brazil, and are operating a new state-of-the-art R&D and pilot facility in San Francisco in addition to our scale-up plant in Peoria, we are well-positioned to accelerate the success of our algae business. As a new line of business nurtured through our Innovation Platforms business unit, which focuses on longer-term value creation, the Algae Ingredients business continues to be in investment mode, negatively affecting EBITDA.

Our strategy is aligned with the United Nations Sustainable Development Goals (SDGs). Together, these goals serve as a global call to action to end poverty, protect the planet, and ensure all people enjoy peace and prosperity. Corbion has chosen to focus on SDG2 (Zero hunger) and SDG12 (Responsible production and consumption) as the goals on which we believe we can create the most significant impact, given our footprint, the nature of our business, and the environment in which we operate.

In 2018, we have made significant progress in responsibly sourcing palm oil, and have begun supplying customers with certified sustainable palm-based products, not as an option, but as a standard offering. To deliver on our commitment to set carbon footprint reduction targets, we formed a cross-functional team. The plant technologists, scientists, and engineers on this team are together developing a roadmap to achieve carbon footprint reduction targets in line with the Paris Agreement. We are proud that our progress was recognized externally when Corbion earned a gold rating in the 2018 EcoVadis assessment.

This year we took the opportunity to reflect on how our vision, culture, and values as a company have evolved over the past several years. Taking a fresh look at what inspires us, what brings out the best in us, and really captures what we stand for, we introduced new Corbion values: Care, Courage, Commitment, and Collaboration. Our values serve as a higher-level compass, guiding our decisions and behaviors as we tackle day-to-day challenges, ultimately becoming an ingrained, natural part of our company's culture.

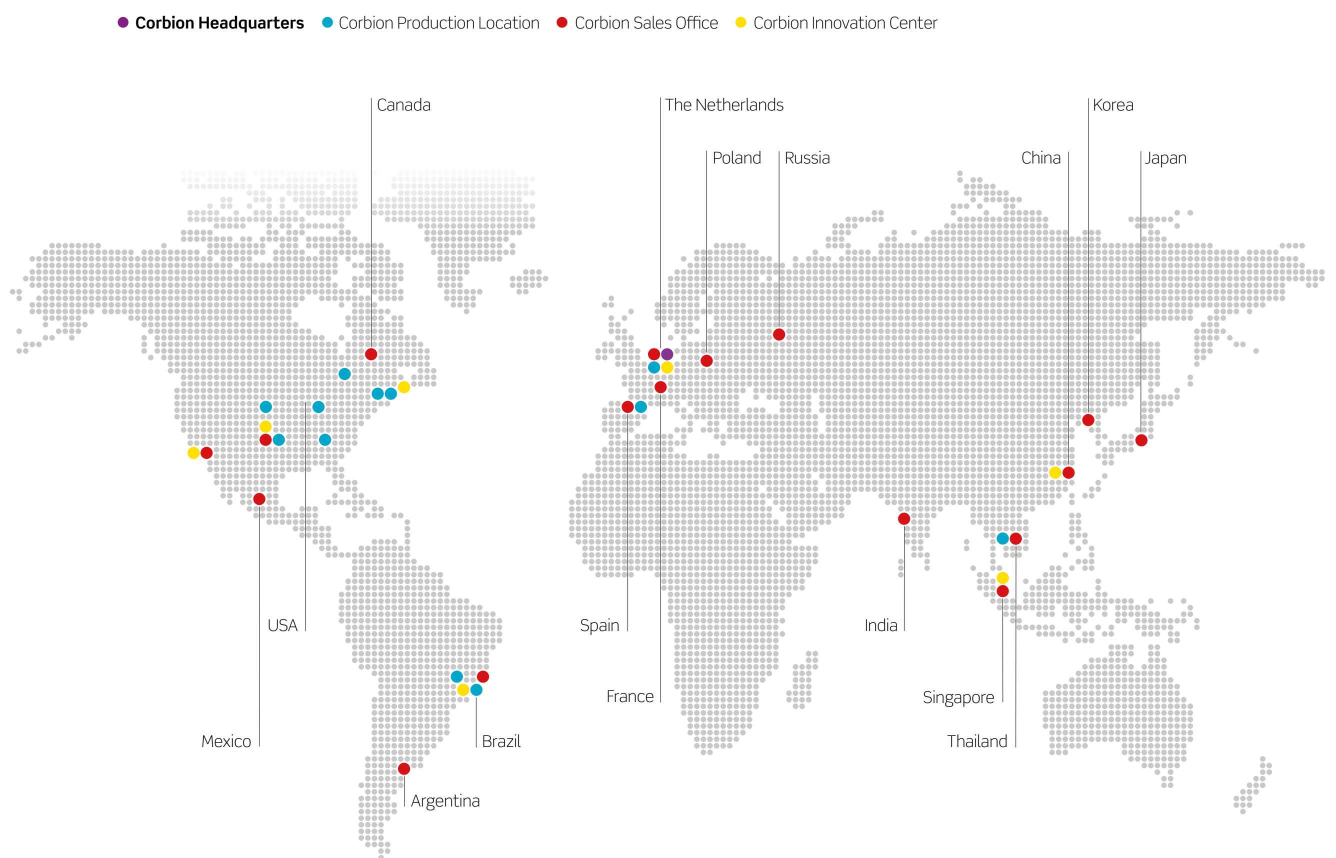
None of this would be possible without the support of our many stakeholders. We are grateful to our employees for their commitment, talents, energy, and passion, and we want to thank our customers, suppliers, partners, and shareholders for their unwavering support. We are confident that the path we are traveling together will lead to sustainable growth and to a better world.

On behalf of the Executive Committee

Tjerk de Ruiter

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 U.S., Thailand, Brazil, the Netherlands, and Spain. Our innovation centers are located across the globe and our headquarters is based in the Netherlands.



COMPANY HIGHLIGHTS

Net sales

Organic sales growth 3.7%

€ 897.2 mln

EBITDA excluding one-off items*

Decreased organically by 5.4%

€ 131.6 mln

Free cash flow*

Decreased by € 12.3 million

€ 11.9 mln

Balance sheet ratios*

Net debt /EBITDA ratio

1.0x in 2017

1.6 EBITDA

Earnings per share

Decreased by 36.3%

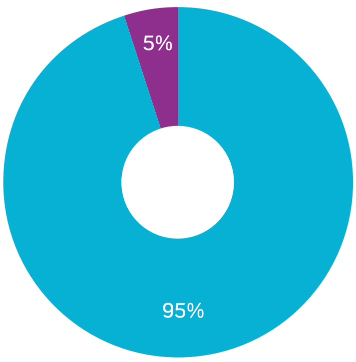
€ 0.93

Dividend per share

€ 0.56 in 2017

€ 0.56

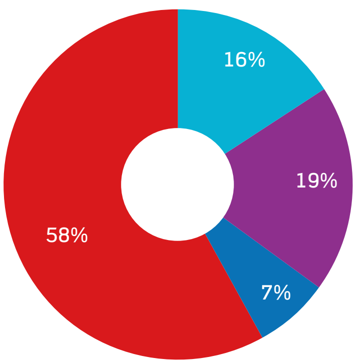
Net sales



By business unit

Ingredient Solutions
€ 848.4 million

Innovation Platforms
€ 48.8 million



By region

Asia
€ 145.4 million

EMEA
€ 173.9 million

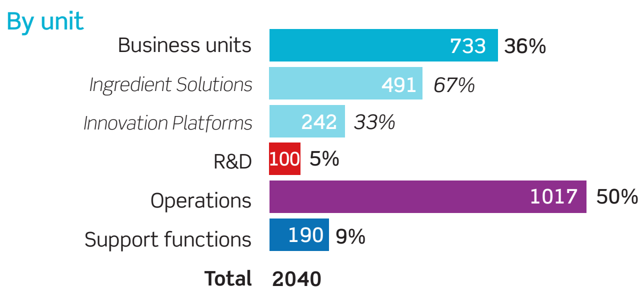
Latin America
€ 59.5 million

North America
€ 518.4 million

EBITDA excluding one-off items by business unit*

Ingredient Solutions	€ 160.8 million
Innovation Platforms	- € 29.2 million

Number of employees (FTE)



Responsible sourcing	761 kT CO_2 equiv Scope III emissions 56% responsibly sourced key agricultural raw materials
Responsible operations	Total Recordable Injury Rate 0.86 4.5 kT waste and by-products to landfill 94 kT CO_2 equiv Scope I emissions 83 kT CO_2 equiv Scope II emissions
Sustainable solutions	481 kT of lactic acid and lactic acid derivatives, emulsifiers, functional blends, polymers, and algae ingredients 37% of products sold covered by LCA 98% biobased raw materials

** for definitions of non-IFRS performance measures see page 23.*

REPORT OF THE BOARD OF MANAGEMENT

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WHO WE ARE AND WHAT WE DO

The world around us

Our Creating Sustainable Growth strategy addresses the global megatrends of population growth, food security, changing values, climate change, and resource scarcity while responding to evolving consumer needs and preferences.. With our more than 100 years of experience and expertise in creating innovative solutions for our customers we are well positioned to help address the impact of these trends. This will not only safeguard our commercial future, it will also benefit society at large.

The demographic changes, including a growing middle class and an aging population, translate into a highly individualized and more demanding consumer population with increased awareness of food safety and transparency. Offering conscious consumer choices drives several of our innovation programs, such as clean-label alternatives and antimicrobial solutions. The increased awareness of climate change and resource depletion and the willingness to address those, create a need for our sustainable solutions.

To create a future with sufficient resources for a growing population, the world needs to adopt circular systems, where material flows are recovered and re-used. Corbion's biobased products are inherently circular and critical enablers of the circular economy, as they replenish resources that cannot be re-circulated sustainably.

A sustainable bioeconomy can only be realized if we consider the full value chain, from raw material sourcing to manufacturing, use, and end of life. Our biobased resources depend on agriculture, which is one of the largest contributors to both environmental and social impacts. Implementation of sustainable agriculture is the only way to maintain economic performance while minimizing the damage to the environment and creating thriving farming communities. The advancements in technology and, more specifically, biotechnology are key drivers for the development of our new platforms. They are also new enablers in our continuous improvement programs in R&D and operations where big data and manufacturing intelligence contribute to more efficiency, better insight, and even improved safety performance. In executing our strategy we continue to be guided by our company compass which articulates our vision for the future and the role that Corbion envisions to play.

Our strategy 2018-2021: Creating Sustainable Growth

Strategic initiatives

Our ambition is to be the leading innovator in offering conscious choices for our customers through sustainable ingredient solutions uniquely tailored to create customer value. In order to reach our ambition, Corbion has identified several initiatives to realize additional growth, on top of continuation of our current business.

Ingredient Solutions

In our Food business we see a trend of customers reducing their in-house R&D capabilities. At the same time, they are expected to meet swift changes in demand that require adaptation of product formulations and their innovation rates to go up. This creates opportunities for Corbion to enhance our value as a supplier and to partner beyond the mere supply of ingredients. We can thus become a provider of solutions and demonstrate our capabilities to our customers keeping them competitive in the markets they operate in (solutions model).

In Bakery, we will expand the market penetration of our already strong business in North America, by focusing on segments that have higher growth rates than average such as sweet goods, tortillas, and foodservice. Additionally we will leverage our bakery knowledge and expertise and expand this business geographically, first by going into Latin America.

In Meat, we aim to extend our current position as a leader in preservation to a wider range of solutions to increase our relevance to our customers in that industry. We will do this by gradually extending our toolbox with broader antimicrobial and antioxidant solutions and later focusing more on the overall taste and texture of the finished product. This will be done organically, potentially accelerated by acquisitions that enhance the product portfolio, formulation know how, and manufacturing assets with a first focus on North America.

We will continue to selectively focus on other segments of the food industry where we have unique products and/or capabilities, such as acid sanding (confectionery), antimicrobial expertise (salad dressings), and fortification knowledge (beverages).

In Biochemicals, we will continue to support industries with our lactic acid and lactic acid derivatives, specifically when we clearly can bring unique products and functionalities to the finished products. We will further leverage SENTIALL®, a versatile co-polymer platform that delivers specific, high-value functionalities such as adhesion or controlled release in a range of industries and applications. We will continue to deliver growth with ongoing projects in Medical Biomaterials, including enforced materials through FiberLive® and controlled drug release through our Medincell joint venture, boosted by new innovations such as the resorbable polymer applications.

Innovation Platforms
Corbion's portfolio comprises various initiatives that are expected to make a meaningful contribution to our sales levels in the near future. Examples include PLA (through our joint venture with Total) and our Algae Ingredients platform that offers a range of oils and fats, of which an essential Omega-3 oil is being commercialized under the name of AlgaPrime™ DHA. In addition, our strategic innovation portfolio will continue to focus on programs to develop and commercialize biobased organic acids, such as FDCA and succinic acid, the development of gypsum-free lactic acid, and the use of alternative feedstocks in our lactic acid production process.

Application research, technology, and science
We live in a rapidly changing world, where critical success factors include agility to respond to change, strong collaborative networks, and (open) innovation. Increasingly, business development is executed with partners in the value chain that rely on their suppliers for innovation and provision of R&D services. In addition, there is a strong desire in multiple markets to provide scientific evidence for functionality claims. Similarly, increased awareness in society and the marketplace of the burden we place on our planet has fueled the demand for science-based proof and solutions to reduce the environmental impact of manufacturing and use of products.
Both the trend for collaborative innovation and the need for evidence of functionality and sustainability provide an opportunity for Corbion. In order to best capitalize on these opportunities Corbion's R&D application development will be stepped up with an increased focus on market needs, co-development with customers, and sales support with the aim of bringing agility and launch solutions earlier to the market. A Technology Transfer Group has been created, combining experts from R&D, Innovation Platforms, and Operations to improve technology

transfer from R&D to Operations. Our Science & Technology Council ensures we have the right capabilities to meet the needs of Corbion's running and future business. In our strategy for 2018-2021 the projected R&D spend is at 4% of net sales.

Investments over strategy period

Having established a leading global position in lactic acid and lactic acid derivatives, it is of strategic importance that we maintain a differentiated position. Increased demand for lactic acid, driven largely by its central role in PLA production, will lead us to building a new lactic acid plant that uses our gypsum-free production technology. Our Algae Ingredients business will also require further investment and we continue to develop new products with this platform. Other technology investments will enable us to enhance our readiness to use next-generation feedstocks such as second-generation sugars from agricultural residues as they become available.

In Ingredient Solutions, we will strengthen our workforce capabilities to advance key strategic initiatives, such as continuing to develop and implement our solutions model in Food, expanding our Bakery operations in Latin America, and delivering on our Medical Biomaterials and our Biochemicals initiatives. The strategy period also includes a major investment in a new Enterprise Resource Planning platform which, in concert with the execution of various Excellence Programs, will help drive progress toward our strategic objectives.

Sustainability

At Corbion, sustainability is about operating our business in a way that enables us to meet the defining societal needs of our time, from food security to resource depletion and population growth, now and in the future. Sustainability is at the heart of what we do – and we work to demonstrate it every day across our entire value chain.

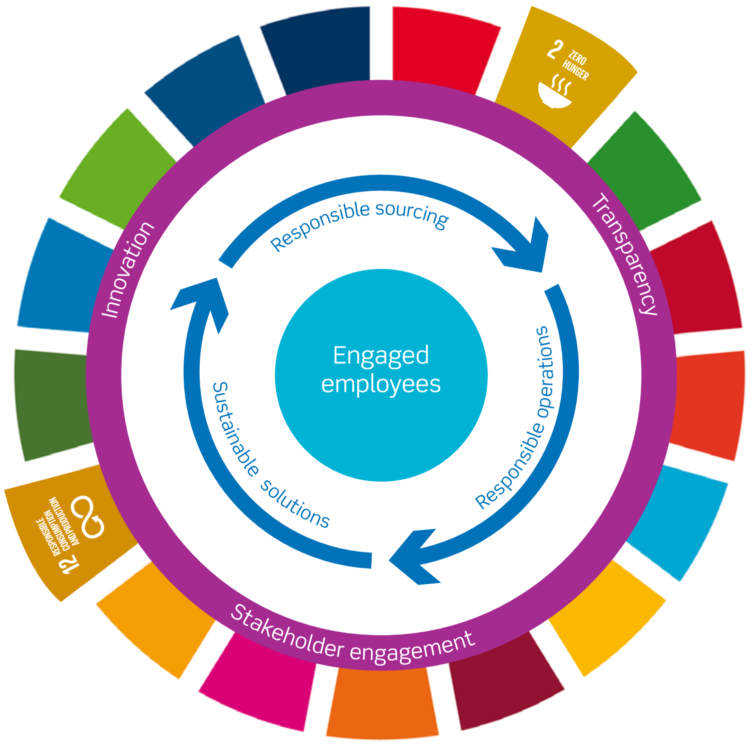
Our strategy is aligned with the United Nations Sustainable Development Goals (SDGs). Together, these goals serve as a global call to action to end poverty, protect the planet, and ensure all people enjoy peace and prosperity. Corbion has chosen to focus on SDG2 (Zero hunger) and SDG12 (Responsible production and consumption) as the goals on which we believe we can create the most significant impact, given our footprint, the nature of our business, and the environment in which we operate. SDG2 focuses on achieving food security, improved nutrition, and sustainable agriculture. SDG12 is about moving toward a circular economy, with food waste reduction as a sub-target.

Our sustainability framework highlights that Corbion creates solutions to improve people's lives and reduce impacts on our planet, always in the most responsible way we can.

Our key sustainability initiatives are responsible sourcing, responsible operations, and sustainable solutions. Innovation, transparency, and stakeholder engagement are critical to ensuring that we make visible, measurable progress in these initiatives, and that they continue to be aligned with stakeholder expectations. Last, but not least, engaged employees are essential to make it happen.

For each key initiative, we have defined long term aspiration goals for 2030, which serve as source of inspiration and help direct long-term innovation. To ensure that we make visible progress towards these goals, we have complemented them with short- term 2020 targets, which are our current focus.

Sustainability framework



Ambitions

Responsible sourcing

Create a sustainable supply chain for Corbion's agricultural raw materials.

Responsible operations

Create a zero incident and zero waste Corbion.

Sustainable solutions

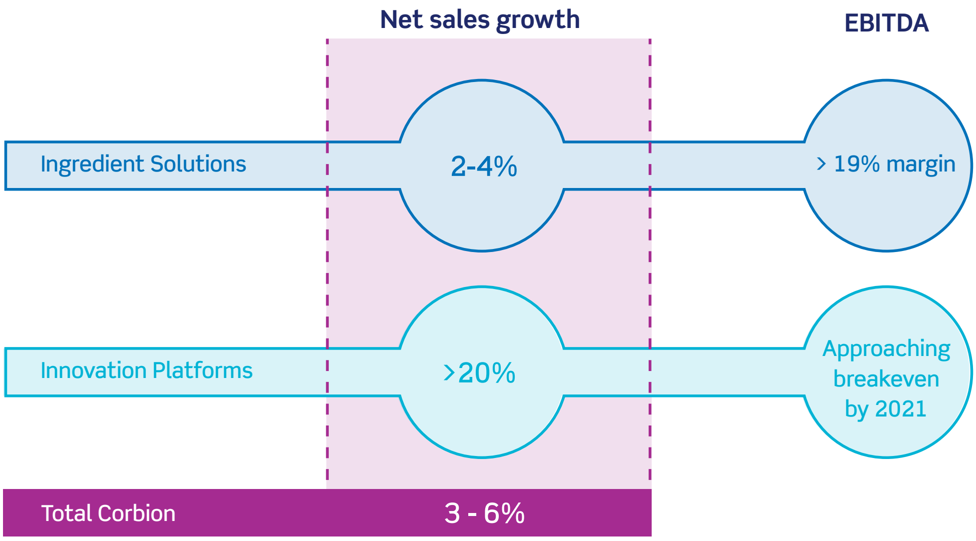
Create solutions based on renewable resources to improve the quality of life for people today and for future generations.

Targets[1]	2020	2030
Responsible sourcing [2][3]		
Security of supply	100%	100% of key agricultural raw materials responsibly sourced Reduce greenhouse gas emissions of raw materials and transport in line with the Paris Agreement
Supplier code	>90%	
Cane sugar	100%	
Palm oil and primary oleochemicals	100%	
Corn sugar (dextrose)	95%	
Soybean oil and primary oleochemicals	75%	
Wheat	50%	
Responsible operations		
Total Recordable Injury Rate[4]	<0.55	<0.25
By-products to landfill	0 kT	0 kT
Waste to landfill	-	0 kT
Renewable electricity	50%	100%
Greenhouse gas emissions (Scope I & Scope II)		Reduce in line with the Paris Agreement
Sustainable solutions		
% innovation projects assessed on sustainability	100%	100% of products with a sustainability value proposition covered by LCA and/or social impact assessment
% of products sold covered by LCA	50%	

1) Targets based on current manufacturing footprint; to be reviewed in case of acquisitions / major changes.
2) % are defined by quantity.
3) Responsibly sourced = supplier committed to Corbion's responsible-sourcing requirements or certified to relevant crop scheme such as RSPO, Bonsucro, and the Soy Sustainability Assurance Protocol
4) Total Recordable Injury Rate includes contractors

Guidance for 2019-2021: Creating Sustainable Growth

The Creating Sustainable Growth strategy aims to deliver organic sales growth of between 3 and 6 percent annually.



- Ingredient Solutions: Net sales growth of 2-4% annually (1-3% in Food, 3-10% in Biochemicals), while maintaining EBITDA margin >19% and ROCE > 20% annually throughout the period. Recurring capital expenditure is expected to be on average € 40 million annually.
- Innovation Platforms: Net sales growth of >20% annually. EBITDA approaching breakeven in 2021. 2019 EBITDA loss not expected to exceed € -35 million. Recurring capital expenditure of € 20-30 million annually.
- Corbion continues to target a net debt/EBITDA ratio of 1.5x over the investment cycle, well below our covenants limit of 3.5x.
- Progressive regular dividend policy: we have the ambition to annually pay out a stable to gradually increasing absolute dividend per share amount.
- We aim to create a positive impact by growing our business in sustainable ingredient solutions and maximize our contribution to zero hunger and responsible production and consumption (SDG2 and SDG12).

Our value creation model

The scheme below summarizes Corbion's value creation process and business model. It describes the resources we used in 2018 to carry out our business activities to produce innovative sustainable solutions that create value for our stakeholders.

Input

The resources we use ...

- Solid financial basis with net debt position/EBITDA ratio of 1.6
- Capital expenditure € 58.4 mln
- 12 manufacturing plants
- 4% of net sales spend on R&D, 1452 granted patents and about 1200 pending patents, 7 innovation centers globally
- Skilled workforce of 2040 FTE
- Stakeholder relations and networks
- Raw materials spend € 400.0 mln, 98% biobased raw materials
- 56% responsibly sourced key agricultural materials
- 2,792 GJx10^3 energy inputs of which 9% renewable

Business model

to carry out our business activities ...

Our purpose
Improve the quality of life for people today and for future generations

Our vision
Become the leading innovator for sustainable ingredient solutions designed by science, powered by nature, delivered through our dedication

Our mission
Create value for our customers through our people offering conscious choices and collaborative innovation

Our values
Care, Courage, Commitment, and Collaboration

Our business activities

- Responsive market-driven innovation
- State-of-the-art manufacturing
- Application and formulation development

To support two lines of business:

Ingredient Solutions

Innovation Platforms

Output

to produce innovative sustainable ingredient solutions ...

Financial performance

- Organic sales growth 3.7%
- Free cash flow € 11.9 mln
- EBITDA € 131.6 mln

Ingredient Solutions
- Net sales growth 1.7% (0.9% in Food, 4.0% in Biochemicals)
- EBITDA margin 19.0%
- ROCE 23.7%

Innovation Platforms
- Net sales growth 84.9%
- EBITDA - € 29.2 mln

Sustainability performance

Responsible sourcing
- 761 kT CO_2 equiv Scope III emissions

Responsible operations
- Total recordable injury rate 0.86
- 4.5 kT waste and by-products to landfill
- 94 kT CO_2 equiv Scope I emissions
- 83 kT CO_2 equiv Scope II emissions

Sustainable solutions
- 481 kT of lactic acid and lactic acid derivatives, emulsifiers, functional blends, polymers, and algae ingredients
- 37% of products sold covered by LCA

Outcome

that create value for our stakeholders ...

- Sustainable solutions for food, home and personal care, electronics, (agro)chemicals, materials, animal health & nutrition
- A sustainable supply chain for Corbion's agricultural raw materials
- Reduction GHG emissions in line with Paris Agreement
- A zero incident and zero waste Corbion
- Sustainable value for shareholders by delivering higher organic sales growth at strong margins

Impact

and have a long-term impact on society.

We create a safer, more secure food supply

Marco Beltrao, Mostafa Karzazi,
and Stephanie Carlson

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CORBION RESPONDS TO AN INDUSTRY IN A TIME OF CRISIS

The team

- Marco Beltrao
- Stephanie Carlson
- Peter Sijtsema
- Mostafa Karzazi

The project

When the South African Department of Health reported an outbreak of listeriosis in December 2017, officials mobilized to identify the origin of the problem. But two months later, 973 people had been infected and 183 had lost their lives. It was the worst listeriosis outbreak in the world's history. Although the source of the outbreak was eventually traced to a popular cold, processed meat product known as polony in South Africa (or bologna in other parts of the world) and to a specific manufacturing plant, the entire regional meat industry felt the impact. Corbion responded with a multifaceted effort to connect with as many customers likely to be affected as possible to discuss how we could help.

The challenge

Reaching out to an entire regional industry at a time of crisis was a daunting challenge, and meeting that challenge required prioritization based on customer risk exposure, implementation of multiple communication channels, and, of course, incredible teamwork.

The outcome

We invested the most time with key customers for whom the stakes were arguably greatest. We made sure they had an accurate understanding of how to properly add Corbion ingredients into their processes. We shared global best practices, looked at ways to help strengthen the efficacy of their food safety programs, and provided scientific studies that could help validate the design of those programs when reviewing them with government authorities. In short, we put our food safety expertise at the customer's disposal.

The experience

The EMEA regional team arranged multiple rounds of meetings with large and medium-sized customers in various segments of the meat industry, including meat processors, retailers, and suppliers of spices and meat casings. Even at the initial meetings, customers were offered samples of Corbion antimicrobial ingredients so they could begin conducting trials immediately. At a second round of meetings a couple of months later, members of the Corbion team met with the same customers to review and discuss the results of those trials to determine whether formulation adjustments were needed before moving into production. The team also reached out to customers through Corbion's regional distributor, using its established communication channels to share information about our Opti.Form® and Verdad® products available in the region, as well as the Listeria Control Model, which can help get new, more effective formulations to the market faster. For small processors too numerous to schedule one-on-one time with, the team enlisted the spice and functional blend producers who supply them to help ensure their awareness of the solutions and resources available to them through Corbion.

The future

Through seminars on Listeria control presented in Johannesburg and Cape Town the team is helping industry players – processed meat producers, spice and functional blend producers, officials from the South African health ministry, and members of the academic community – learn more about pathogenic risk factors and the ways ingredient solutions can help protect the health and safety of people everywhere.

OUR PERFORMANCE

Business performance

Ingredient Solutions

Food

In Food, Corbion keeps creating better, more sustainable solutions that enable our customers to succeed in the marketplace.

In the Bakery segment, we continued to bring our customers new solutions – like those in our Pristine® range – that help them reduce declaring unwanted chemicals on their product labels while improving the quality of their finished goods. We leveraged our expertise in antimicrobials and deep understanding of spoilage organisms to develop an innovative, clean-label mold inhibitor that extends the shelf life of bakery products, keeping them fresh and tasty longer.

In Latin America, we grew our business in the large industrial bakery space, leveraging our experience with U.S. companies. Working side by side with these food manufacturing leaders, we are helping them grow by creating delicious, affordable foods that people love and trust.

In our Meat business, we are expanding beyond our traditional technologies and markets, building on foundational capabilities in shelf-life extension and listeria control. By broadening our portfolio, we are reaching new markets with new applications, including poultry and foodservice. Adding to our Verdad® range with Verdad Vinegars and Verdad Avanta helps our customers deliver safe, clean-label products with longer shelf life, which translates to additional revenue and reductions in product waste. Our new food safety solutions for meat harvesting use lactic acid, which is naturally present in meat, to provide an additional microbial hurdle that enhances our customers' overall food safety programs while reducing their reliance on other chemicals.

In Confectionery, we brought forward new solutions that deliver outstanding experiences for the consumer, creating products that deliver both a distinctive, pleasing sourness and consistent product quality. We piqued the interest of leading confectionery manufacturers with our ability to enhance product stability even in challenging conditions, innovative sourness concepts, differentiating solutions for chocolate applications, and extreme sour acid-sanding technologies.

We have used our expertise in food spoilage and food safety to serve more areas of the food industry. Our Verdad Ovvio 410 allows makers of salads, dips, hummus, and other chilled foods to replace artificial preservatives like sorbates and benzoates, creating products with cleaner, more transparent labeling that is more appealing to consumers.

Across many areas of the business, our traditional portfolio grew in 2018 to meet the requirements of our customers. Food safety is increasingly in focus. Shelf life is playing a larger role in determining our customers' competitiveness. With each new solution we develop, we consider the cost-in-use to the customer, always striving for higher efficacy at a lower cost. Doing so enhances both our customers' performance and their ability to deliver affordable products to markets in which consumer spending power is limited.

Biochemicals
In Biochemicals, we continued to grow in line with our strategic direction, bringing unique products and functionalities to the market and enabling our customers to make a difference in our daily lives.

Within Personal Care markets, we expanded our ESTERLAC™ range of natural emulsifiers and surfactants, enabling our customers to make natural product claims. In Home Care and Industrial & Institutional Cleaning markets, we see increased interest in our natural antimicrobial PURAC® SANILAC products, which make an effective replacement for antimicrobials and preservatives that are under increased pressure from a safety perspective.

Within Pharma we strengthened our production capabilities by expanding our PURASAL® S/PF capacity at our Gorinchem facility. This enables us to grow with our customers and deliver the service and quality required by this market.

We continue to improve market penetration with our sustainable PURASOLV® bio-solvents, delivering high-performance solvents that make a positive environmental impact compared to traditional petrochemical-based solvents. In 2018, we began supplying PURASOLV bio-solvents for biological formulations used in agricultural applications, resulting in crops that satisfy the demands of health-conscious consumers.

In the Biomedical field, we continued to play a leading role in supplying resorbable polymers for medical and pharmaceutical applications. Growth in this segment is achieved through both existing products and growth projects, such as FiberLive® in the orthopedic area and developments in controlled drug release applications. In close collaboration with our customers, Corbion teams in the Biomedical facilities (in Gorinchem and Tucker) are working to bring patient-friendly, cost-efficient solutions to the market that will contribute to a more sustainable health care system.

Innovation Platforms

PLA
On 3 December 2018, Total Corbion PLA, a technology leader in poly lactic acid (PLA) and lactide monomers, announced the start-up of its anticipated 75,000 tons per year PLA plant in Rayong, Thailand. The plant has successfully produced Luminy® PLA resins, bioplastics that make a significant contribution toward the circular economy.

The new facility will use renewable, non-GMO sugarcane sourced locally in Thailand to produce a broad range of Luminy PLA resins, from standard PLA to innovative, high-heat PLA and PDLA with unique properties. These products will meet customers' needs in a wide range of markets, notably packaging, consumer goods, 3D printing, fibers, and automotive.

Total Corbion PLA co-located the new factory with two other strategically important facilities: the joint venture's lactide plant, which was recently upgraded to produce 100,000 tons per year of the monomer required for manufacturing PLA, and a 1,000-tons-per-year PLA pilot plant used for new product development, which has been operational since the end of 2017.

The start-up marks a major milestone for both the joint venture and the bioplastics market, which will see an increase of almost 50% in the global production capacity of PLA bioplastics to 240,000 tons per year. PLA is a fast-growing polymer market with an estimated annual growth rate of 10% to 15%.

Algae Ingredients
After successfully acquiring substantially all assets of TerraVia Holdings in September 2017, Corbion announced on 4 June 2018 the acquisition of Bunge's 49.9% stake in SB Renewable Oils, a joint venture specializing in the production of algae ingredients at industrial scale. With this acquisition, Corbion became the sole owner of the Orindiúva, Brazil, plant in which the company already owned a 50.1% stake. The facility produces a range of products, such as AlgaPrime™ DHA, a whole-algae, Omega-3-rich biomass that allows farmers to enhance aquaculture and other animal nutrition applications responsibly. In 2018, the customer base for such applications grew, most notably in salmon feed applications.

Our retail algae product, Thrive® – the world's first culinary algae oil – has been well received by the U.S. market since its launch in 2015. In 2018, the number of stores carrying Thrive grew significantly to include major retailers such as Walmart and Target. Also benefiting from the trend toward new plant-based products is AlgaVia®, a whole-algae protein powder which, since its relaunch, is now being used in a range of food and beverage products in Europe and the U.S.

In addition to the Orindiúva plant, our Algae Ingredients platform is supported by a newly established, state-of-the-art laboratory and pilot plant facility in San Francisco, as well as a fully operational demonstration-scale manufacturing plant in Peoria, U.S.

FDCA
Corbion has developed a proprietary process to produce 2,5-Furandicarboxylic acid (FDCA), a versatile building block for polymers, made from renewable resources with a reduced carbon footprint. FDCA has the potential to replace purified terephthalic acid (PTA) in a variety of applications. For instance, FDCA can be polymerized into polyethylene furanoate (PEF), a high value polyester with higher barrier, thermal, and mechanical properties when compared to PET. In 2018, good progress was made in developing the high-yielding biotransformation route and the development of the downstream processing route. Market and application development was supported by a selective material sampling program where material was provided to value chain and development partners and potential customers to validate FDCA and PEF in selected high value applications such as high-performance films and fibers.

Succinic acid
Corbion is active in the biobased succinic acid space through Succinity, our joint venture with BASF. However, given the current market outlook, the joint venture has decided to postpone further scale-up of the technology.

Gypsum-free lactic acid technology
In 2018, we successfully completed the validation of our new gypsum-free lactic acid process, that eliminates gypsum as a by-product of lactic acid production. This enables us to implement this new production process in a new lactic acid plant.

Financial performance

Key figures

Millions of euros	2018	2017
Net sales	897.2	891.7
Operating result	87.9	122.3
EBITDA excluding one-off items[1)]	131.6	164.1
Result after taxes	54.3	84.6
Earnings per share in euros[2)]	0.93	1.46
Diluted earnings per share in euros[2)]	0.92	1.44
Key data per ordinary share		
Number of issued ordinary shares	59,242,792	59,242,792
Number of ordinary shares with dividend rights	58,764,635	58,620,564
Weighted average number of outstanding ordinary shares	58,698,602	58,097,383
Price as at 31 December	24.46	27.00
Highest price in calendar year	29.74	29.39
Lowest price in calendar year	23.30	23.15
Market capitalization as at 31 December[3)]	1,437	1,583
Other key data		
Cash flow from operating activities	99.5	117.7
Cash flow from operating activities per ordinary share, in euros[2)]	1.70	2.03
Free cash flow[4)]	11.9	24.2
Depreciation/amortization fixed assets	42.0	45.2
Capital expenditure on (in)tangible fixed assets	58.4	49.4
Equity per share in euros[5)]	8.85	8.35
Regular dividend in euros per ordinary share (reporting year)	0.56	0.56
Ratios		
ROCE %[6)]	11.0	17.4
EBITDA excluding one-off items margin %[7)]	14.7	18.4
Result after taxes/net sales %	6.1	9.5
Number of employees at closing date (FTE)	2,040	1,794
Net debt/EBITDA (for covenant purposes)[8)]	1.6	1.0
Interest cover[9)]	25.6	24.4
Statement of financial position		
Non-current assets	616.2	498.1
Current assets excluding cash and cash equivalents	302.5	294.6
Non-interest-bearing current liabilities	140.2	129.4
Net debt position[10)]	203.3	162.2
Provisions	28.1	23.5
Equity	520.2	489.3
Capital employed[11)]	750.5	635.0
Average capital employed[11)]	709.8	617.1
Balance sheet total : equity	1:0.5	1:0.6
Net debt position : equity	1:2.6	1:3
Current assets : current liabilities	1:0.7	1:0.6

1) *EBITDA excluding one-off items is the operating result before depreciation, amortization, impairment of (in)tangible fixed assets and one-off items.*
2) *Per ordinary share in euros after deduction of dividend on financing preference shares.*
3) *Market capitalization is calculated as number of ordinary shares with dividend rights x share price at 31 December.*
4) *Free cash flow comprises cash flow from operating activities and cash flow from investment activities.*
5) *Equity per share is equity divided by the number of shares with dividend rights.*
6) *Return on capital employed (ROCE) is defined by Corbion as continued EBIT excluding one-off items, including results from joint ventures and associates, divided by the average capital employed x 100.*
7) *EBITDA margin % is EBITDA excluding one-off items as defined in Note 1 divided by net sales x 100.*
8) *EBITDA (for covenant purposes) is Earnings Before Interest, Taxes, Depreciation, Amortization and impairment of (in)tangible fixed assets, excluding one-off items, increased by cash dividend of joint ventures received and annualization effect of newly acquired subsidaries.*
9) *Interest cover is EBITDA (for covenant purposes) as defined in Note 8 divided by net interest income and charges.*
10) *Net debt position comprises interest-bearing debts less cash and cash equivalents, including third-party guarantees which are required to be included under the debt covenants.*
11) *Capital employed and average capital employed are based on balance sheet book values.*

Results

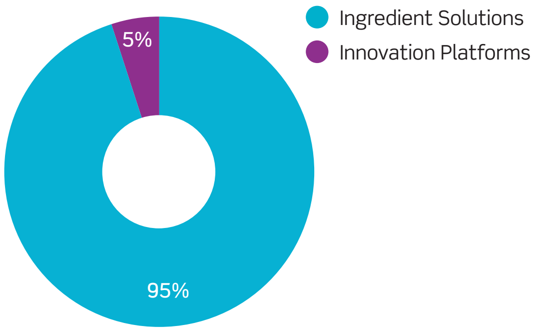
Net sales

Net sales in 2018 increased by 0.6% to € 897.2 million (2017: € 891.7 million), mostly due to a volume increase (8.6%), partly offset by a negative price/mix effect (-4.9%), and a negative currency impact (-4.1%). The acquisition of most of the TerraVia assets (including the remaining 49.9% stake in the SB Renewable Oils joint venture) positively impacted net sales by 1.0%.

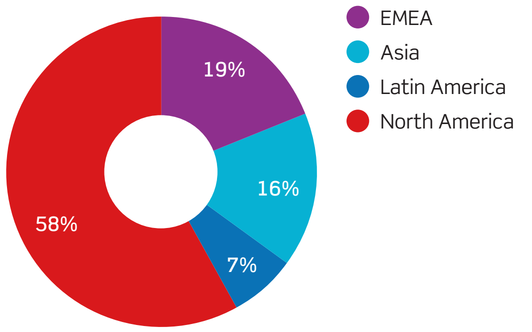
Organic sales growth in the Ingredient Solutions business unit was 1.7%. This was driven by growth in Food and Biochemicals of 0.9% and 4.0%, respectively, both near the lower end of the indicated guidance ranges. In Food, growth was a balance of a strong performance in Meat, a weak (albeit improving) performance in Bakery, and slight growth in Other (Beverages, Confectionery, Dairy). Organic sales growth for the Biochemicals business segment was especially driven by organic growth in Pharma/Medical and Chemicals.

Organic sales growth in the Innovation Platforms business unit was 84.9%. The underlying volume increase reflects the higher lactic acid volumes sold to the Total Corbion PLA joint venture. The negative price/mix is largely driven by a changed product mix resulting in a lower average sales price per kg. The acquisition of the TerraVia assets contributed an additional 41.9% net sales growth in Innovation Platforms.

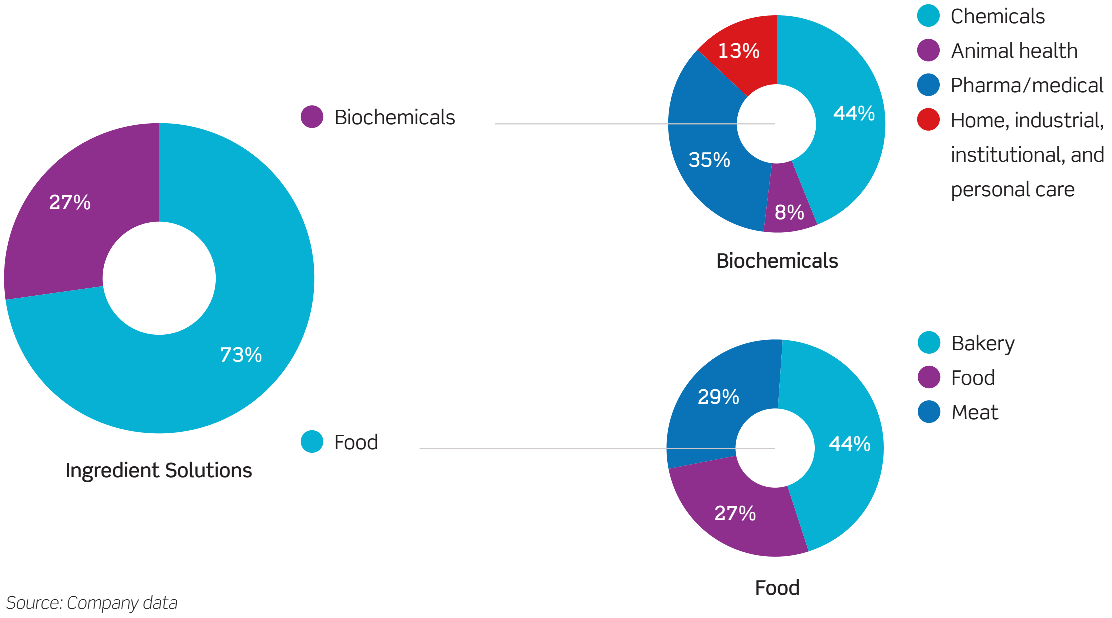
Net sales 2018



By business unit



By region



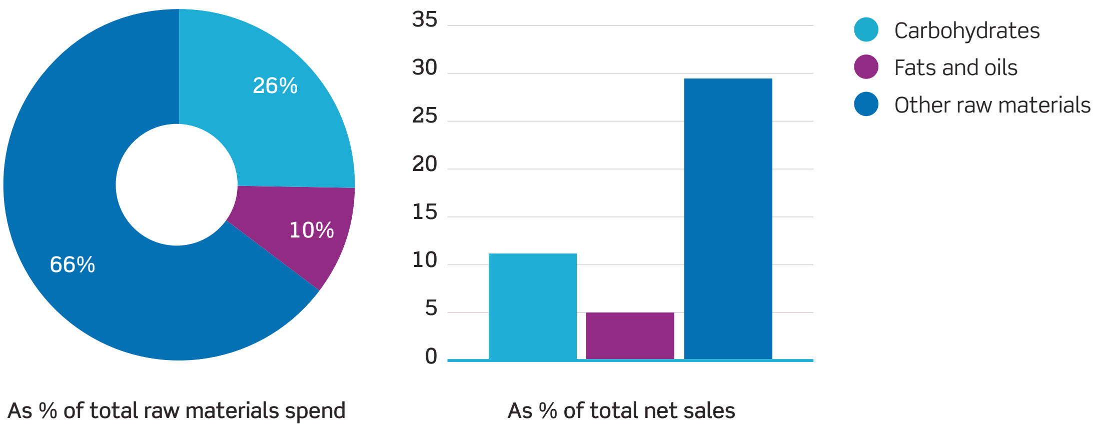
Source: Company data

Full year 2018 compared to full year 2017

	Total growth	Currency	Total growth at constant currency	Acquisi-tions	Organic	Price/Mix	Volume
Ingredient Solutions	-2.5%	-4.2%	1.7%	0.0%	1.7%	-1.2%	2.9%
• Food	-3.8%	-4.7%	0.9%	0.0%	0.9%	-1.3%	2.2%
• Biochemicals	1.1%	-2.9%	4.0%	0.0%	4.0%	-1.2%	5.2%
Innovation Platforms	127.0%	0.2%	126.8%	41.9%	84.9%	-45.6%	239.8%
Total	**0.6%**	**-4.1%**	**4.7%**	**1.0%**	**3.7%**	**-4.9%**	**8.6%**

Raw materials
Compared to 2017, carbohydrates made up a bigger percentage of our overall 2018 raw material spend due to increased sugar consumption for our lactic acid production which was partially compensated by lower sugar prices. The price of soybean oil was more or less flat versus 2017. The increase in percentage in other raw materials is mainly caused by price increases in our chemicals.

Raw materials breakdown



Source: Company data

EBITDA
EBITDA for the full year 2018 excluding one-off items decreased by 19.8% to € 131.6 million, mostly due to higher investments in Innovation Platforms and currency effects (€ -9.7 million). The EBITDA loss excluding one-off items in Innovation Platforms increased to € -29.2 million (2017: € -8.8 million). This € 20.4 million higher loss was mostly due to the acquisition of the TerraVia assets and the full consolidation impact of the SB Renewable Oils joint venture after acquiring the remaining 49.9% stake from Bunge in June 2018.
Ingredient Solutions EBITDA excluding one-off items decreased by 7.0% mostly due to adverse currency effects and higher input costs.

EBITDA

€ million	2018	2017
EBITDA excluding one-off items		
Ingredient Solutions	160.8	172.9
• Food	105.3	121.3
• Biochemicals	55.5	51.6
Innovation Platforms	(29.2)	(8.8)
Total EBITDA excluding one-off items	**131.6**	**164.1**
One-off items	(2.1)	6.4
Total EBITDA	**129.5**	**170.5**
Depreciation/amortization/ (reversal of) impairment (in)tangibles	(41.6)	(48.2)
Total operating result	**87.9**	**122.3**
EBITDA margin excluding one-off items		
Ingredient Solutions	19.0%	19.9%
• Food	16.9%	18.7%
• Biochemicals	24.7%	23.2%
Innovation Platforms	-59.8%	-40.9%
Total EBITDA margin excluding one-off items	**14.7%**	**18.4%**
Total EBITDA excluding one-off items and acquisitions, at constant currencies	**155.3**	**164.1**

Ingredient Solutions

€ million	2018	2017
Net sales	848.4	870.2
Organic growth	1.7%	-0.2%
EBITDA	160.9	170.6
EBITDA excluding one-off items	160.8	172.9
EBITDA margin excluding one-off items	19.0%	19.9%
ROCE	23.7%	26.0%
Average capital employed	518.6	522.9

Net sales in Ingredient Solutions, which encompasses Food and Biochemicals, increased organically by 1.7% in 2018, mostly driven by higher volumes while offset by a lower price/mix. This organic growth was below the guidance range. The EBITDA margin excluding one-off items in 2018 decreased slightly from 19.9% to 19.0%, due to higher input costs.

Business segment Food

€ million	2018	2017
Net sales	623.4	647.7
Organic growth	0.9%	-2.0%
EBITDA	105.5	119.5
EBITDA excluding one-off items	105.3	121.3
EBITDA margin excluding one-off items	16.9%	18.7%

Net sales in business segment Food increased organically by 0.9% in 2018, which was marginally below the guidance range.

As a consequence of 2017 challenges in executing our Bakery channel strategy and customer losses in frozen dough, Bakery sales in 2018 declined, albeit at a slower rate than in 2017. Additionally, a key bakery enzyme went off-patent in the U.S. resulting in sales reduction as a consequence of lower input costs which were passed on to our customers.

The performance in Meat was strong. The portfolio mix shift towards higher-value natural preservation solutions continues to support top-line growth and margin improvements. Solutions from the Verdad® line, which are based on natural and clean-label ingredients, especially in powdered form, continue to make inroads in the meat industry.

In other markets (Beverages, Confectionery, Dairy), overall sales increased moderately, mostly because of growth in non-bakery emulsifiers and acid powders for Confectionery.
The EBITDA margin decreased from 18.7% to 16.9% because of higher input costs (e.g. freight, non-sugar-related raw materials, energy, packaging, duties) in the second half of the year, as well as negative mix effects due to several large lactic acid contracts in Asia.

Business segment Biochemicals

€ million	2018	2017
Net sales	225.0	222.5
Organic growth	4.0%	5.8%
EBITDA	55.4	51.1
EBITDA excluding one-off items	55.5	51.6
EBITDA margin excluding one-off items	24.7%	23.2%

Net sales in the Biochemicals business segment increased organically by 4.0% in 2018, which was within the guidance range. The strongest performing markets were Pharma/Medical, Electronics, and Chemicals. Animal Health and Home & Personal Care declined.

The Biochemicals EBITDA margin for 2018 increased from 23.2% to 24.7%, mainly due to a higher-margin portfolio mix.

Innovation Platforms

€ million	2018	2017
Net sales	48.8	21.5
Organic growth	84.9%	-10.5%
EBITDA	(31.4)	(0.1)
EBITDA excluding one-off items	(29.2)	(8.8)
EBITDA margin excluding one-off items	-59.8%	-40.9%
Average capital employed	191.2	94.2

Net sales increased organically by 84.9% in 2018, which mostly reflects higher lactic acid volumes sold to the Total Corbion PLA joint venture. The TerraVia asset acquisition, including the remaining 49.9% stake in the SB Renewable Oils joint venture, added another 41.9% to net sales. Total net sales growth in 2018 was 127.0%.

We are developing our Algae Ingredients platform (TerraVia and SB Renewable Oils assets) in several areas. It took longer than expected to have the Orindiúva plant producing within specifications. The AlgaPrime™ DHA product is making inroads in the salmon feed industry. Increasingly retailers are selling AlgaPrime DHA-fed salmon for a higher Omega-3 content and better sustainability footprint. Additionally, business developments are focusing on proteins for the food industry and tailored oils for both food and chemical applications.

Depreciation, amortization, and impairment

Depreciation, amortization, and impairment of fixed assets excluding one-off items amounted to € 42.0 million compared to € 45.2 million in 2017.

Operating result

Operating result excluding one-off items decreased by € 29.3 million to € 89.6 million in 2018 (2017: € 118.9 million).

One-off items

In 2018, a total of € 5.2 million in one-off items were recorded, consisting of the following components:

- One-off gain of € 9.6 million as a result of measuring at fair value the 50.1% equity interest in SB Renewable Oils held before the business combination
- One-off loss of € 2.7 million related to write-down of inventory in the SB Renewable Oils joint venture
- One-off loss of € 0.6 million related to write-down of inventory due to an incident in a third-party warehouse
- One-off loss of € 0.4 million as a result of acquisition costs associated with SB Renewable Oils
- One-off gain of € 0.6 million related to the sale of an unused piece of land in Italy
- One-off gain of € 0.4 million related to partial reversal of previously recorded impairment on the Kansas Avenue powder blending plant
- One-off loss of € 0.8 million related to a remeasurement of the expected contingent sales price of the subsidiary Total Corbion PLA (Thailand) Limited to the joint venture Total Corbion PLA bv
- One-off loss of € 0.7 million related to an onerous contract provision
- One-off loss of € 0.3 million due to restructuring provision
- Positive tax effects on the above of € 0.1 million

Financial income and charges

Net financial charges remained stable at € 13.2 million, mainly consisting of interest charges for our debt items and unwinding of the contingent consideration related to the acquisition of the remaining 49.9% of the SB Renewable Oils joint venture.

Taxes

The tax charge on our operations in 2018 amounted to € 15.5 million compared to a charge of € 13.1 million in 2017. In 2018, the effective tax rate of 22.2% was in line with the expected effective tax rates based on statutory tax rates. Excluding one-off items, the normalized effective tax rate would have been 24.0%. For 2019 we expect a tax rate of approximately 30%.

Statement of financial position

Capital employed increased, compared to year-end 2017, by € 115.5 million to € 750.5 million. The movements were:

€ million	
Capital expenditure on (in)tangible fixed assets	58.4
Depreciation / amortization / impairment of (in)tangible fixed assets	-41.6
Change in operating working capital	12.9
Change in provisions, other working capital, and joint ventures	14.3
Movements related to acquisition of SB Renewable Oils	65.6
Taxes	-5.3
Exchange rate differences	11.8
Other	-0.6

Major capital expenditure projects in 2018 were investments in our new ERP platform, a new R&D laboratory in San Francisco, and investments related to lactic-acid capacity expansion.

Operating working capital (excluding movements related to the acquisition of SB Renewable Oils) increased by € 12.9 million (excluding € 4.3 million currency effects). Movements related to the acquisition of the remaining 49.9% interest in the SB Renewable Oils joint venture is a result of the acquired tangible fixed assets of € 73.3 million and total working capital of € 11.4 million, partly offset by the book value of the previously held 50.1% share of € 19.1 million in the SB Renewable Oils joint venture. The movements related to the change in provisions, other working capital, and joint venture is mainly a result of capital contributions in the Total Corbion PLA joint venture.

Shareholders' equity increased by € 30.9 million to € 520.2 million. The movements were:

- The positive result after taxes of € 54.3 million
- A decrease of € 32.9 million related to the dividend for the financial year 2017
- Positive exchange rate differences of € 11.1 million due to the translation of equity denominated in currencies other than the euro
- Negative movement of € 2.1 million in the hedge reserve
- Positive movement of € 1.0 million due to remeasurement of defined benefit arrangements
- Net negative share-based remuneration movement of € 0.3 million
- Negative tax effects € 0.2 million

At year-end 2018 the ratio between balance sheet total and equity was 1:0.5 (2017 year-end: 1:0.6).

Cash flow/Financing

Cash flow from operating activities decreased compared to year-end 2017 by € 18.2 million to € 99.5 million. This is the balance of the lower operational cash flow before movements in working capital of € 32.8 million, partly offset by a less negative impact of the movement in working capital and provisions of € 7.8 million, and lower taxes and interest paid of € 6.8 million.

The cash flow required for investment activities decreased compared to 2017 by € 5.9 million to € 87.6 million. Capital expenditures accounted for most (€ 60.1 million) of this cash outflow, together with loans and capital contributions provided to our joint ventures (€ 53.1 million), partly offset by the receipt of an outstanding receivable related to the sale of the subsidiary Total Corbion PLA (Thailand) Limited (the lactide production facility) to the joint venture Total Corbion PLA bv (€ 23.8 million).

The net debt position at year-end 2018 was € 203.3 million, an increase of € 41.1 million compared to year-end 2017, mainly due to dividend payment, capital expenditures, investments in our joint ventures, and the increase in working capital compared to year-end 2017, partly compensated by the positive cash flow from operating activities before working capital and provisions.

Ultimo 2018, the ratio of net debt to EBITDA was 1.6x (year-end 2017: 1.0x). The interest cover for 2018 was 25.6x (2017: 24.4x). We continue to stay well within the limits of our financing covenants.

Reservation and dividend policy

Corbion's reservation policy is aimed at creating and retaining sufficient financial capacity and flexibility to realize our strategic objectives while maintaining healthy balance sheet ratios. Corbion intends to add the profit (or charge the loss) to the company reserves after deduction of the proposed dividend on ordinary shares. Events potentially impacting our financing requirements such as acquisitions, divestments, reorganizations, or other strategic considerations can lead to adjustments in the reservation amount and the reservation policy. As regards Corbion's dividend policy, the amount and structure of dividend on ordinary shares 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 the ambition to pay out annually a stable to gradually increasing absolute dividend amount per share (progressive regular dividend policy). Periodically Corbion will review its net debt position in relation to the investment plans and decide upon potential additional distributions.

Dividend proposal

A proposal to distribute a regular dividend in cash of € 0.56 per ordinary share (2017: € 0.56) will be submitted for approval to the annual General Meeting of Shareholders, to be held on 13 May 2019. This represents 67% of our 2018 net profit excluding one-off items. The dividend will be charged to the Corbion reserves.

Outlook 2019

We expect organic net sales growth for Corbion to be in the targeted 3-6% growth guidance range.

Ingredient Solutions

For 2019, we expect the organic net sales growth to be in the indicated range of 2-4%. Food should return to the 1-3% range. Biochemicals is expected to grow near the lower end of the 3-10% range, with an expected slow start of the year due to phasing. The EBITDA margin in Ingredient Solutions is expected to remain above the indicated minimum level of 19% for the year.

Innovation Platforms

For 2019, we expect the organic net sales growth to be >20%. As the Total Corbion PLA joint venture plant was commissioned in December 2018, we expect to see the ramp up of commercial volume production there. In Algae Ingredients we expect to make good progress in multiple areas, most notably Omega-3 for fish feed, high oleic cooking oil (Thrive), and proteins.

Visible progress on the EBITDA loss versus 2018 will be relatively limited as 2019 will incur the full-year consolidation impact of the loss-making algae plant in Orindiúva, Brazil (the former SB Renewable Oils joint venture) versus only seven months in 2018. The EBITDA loss is not expected to exceed € -35 million in the year.

Input costs

Taking into account current price levels, on balance we anticipate a small negative impact from raw materials in 2019 as carbohydrate prices have come down in 2018, while other input factors have continued to increase.

Capital expenditure
We expect capital expenditure for 2019 at € 75 - 85 million. To ensure sufficient lactic acid supply in the coming years, we need to invest in lactic acid capacity expansion. We will employ a balanced approach: In the short term we will expand capacity in Thailand and Brazil, and restart production in Spain. Combined, this should result in a 50kT expansion by 2020. For the longer term, we continue to make preparations for the construction of a new gypsum-free lactic acid plant. Temporary supply chain inefficiencies will adversely impact our profitability until such a new plant is commissioned.

Other
IFRS 16, published in January 2016, establishes a revised framework for determining whether a lease is recognized on the balance sheet. It replaces existing guidance on leases, including IAS 17. IFRS 16 is effective on or after 1 January 2019. Corbion will apply IFRS 16 from 2019 onwards using the modified retrospective transition approach. If IFRS 16 would have been applied in 2018, the 2018 EBITDA would have been positively impacted by approximately € 8 million.

We create sustainable value propositions

Ashley Robertson, Jim Robertson,
John Miller, Lisa Wilcox,
Guohua Feng, Abby Ceule,
Kathy Sargent,
and CJ McClellan

Corbion
Keep creating

BAKERY TEAM QUANTIFIES THE SHELF LIFE ADVANTAGE FOR CUSTOMERS

The team

- Kathy Sargent
- Abby Ceule
- Ashley Robertson
- Scott Bieker
- Lisa Wilcox
- CJ McClellan
- Ana Morao
- Anthony McHugh
- John Miller
- Jim Robertson
- Tim Sieloff
- Walden Hodges
- Guohua Feng

The project

Early in 2017, when our Bakery Core Team looked at the results of research behind our (then) new Ultra Fresh® Premium Advantage product, a compelling question was raised: What kind of impact would an additional week of product shelf life deliver for our customer? Though the question was clearly easier to ask than to answer, we quickly agreed that being able to help bakers comprehend the extent of that impact was well worth doing, and could serve as the basis for a Corbion value proposition based on sustainability that would be unique in the industry.

The challenge

Our aim was to identify the significant benefits a "typical" customer would gain from the efficiencies our enzyme product could provide. But quantifying that impact was the hardest part, primarily because of the differences in scale, structure, and operations between specific customers. We would have to make reasonable assumptions and build a coherent, illustrative story that could give customers a sense of what that added shelf life could mean for their respective companies.

The outcome

The team's collective analysis estimated the effect our enzyme technology and conditioning ingredients can have in reducing product waste through significantly longer shelf life. We took into account savings due to increased throughput, reduced product waste and stales, longer production runs and fewer changeovers, dramatic improvements in distribution efficiency, extended market reach, and lower product loss after purchase. Overall, our illustrative example showed that efficiencies made possible by longer shelf life saves raw materials, energy, and water consumption, sends less waste to the landfill and increases the customer's profit margin, just by increasing shelf life from 7 days to 14 days. A calculator was created to provide a more tailored estimate of the performance gains and carbon footprint reduction a given customer might achieve based on company-specific factors. The insights made possible by this work have enhanced Corbion's standing with baking industry leaders who regularly assess the strength of their suppliers in terms of sustainability.

The experience

In addition to sharing this sustainability story with individual customers, we reached out to the broader industry, with Kathy Sargent delivering a presentation at BakingTech 2018 in Chicago and later hosting an American Society of Baking (ASB) webinar, which enjoyed the second-highest enrollment of any ASB webinar to date. We will continue the story at the ASB event in 2019, and keep leveraging the opportunity it gives us to have broader, more substantive conversations with customers to better understand the impact Corbion can make by promoting longer shelf life.

The future

Building a story that convincingly demonstrates the relevance of shelf-life sustainability gains to our customer's bottom line is highlighting an important point of differentiation for Corbion: We think a little farther than our competitors, and it shows in the solutions we provide to our customers. By delivering value-adding technology that enables both business advantage and sustainability gains, we help customers win in more ways than they could before.

Sustainability performance

Responsible sourcing

Ambition
Create a sustainable supply chain for Corbion's key agricultural raw materials (sugarcane, corn, soy, wheat, palm oil)

Achievements in 2018

- Continued implementation of our security-of-supply assessment and mitigation plans for all high-risk raw materials, using an updated risk assessment approach
- Updated our generic supplier code to include additional themes such as living wage, impact on local communities, and responsible procurement
- Continued implementation of our cane sugar code including third-party auditing of suppliers against our cane sugar code
- Purchased the first Bonsucro smallholder-certified sugar in Thailand from Saraburi Sugar Company, the first mill to achieve certification against the Bonsucro Production Standard for Smallholder Farmers
- Implemented RSPO Mass Balance certification for all palm oil and primary oleochemicals used for the production of emulsifiers at our sites in Dolton and Grandview, U.S.
- Joined the North American Sustainable Palm Oil Network (NASPON)
- Developed approach for responsible sourcing of soybean oil and primary oleochemicals derived from soybean oil
- Developed approach for responsible sourcing of corn-based dextrose
- Developed approach for responsible sourcing of wheat-based raw materials
- Joined Field to Market, the U.S. Alliance for Sustainable Agriculture
- Engagement meetings with all major suppliers of lime, sugar, dextrose, soybean oil, palm oil, and transportation to create awareness of the Science Based Targets initiative and to discuss opportunities to collaborate on carbon footprint reduction

KPI	2020 Target[1] [2]	2018[5]	2017
% of raw materials assessed on security of supply ✓	100%	100%	100%
% of raw materials covered by generic supplier code	>90%	99%	99%
% of cane sugar responsibly sourced[3] [4] ✓	100%	99%	96%
% of palm oil and primary oleochemicals responsibly sourced[3] ✓	100%	41%	24%
% of corn-based dextrose responsibly sourced[3] [6]	95%	-	-
% of soybean oil and primary oleochemicals responsibly sourced[3][4] [6]	75%	-	-
% of wheat-based raw materials responsibly sourced[3] [6]	50%	-	-

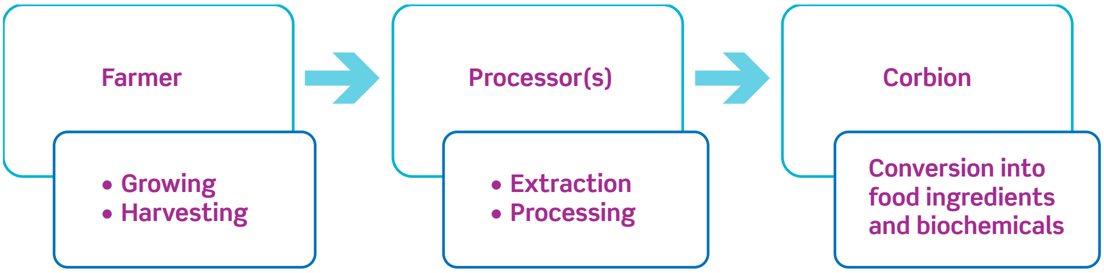
1) *Targets based on current manufacturing footprint; to be reviewed in case of acquisitions / major changes.*
2) *% are defined by quantity.*
3) *Responsibly sourced = supplier committed to Corbion's responsible-sourcing requirements or certified to relevant crop scheme such as RSPO, Bonsucro , and the Soybean Sustainability Assurance Protocol.*
4) *Primary oleochemicals as defined by RSPO, including glycerin.*
5) *Our recently acquired facility in Orindiuva (SB Renewable Oils) is not yet included in the reporting scope for the Responsible sourcing KPIs, see Sustainability statements for more details..*
6) *Actual percentage responsibly sourced unknown due to limited data availability*

✓ *Reviewed by external auditor (in 2017, the KPIs related to the responsible sourcing of palm oil, corn-based dextrose, soybean oil, and wheat-based raw materials were not reviewed).*

A significant part of the environmental and social impact in our value chain is upstream of our own operations. To safeguard an overall positive environmental and social impact of our sustainable solutions, we need to ensure our raw materials are sourced responsibly.
Our responsible sourcing strategy focuses on our agricultural raw materials. A sustainable agricultural supply chain is essential for the communities in which we operate, as well as for

our business. We focus on raw materials derived from sugarcane, soy, corn, wheat, and palm oil, which represent some 90% of our agricultural-derived raw materials by quantity.
Farming of sugarcane and oil palm has been linked to a number of serious social and environmental sustainability risks. These include forced and child labor, hazardous labor conditions, conflict over land rights, loss of biodiversity, and deforestation. Implementation of sustainable agriculture is the only way to maintain economic performance while minimizing the damage to the environment and creating thriving farming communities. For soy, corn, and wheat, which we source from the U.S., the main areas of improvement relate to land use (biodiversity and soil health), water, greenhouse gas emissions, and farmer livelihoods.

Corbion is not directly involved in the growing, harvesting, and processing of these crops. We therefore focus our efforts on our tier-1 suppliers that source directly from farmers, and partner with them to address social and environmental issues at farm level. Our approach focuses on continuous improvement toward the implementation of the relevant sustainability standard for each of these raw materials. Our responsible sourcing commitment also includes the commitment to set a carbon footprint target for raw-material-related emissions. Reducing agriculture's carbon footprint is central to limiting climate change, as the global food system, from fertilizer manufacture to food storage and packaging, is responsible for up to one-third of all human-caused greenhouse gas emissions. At the same time, climate change is expected to have a negative impact on agricultural productivity due to increases in extreme weather events – including extreme heat and drought as well as more variable rainfall patterns.



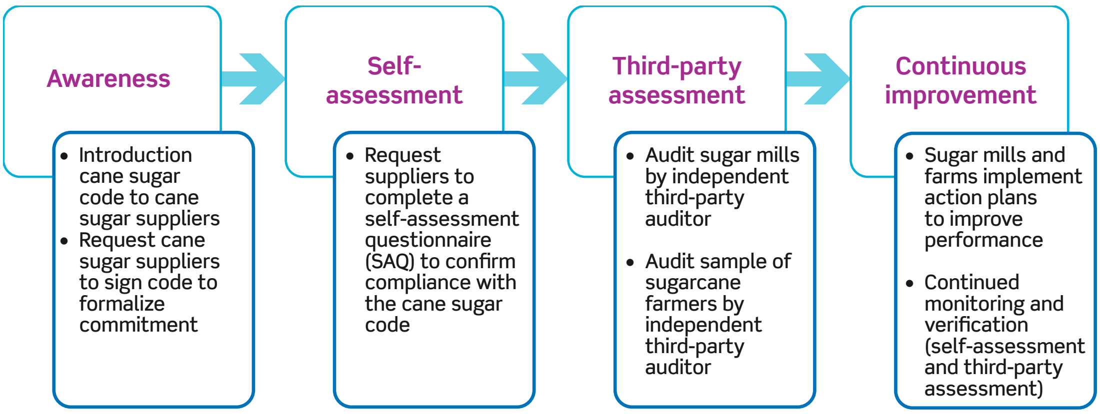
Security of supply
Our security-of-supply assessment evaluates raw materials on three pillars: procurement, quality and food safety, and sustainability. For each pillar, several criteria are rated to estimate the risk of supply issues. The risk assessment results in a high, medium, or low score for each raw material, by pillar.
In 2018, we have updated the risk assessment methodology for the quality and sustainability pillars to improve the reliability of the assessment. We also performed our annual update, which involved a review and update of the underlying data where necessary and the inclusion of new raw materials. For new high-risk raw materials, mitigation plans have been developed and are being implemented. Mitigation actions include the recruitment of new suppliers, certification, and supplier engagement to better understand the situation.

Supplier code
Our supplier code defines Corbion's expectations in respect of our suppliers meeting our responsible sourcing commitment. The code includes principles and criteria for business ethics, human rights and labor conditions, and environmental practices. The code includes core principles from the OECD Guidelines for Multinational Enterprises and the eight fundamental conventions defined by the ILO, including freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and the elimination of discrimination in respect of employment and occupation. We require our suppliers to sign our supplier code for confirmation, or to demonstrate commitment to our code by compliance with company policies that embrace these standards. Possible non-compliances with the code will be investigated and discussed with the supplier. If deemed necessary, the supplier is expected to implement a corrective action plan

to effectively and promptly resolve the issue, within an agreed timeline. If the issue persists, Corbion may ultimately decide to terminate the relationship with the supplier in question.
In 2018, we have reviewed and updated our supplier code based on stakeholder feedback. We included additional themes such as living wage, impact on local communities, and responsible procurement and we clarified how our suppliers can demonstrate commitment to the code.

Cane sugar

Our cane sugar code is an extension of our supplier code with additional principles and criteria in respect of land rights, good agricultural practices, and biodiversity. It is based on the definitions for sustainable sugarcane and derived products as set out by Bonsucro. In 2018 we continued to implement this code and the majority of our cane sugar suppliers have now committed to Corbion's cane sugar sourcing requirements. We have implemented procedures to verify that our suppliers meet these requirements. For this we use a combination of tools, such as self-assessments, questionnaires, third-party verification, and Bonsucro certification. By now, we have conducted third-party assessments for some 50% of our cane sugar supply. No major non-compliances were found. We requested the suppliers involved to focus on continuous improvement for any minor non-compliances.
Corbion committed to sourcing part of its sugar demand as Bonsucro certified. In 2018, we purchased the first Bonsucro smallholder-certified sugar in Thailand from Saraburi Sugar Company, the first mill to achieve certification against the Bonsucro Production Standard for Smallholder Farmers.



Palm oil and primary oleochemicals

Corbion uses relatively small amounts of palm oil for the production of its emulsifiers, for specific applications where local oil sources such as soybean oil cannot be used. While our usage of palm oil is small, we do recognize the importance of responsible sourcing of this ingredient and consider it a priority raw material in our responsible sourcing program. Corbion is dedicated to implementing the supply chain standard defined by the Roundtable on Sustainable Palm Oil (RSPO). We source palm oil and palm oil derivatives only from suppliers that are RSPO members working toward production or purchasing of certified sustainable palm oil. All Corbion emulsifier plants in the U.S. have been RSPO-certified since 2014. Our 2020 roadmap includes the supply chain certification of all Corbion sites in North America where palm oil is used, and a stepwise increase in purchasing RSPO-certified raw materials. In 2018, we implemented RSPO Mass Balance certification for all palm oil and primary oleochemicals used for the production of emulsifiers at our manufacturing sites in Dolton and Grandview, increasing our overall use of certified palm oil from 24% to 41%. To drive the use of certified sustainable palm oil in North America, we joined NASPON, the North American Sustainable Palm Oil Network, through which major industry players in the region are collaborating to create a greener palm oil supply chain.

Corn, soy, and wheat
Our manufacturing sites in the U.S. primarily use raw materials derived from corn, soy, and wheat. We source these raw materials in the U.S., which implies a lower risk profile compared to our other agricultural raw materials. Our approach to responsible sourcing of these raw materials is therefore primarily based on continuous improvement, with a focus on energy and climate, water, soil health, land use, biodiversity, agricultural chemicals, and nutrient management.
To engage with other stakeholders in the U.S. agricultural supply chain, we joined Field to Market, the U.S. alliance for sustainable agriculture. Field to Market strives to create continuous improvements in productivity, environmental quality, and human well-being across the agricultural supply chain. Members of Field to Market include farmers, agribusiness, grain buyers, food companies, retailers, and conservation groups.
In 2018, we have defined specific approaches for each of these raw materials, and started engagement with our suppliers on their implementation. For corn, we intend to use Field to Market tools and to work with our suppliers on the engagement of farmers in this program. For soy, we have decided to use the U.S. Soybean Sustainability Assurance Protocol (SSAP), which is an aggregate approach audited by third parties that verifies sustainable soybean production at a national scale. For wheat, a self-assessment questionnaire has been developed to help us better understand sustainability practices at the field and to identify improvement opportunities.

Responsible operations

Ambition
Create a zero incident and zero waste Corbion

Achievements in 2018
- Roll-out of three out of the ten Corbion Safety Rules based on main Corbion risks
- Gap analysis and training at each Corbion site on the Safety Rules
- Prepared for the transition from OHSAS 18001 standard to ISO 45001 standard
- Continued implementation of our renewable electricity roadmap. Increased % of renewable electricity to 100% for Totowa and Tucker, the U.S. and to 50% for Gorinchem, the Netherlands, and Blair, the U.S.
- Installation of solar panels at our new U.S. headquarters site in Lenexa
- Extended recycling programs at various Corbion sites
- Organized a global Footprint Challenge for employees to make them aware of their impact on the environment and encourage them to take small actions to improve their footprint
- Community and employee engagement activities across the Corbion sites, ranging from a highway clean-up to educational events at schools, food donation, and volunteering

KPI	2020 Target[1)]	2018[3)]	2017
Total Recordable Injury Rate	< 0.55	0.86	0.91
Renewable electricity ✓	50%	42%	30%
Landfill of by-products ✓	0	2.5 kT	0.85 kT
Greenhouse gas emissions[2]	-		
Scope I (total/specific) ✓	-	94 kT CO_2 equiv 0.20 T CO_2 equiv /T	92 kT CO_2 equiv 0.20 T CO_2 equiv/T
Scope II (total/specific) ✓	-	83 kT CO_2 equiv 0.17 T CO_2 equiv /T	86 kT CO_2 equiv 0.19 T CO_2 equiv/T
Scope III (total/specific) ✓	-	761 kT CO_2 equiv 1.6 kT CO_2 equiv/T	705[4)] kT CO_2 equiv 1.5 T CO_2 equiv /T

1) *Targets based on current manufacturing footprint; to be reviewed in case of acquisitions / major changes.*
2) *We report our emissions in carbon equivalents from cradle to gate in accordance with the Greenhouse Gas Protocol. This includes Scope I emissions from direct production (for natural gas), 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. Biogenic emissions (mainly related to the consumption of biogas and to waste water treatment) are reported in the Sustainability statements. Scope II emissions are market-based.*
3) *Our recently acquired facility in Orindiúva (SB Renewable Oils) is not yet included in the reporting scope for the Responsible operations KPIs., see Sustainability statements for more details.*
4) *2017 restated due to data quality improvements.*

✓ *Reviewed by external auditor.*

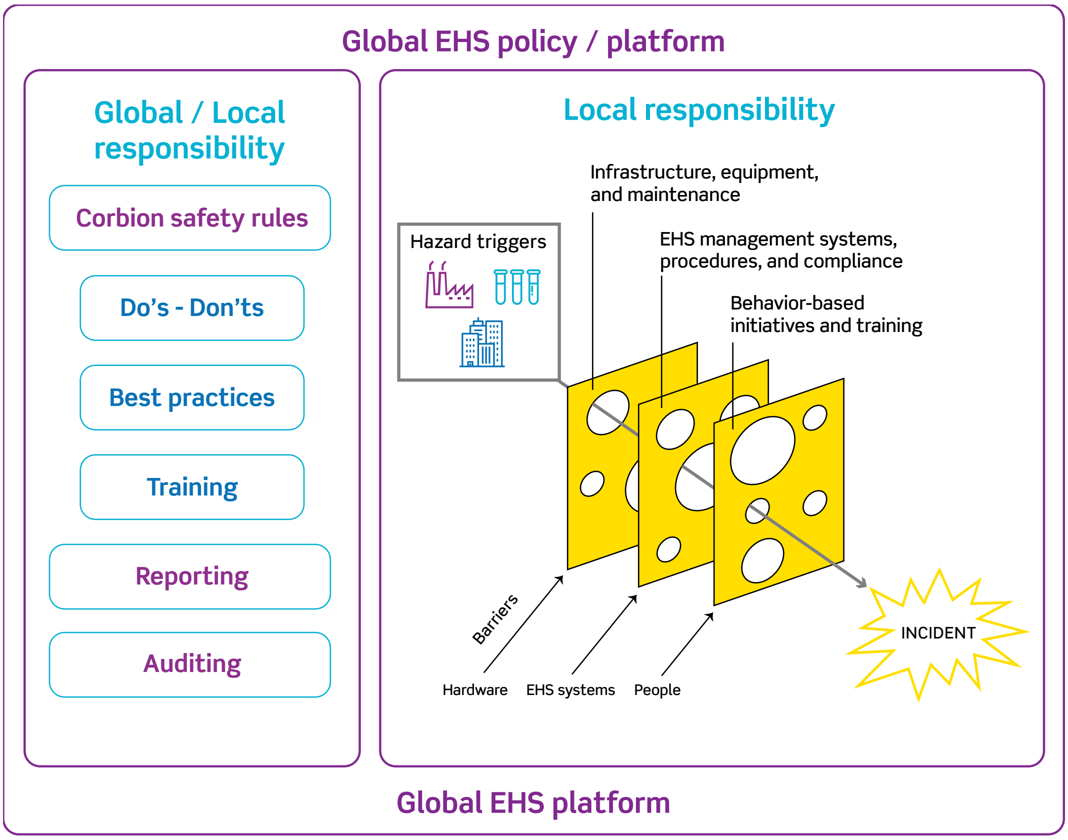
Environment, Health, and Safety

Corbion aims to create a safe and healthy workspace with the goal of having zero incidents because we believe no job is so important that it cannot be done safely and with minimal environmental impact. We therefore operate with the greatest care for safety, health, and the environment for our employees and the communities we engage with. Our activities are supported by a management system that includes policies, procedures, training, and feedback, which ascertain that we comply with laws and regulations applicable to our operations and act in accordance with our company standards and codes. Corbion leadership and employees are committed to achieving a zero incident culture. Corbion fosters an open and transparent culture by encouraging all employees to report, amongst others, all near misses and events in order to continuously improve our safety and environmental performance. Our Environmental, Health, and Safety (EHS) framework clarifies the specific responsibilities of the local sites versus the global EHS platform.

As in previous years, no fatalities occurred in 2018. Despite our efforts we recorded 8 LTI's (Lost Time Incidents, including contractors). This is a significant increase compared to the 3 LTI's recorded in 2017. Our TRIR (Total Recordable Injury Rate) was 0.86, slightly below the 2017 result of 0.91. At regional level, we have seen a positive trend in the U.S., where the number of incidents has decreased. At the same time, we have recorded 4 LTI's at a single site after several years of no incidents at all. A specific awareness program has been developed to address this situation. Company-wide we are encouraging the reporting of unsafe situations and acts, involving everybody also in closing the loop after action has been taken. At the end of 2017 Corbion defined the 10 Corbion Safety Rules, based on an analysis of our injuries and near misses, as well as incidents in other companies. We started the roll-out in 2018 and this will continue into 2019 and 2020. Our employee absentee rate was 2.0% overall compared to 1.8% in 2017.

We started using the Property Risk Manual as a frame of reference for auditing purposes in function of the fire and natural risks we are facing. Because of the transition from the OHSAS 18001 standard to the ISO 45001 standard, a first introduction to and gap analysis of two pilot facilities were performed. In addition to this, preparation work started for a standardized format of a global occupational health and safety manual. All sites are certified against the OHSAS 18001 standard and have behavior based safety programs in place. Our five lactic acid manufacturing sites are ISO 14001 certified, representing some 70% of Corbion's production volume.

EHS framework



Zero waste

Our zero waste ambition focuses on the reduction of waste by valorizing all our by-products by 2020 and eliminating waste to landfill completely by 2030. In this way, we maximize the value that we generate from the resources we consume. This ambition contributes to the shift from a linear economy, based on a take-make-dispose system to a circular economy that is waste-free and regenerative by design.

In our lactic acid production process we generate significant quantities of valuable by-products, such as gypsum. Per ton of lactic acid, almost 2 tons of by-product are produced. The majority of these by-products are valorized, but occasionally they do end up in landfill. We try to avoid this by developing new outlets and by implementing our gypsum-free production process in future lactic acid plants.

Since the implementation of a new valorization option for gypsum at our lactic acid plant in the U.S. last year, we have nearly eliminated landfilling of by-products. Compared to 2017, the landfilling of by-products increased due to the increased production of lactic acid at our plant in Spain. At this site, we have not yet been able to find an outlet for all by-products. In 2019, we will be ramping up our efforts to resolve this situation. Several potential outlets that have been identified in 2018 will be further evaluated to ensure delivery of our 2020 target.

Renewable electricity

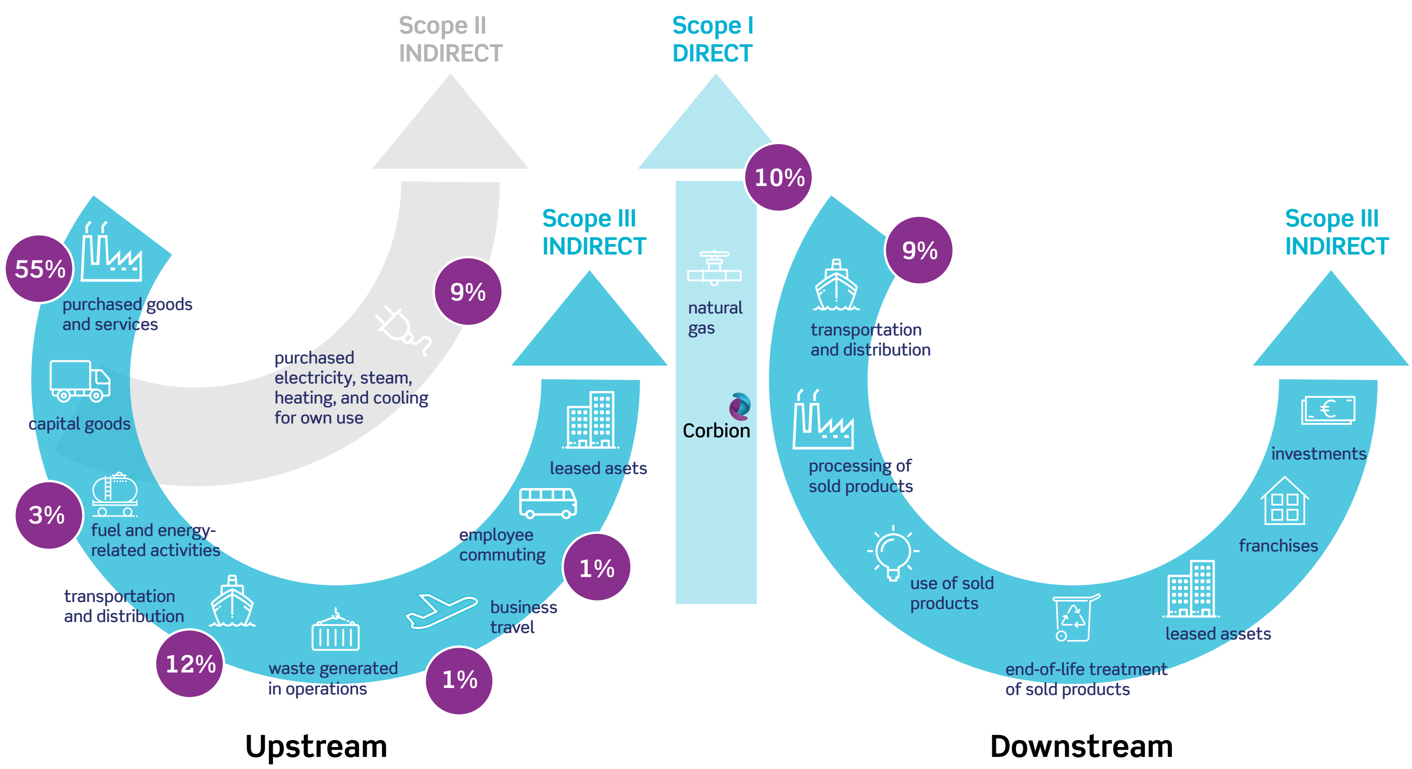
Corbion aims to be 100% powered by renewable electricity by 2030. To achieve this goal, we combine on-site generation with the purchase of renewable electricity from our suppliers.

In 2018, we increased our renewable electricity coverage for our manufacturing sites in Gorinchem (to 50%), Totowa and Tucker (to 100%). We started purchasing renewable electricity for our site in Blair (50%). Our sites in Campos and Montmélo are already fully powered by renewable electricity. To demonstrate our commitment to renewable electricity, we have installed more than 1, 000 solar panels on the roof of our new offices in Lenexa.

Greenhouse gas emissions
Responsible operations also implies doing our part to prevent climate change by limiting global warming to well below 2 degrees Celsius, as specified in the Paris Agreement. We committed to setting carbon footprint targets for our own operations and have joined the Science Based Targets initiative in December 2017. This initiative helps companies to set carbon reduction targets in line with the Paris Agreement. We firmly believe that taking our responsibility will be good for the environment and good for our business. Energy conservation and increasing renewable energy will not only drive emission reductions, it will also decrease costs and help create innovative solutions that allow our customers to reduce their emissions as well. To encourage development of low-carbon technologies, we review the financial impact of greenhouse gas emissions through internal carbon pricing in our long-term R&D projects. In 2018, we organized workshops with plant technologists, global engineering, logistics, procurement, and R&D to collect ideas for all of our manufacturing sites to reduce our carbon footprint through efficiency improvements, renewable energy, responsible sourcing, logistics optimization, and supplier engagement. Based on the outcome of these workshops, we will develop a detailed reduction roadmap to steer investments and innovation and determine carbon footprint reduction targets.

We report our emissions in carbon equivalents from cradle to gate in accordance with the Greenhouse Gas Protocol. This includes Scope I emissions from direct production (for natural gas), 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 2018, our Scope I emissions increased by 3% compared to 2017, due to an increase of the total production volume. Our specific Scope I emissions decreased by 2% due to improvements in energy efficiency. For Scope II, our market-based specific emissions decreased by 9%, due to the increased use of renewable electricity. Our specific Scope III emissions increased by 2%, mainly due to an increase of emissions related to upstream transport.

Greenhouse gas emissions in Corbion's value chain [1)]



1) See the Sustainability statements for an explanation concerning the relevance of the Scope III categories that are not reported.

Sustainable solutions

Ambition
Create solutions based on renewable resources to improve the quality of life for people today and for future generations

Achievements in 2018
- Continued assessment of our innovation projects on material sustainability themes throughout the innovation funnel
- Extended the % of product covered by life cycle assessment (LCA) to 37%. We performed an LCA for some 90% of products manufactured in Gorinchem
- Contributed to the 4th iteration of the Handbook for Product Social Impact Assessment

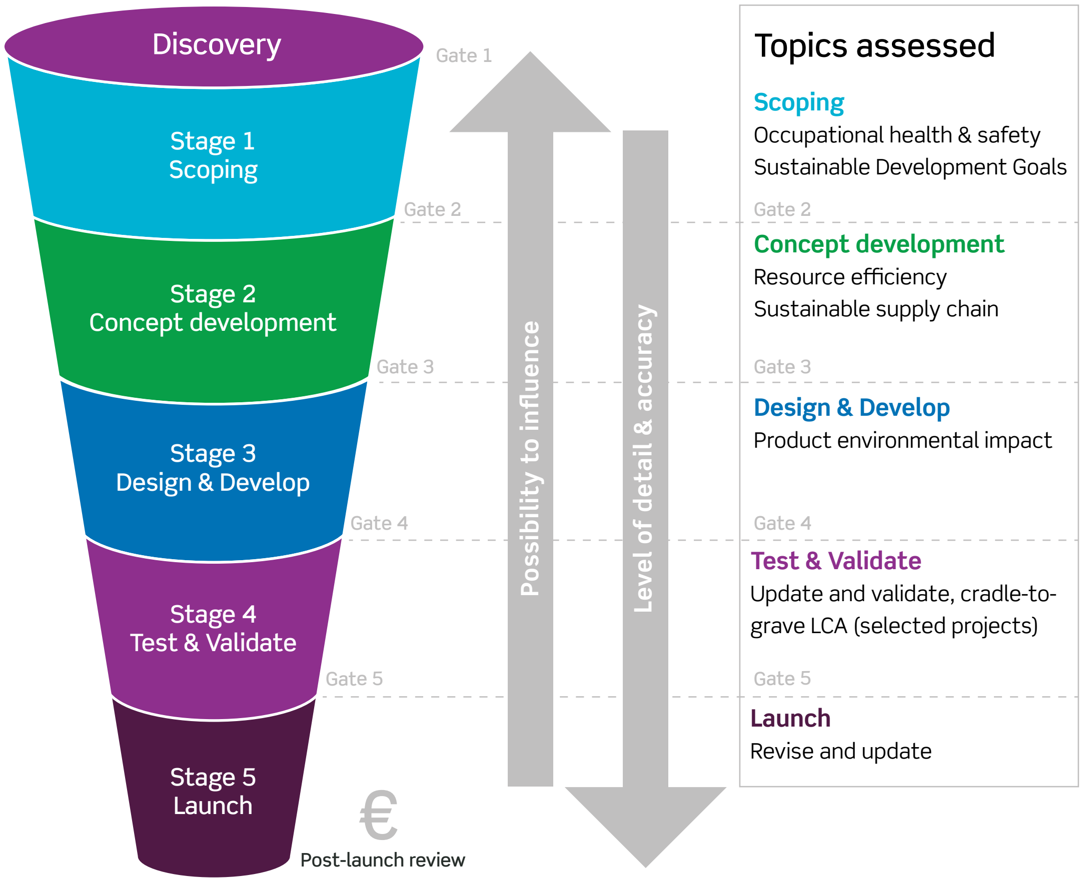
KPI	2020 Target[1]	2018[3]	2017
% of innovation projects assessed on sustainability ✓	100%	89%	84%
% biobased raw materials [1] ✓		98%	98%
% of products sold covered by LCA[1] ✓	50%	37%	14%

1) By quantity; products manufactured at Corbion production sites.
2) Targets based on current manufacturing footprint; to be reviewed in case of acquisitions / major changes.
3) Our recently acquired facility in Orindiuva (SB Renewable Oils) is not yet included in the reporting scope for the Sustainable solutions KPIs see Sustainability statements for more details.

✓ *Reviewed by external auditor.*

Sustainability assessment of innovation projects
To ensure alignment of our innovation projects with our sustainability ambitions, we assess new product and process development projects against the relevant material themes in our sustainability strategy. The assessment is integrated in our innovation stage-gate process and provides guidance to the project team on sustainability-related matters. This warrants that sustainability is an integrated part of the product and process design and that potential issues can be tackled at an early stage. The assessment is also used to identify sustainability benefits that can be included in the value proposition of the new product.

Sustainability assessment at different stages of the innovation funnel



Life Cycle Assessment

Corbion uses Life Cycle Assessments (LCA) as a tool to understand the environmental impacts of a product from the extraction of resources to their use and end of life. To enable our customers to make conscious choices, we will perform cradle-to-gate LCAs for 50% of our products by 2020. Using this data, we can work side by side with customers to support them on the improvement of their environmental footprint and on the substantiation of their sustainability claims. In 2018, we have performed an LCA for the majority of products manufactured at our site in Gorinchem.

Quality

We are committed to delivering high-quality solutions that safely meet our customer expectations and fulfilling our customer promise through quality and manufacturing systems and processes.

On a local level we operate in compliance with local regulations and legislation, while ensuring certifications are in place to meet customer and industry-adopted standards and requirements, such as ISO 9001, GFSI (BRC, FSCC22000), GMP+, GMP Pharma, FDA Pharma, Halal, Kosher, non-GMO, Organic, and FSMA. In addition we host customer audits predominantly from our international pharmaceutical customers and large food clients. These, and our self-assessment audits performed by our global Quality platform, ensure that we continue to improve our operational standards for quality and food safety.
In 2018 we maintained all certifications and our continued focus on customer complaint reduction resulted in a decrease of customer complaints by more than 25% compared to 2017.

We create a unified, future-focused team

Renan Vicentini, Thiago D'arco, Emerson Rufini, Larissa Lima, André Pereira, Julio Cesar Moreira and Thiago Falcão

Corbion
Keep creating

ORINDIÚVA EMPLOYEES ARE FINDING THEIR PLACE IN CORBION'S FUTURE

The team

- Julio Cesar
- Thiago D'arco
- Thiago Falcão
- Larissa Lima
- André Pereira
- Emerson Rufini
- Renan Vicentini

The project

With Corbion's acquisition of Bunge's stake in the SB Renewable Oils joint venture in June 2018, the work of fully integrating the Orindiúva, Brazil, site – and its 175 employees – as part of Corbion began. Orindiúva operations are unique within the company, being our primary algae ingredients manufacturing asset.

The challenge

Prior to the acquisition, the joint venture was designed to function as a stand-alone business. A key challenge was to migrate the more traditional local management structures of the joint venture to the broader, matrixed Corbion architecture. Part of that task involved creating a combined structure for General & Administrative functions that could effectively support Orindiúva, Campos, and the entire regional team. We wanted Corbion's newest employees to feel they were part of a broader mission without losing their entrepreneurial spirit. We needed to manage employee uncertainty about personal circumstances and career paths and support them in adapting to Corbion systems, standards, practices, and procedures across functions.

The outcome

Through careful planning, we have successfully implemented business-critical transitions in various disciplines without disrupting the business. While some personal concerns are an inevitable part of the integration process, we have been able to minimize uncertainty and make it more tolerable through communication. Our employees receive regular updates on the progress of specific integration efforts. We point out concrete investments by Corbion in the algae business. Orindiúva team members were invited to participate in the annual Corbion Engagement Survey, giving them a voice in their new company, and giving our leadership insight into the views and concerns of its newest team members.

The experience

On the site's first day as part of Corbion, a celebration that included leaders from the São Paulo and Campos sites set the tone for the integration effort. Our team was very proud of what we had accomplished together up to that point. But joint ventures are temporary, and we knew that becoming part of Corbion meant good things for our future. The Day 1 celebration signified the beginning of the real success story for Orindiúva.

The future

By now, we have a clearer vision of how our work contributes to the broader objectives of Corbion, and we have been encouraged by the many expressions of interest and support from our new colleagues in other parts of the company. While we have ambitious goals in both production and sales, we are seeing exciting progress and that Corbion believes in what we are doing. A growth mindset is taking hold in Orindiúva, and our team is energized and focused on delivering growth.

HOW WE SAFEGUARD LONG-TERM VALUE

Board of Management and Executive Committee

Mr. Tjerk de Ruiter
CEO / Chairman Board of Management and Executive Committee

Tjerk de Ruiter was appointed Chief Executive Officer at the annual General Meeting of Shareholders in May 2014. His current term of office runs from 2018 – 2020.

Before joining Corbion, Tjerk de Ruiter was CEO and President of LS9, Inc, CEO of the Genencor division of Danisco and a member of the Danisco Executive Committee, and COO Cultures, Specialities and Flavours at Danisco. Prior to that, he held several management positions at Quest International.

He is Chairman of the Board of EuropaBio.

Tjerk de Ruiter holds both the Dutch and U.S. nationality and was born in 1959.

Mr. Eddy van Rhede van der Kloot
CFO / Member Board of Management and Executive Committee

Eddy van Rhede van der Kloot was appointed Chief Financial Officer at the annual General Meeting of Shareholders in May 2014. His current term of office runs from 2018 – 2022.

Before becoming CFO, Eddy van Rhede van der Kloot was SVP Finance at Corbion and served for seven years as CFO of Purac, a division of CSM. Prior to joining Corbion, he was divisional finance director for chemicals in the European region at Van Ommeren and, after the merger with Pakhoed, at Vopak. Prior to that, he held several technical and finance roles at Unilever.

Eddy van Rhede van der Kloot holds the Dutch nationality and was born in 1963.

Mrs. Jacqueline van Lemmen

EVP Operations / Member Executive Committee

Jacqueline van Lemmen is Executive Vice President Operations since April 2017 and responsible for Corbion's global operations.

Before joining Corbion, Jacqueline van Lemmen was VP Operations for DSM Biobased Products and Services after holding the same position for DSM Food Specialties. Before that she held several mostly manufacturing-related positions in different countries for DSM. She started her career at ICI.

Jacqueline van Lemmen holds the Dutch nationality and was born in 1961.

Mr. Marc den Hartog

EVP Innovation Platforms / Member Executive Committee

Marc den Hartog is Executive Vice President Innovation Platforms since April 2017 and responsible for the business unit Innovation Platforms.

From January 2015 until May 2017, Marc den Hartog was EVP Operations at Corbion. Before that, he was SVP Strategic Portfolio Management at Corbion and VP Asia Pacific within CSM's Bakery division. Prior to that, he held several positions in sales, marketing, and supply chain at Unilever and IOI Group Oils & Fats division Loders Croklaan.

Marc den Hartog holds the Dutch nationality and was born in 1972.

Mr. Johan van der Hel

EVP Human Resources / Member Executive Committee

Johan van der Hel is Executive Vice President Human Resources since January 2015 and globally responsible for Human Resources.

Before joining Corbion, Johan van der Hel served as Group Director HR at VION Food Group. Before that, he held several international HR leadership positions at DSM.

Johan van der Hel holds the Dutch nationality and was born in 1964.

Mr. Andy Muller

EVP Ingredient Solutions / Member Executive Committee

Andy Muller is Executive Vice President Ingredient Solutions since January 2015 and responsible for the business unit Ingredient Solutions.

Before joining Corbion, Andy Muller served as SVP Global Sales, Innovation, and Marketing at DuPont. Before that, he held several other positions in marketing and sales within Sensient and DuPont Nutrition & Health, formerly Danisco.

Andy Muller holds both the Argentinian and U.S. nationality and was born in 1965.

Mr. Marcel Wubbolts

CTO / Member Executive Committee

Marcel Wubbolts is Chief Technology Officer since November 2016 and responsible for Corbion's global science and innovation portfolio.

Before joining Corbion, Marcel Wubbolts served as Chief Technology Officer at DSM. Before that, he held several other positions at DSM. He started his career at the Institute of Biotechnology at the ETH in Zürich.

Marcel Wubbolts holds the Dutch nationality and was born in 1963.

Supervisory Board

Mr. Mathieu Vrijsen

Chairman Supervisory Board / Chairman Appointment and Governance Committee

Mathieu Vrijsen was appointed at the annual General Meeting of Shareholders in May 2013. His current term of office runs from 2017 – 2021. He is a member of the Remuneration Committee and the Science and Technology Committee.

Mathieu Vrijsen served as Senior Vice President Global Operations and Engineering at DuPont. Prior to that, he held various positions at DuPont. Currently, he serves as Chairman of Broadview Holding and Chairman of Casco Phil, Belgium.

Mathieu Vrijsen holds the Dutch nationality and was born in 1947.

Mr. Rudy Markham

Vice-Chairman Supervisory Board / Chairman Remuneration Committee

Rudy Markham was appointed at the annual General Meeting of Shareholders in May 2010. His current term of office runs from 2018 – 2020. He is a member of the Appointment and Governance Committee.

Rudy Markham served as Executive Director and Chief Finance Officer at Unilever. Currently, he serves as Non-Executive Director of United Parcel Services, U.S., Non-Executive Director of Astra Zeneca, UK, and Director of Leverhulme Trust, UK.

Rudy Markham holds the British nationality and was born in 1946.

Mrs. Liz Doherty

Member Supervisory Board

Liz Doherty was appointed at the annual General Meeting of Shareholders in May 2015. Her current term of office runs from 2015 – 2019. She is a member of the Audit Committee.

Liz Doherty served as CFO and Executive Director at Reckit Benckiser, UK and prior to that as CFO and Executive Director at Brambles, Australia. Currently, she serves as Non-Executive Director and Audit Committee Chair of Dunelm plc, UK, Novartis AG, Switzerland, and the UK Ministry of Justice. Furthermore, she is an advisor to Agrolimen SA, subsidiaries GB Foods and Affinity Petcare, Spain.

Liz Doherty holds the British nationality and was born in 1957.

Mr. Jack de Kreij

Member Supervisory Board / Chairman Audit Committee

Jack de Kreij was appointed at the annual General Meeting of Shareholders in May 2011. His current term of office runs from 2015 – 2019.

Jack de Kreij served as Vice-Chairman Executive Board and Chief Financial Officer of Royal Vopak and prior to that in various management functions, as Senior Partner, and as Management Partner & Territory Leader of PricewaterhouseCoopers NV, Transaction Services Practice, the Netherlands. Currently, he serves as Supervisory Board member of TomTom, the Netherlands, and of Royal Boskalis, the Netherlands. Furthermore, he is a member of the Advisory Council of YGroup Companies.

Jack de Kreij holds the Dutch nationality and was born in 1959.

Mr. Steen Riisgaard

Member Supervisory Board / Chairman Science and Technology Committee

Steen Riisgaard was appointed at the annual General Meeting of Shareholders in May 2014. His current term of office runs from 2018 – 2022. He is a member of the Remuneration Committee and the Appointment and Governance Committee.

Steen Riisgaard served as President & CEO of Novozymes. Currently, he serves as Chairman of Alk-Abello, Denmark, member of Århus University, Denmark, Chairman of Cowi Holding, Denmark, member of the Board of Novo Nordisk Foundation, Denmark, Vice-Chairman of Novo Holding, Denmark, Vice-Chairman of Villum Foundation, Denmark, as Chairman of Xellia, Denmark and member of the Board of VKR Holding, Denmark.

Steen Riisgaard holds the Danish nationality and was born in 1951.

Corporate governance

We have designed our corporate governance structure to best support our business, meet the needs of our stakeholders, and comply with laws and regulations. This section provides an overview of our corporate governance structure and includes information required under the Dutch Corporate Governance Code, as amended and published on 8 December 2016 (the "Code"), the Decree Additional Requirements for Management Reports, the Decree Article 10 EU Takeover Directive, and the Decree Disclosure Non-Financial Information.

Structure

Corbion nv (the "company" or "Corbion") is a Dutch public limited company with its registered office in Amsterdam. It acts as the (indirect) holding company for the Dutch and foreign operating companies of the company. The company's shares are listed on Euronext Amsterdam. Corbion 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 the company.

Corbion's corporate governance framework is based on the requirements of the Dutch Civil Code, the Code, the company's Articles of Association, applicable securities laws, and the rules and regulations of Euronext Amsterdam.

The company is organized in a so-called two-tier system, comprising a Board of Management, solely composed of executive directors, and a Supervisory Board, solely composed of non-executive directors. The Supervisory Board supervises the Board of Management and Executive Committee (which includes the Board of Management) and ensures that external experience and knowledge is embedded in the company's conduct. The two boards are independent of each other and are accountable to the general meeting of shareholders of the company (the "General Meeting of Shareholders").

Board of Management/Executive Committee

General

The Board of Management (composed of the Chief Executive Officer and Chief Financial Officer) is entrusted with the management of the company. A number of key officers have been appointed to manage the company together with the Board of Management. The members of the Board of Management and these key officers together constitute the Executive Committee. For the purpose of this Corporate governance section, where the Executive Committee is mentioned it also includes the Board of Management unless the context requires otherwise.

The Executive Committee has been operational since 1 January 2015. With the set-up of this enhanced leadership team, Corbion is well positioned to drive a common agenda across the business, to set clear priorities, and to enhance the execution of its strategy. Members of the Supervisory Board regularly met with the members of the Executive Committee during 2018. The Supervisory Board and the Executive Committee held a strategy session in 2018. Members of the Executive Committee (not being members of the Board of Management) were invited to give presentations on their area of responsibility to the Supervisory Board and its committees.

Under the chairmanship of the CEO, the members of the Executive Committee share responsibility for developing the strategic plan for the company aimed at delivering long-term value creation, aligning and prioritizing (strategic) initiatives, determining the risk profile, and implementing strategic and operational policies. The Board of Management has ultimate responsibility for the company's management and the external reporting and is answerable to shareholders of the company at the annual General Meeting of Shareholders. In performing its duties, the Executive Committee is guided by the interests of the company and its affiliated

enterprise, taking into consideration the interests of the company's stakeholders.
For a more detailed description of the responsibilities of the Board of Management and the Executive Committee, please refer to the Rules of the Board of Management/Executive Committee, which are available on Corbion's website.

Composition and appointment

The Board of Management consists of two or more members, which number is to be determined by the Supervisory Board. The CEO determines the number of members of the Executive Committee. The composition of the Executive Committee and brief resumes of its members are available under the section How we safeguard long-term value/Board of Management and Executive Committee of the Annual Report.

The members of the Board of Management are appointed by the General Meeting of Shareholders on the basis of nominations by the Supervisory Board. The Corbion Articles of Association state that the General Meeting of Shareholders can overrule any such nomination by an absolute majority of the votes cast, provided the said majority represents at least one-third of the issued capital. No second meeting will be convened if there is no quorum, as a second meeting is not required by law.

The Supervisory Board is authorized at all times to suspend a member of the Board of Management. The General Meeting of Shareholders may decide to suspend or dismiss a member of the Board of Management by an absolute majority of the votes cast, provided the said majority represents at least one-third of the issued capital. This quorum requirement does not apply if the proposal for suspension or dismissal is submitted by the Supervisory Board. No second meeting will be convened if there is no quorum, as a second meeting is not required by law.

Each member of the Board of Management is appointed for a maximum period of four years with the possibility of re-appointment for consecutive four-year terms in accordance with the Code. The other members of the Executive Committee are appointed, suspended, and dismissed by the CEO, subject to consultation with the Supervisory Board.

Remuneration

The remuneration for the individual members of the Board of Management is determined by the Supervisory Board on the proposal of the Remuneration Committee of the Supervisory Board, and must be consistent with the policy thereon as adopted by the General Meeting of Shareholders. The current remuneration policy applicable to the Board of Management was adopted by the annual General Meeting of Shareholders in 2018, and is published on Corbion's website. A full and detailed description of the composition of the remuneration for the individual members of the Board of Management is included in the section Remuneration report of the Annual Report. The remuneration for the other individual members of the Executive Committee shall be determined by the CEO, subject to consultation with the Supervisory Board.

Conflict of interest

Members of the Executive Committee must report any (potential) conflict of interest to the Chairman of the Supervisory Board. The Supervisory Board shall decide whether a conflict of interest exists. The member of the Executive Committee who has a (potential) conflict of interest shall not participate in discussions and decision-making on a subject or transaction in relation to which the member has a conflict of interest with the company. Decisions to enter into transactions in which members of the Executive Committee have conflicts of interest that are of material significance to the company and/or to the relevant member(s) of the Executive Committee, require the approval of the Supervisory Board. In accordance with best-practice provision 2.7.4 of the Code, the company reports that in 2018 there were no transactions in which there was a conflict of interest with members of the Executive Committee that was of material significance and that required approval of the Supervisory Board.

Supervisory Board

General

The Supervisory Board, acting in the interests of the company and its affiliated enterprise and taking into account the relevant interests of the company's stakeholders, supervises and advises the Board of Management and Executive Committee in performing their management tasks. From among its members, the Supervisory Board has appointed an Audit Committee, an Appointment and Governance Committee, a Remuneration Committee, and a Science and Technology Committee.

Corbion's Articles of Association require the approval of the Supervisory Board for certain major resolutions proposed to be taken by the Board of Management, including: issuance of shares, repurchase of shares, reduction of the issued share capital, amendment of the Articles of Association, and significant changes in the identity or nature of the company or its enterprise.

For a more detailed description of the responsibilities of the Supervisory Board and its committees, please refer to the Rules of the Supervisory Board and the Charters of its committees, which are available on Corbion's website.

Composition and appointment

The Supervisory Board consists of three or more members to be determined by the Supervisory Board. The composition of the Supervisory Board and brief resumes of its members are available under the section How we safeguard long-term value/Supervisory Board of the Annual Report.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders on the basis of nominations by the Supervisory Board. The Corbion Articles of Association state that the General Meeting of Shareholders can overrule any such nomination by an absolute majority of the votes cast, provided the said majority represents at least one-third of the issued capital. No second meeting will be convened if there is no quorum, as a second meeting is not required by law.

The Supervisory Board is authorized at all times to suspend a member of the Supervisory Board. The General Meeting of Shareholders may decide to suspend or dismiss a member of the Supervisory Board by an absolute majority of the votes cast, provided the said majority represents at least one-third of the issued capital. This quorum requirement does not apply if the proposal for suspension or dismissal is submitted by the Supervisory Board. No second meeting will be convened if there is no quorum, as a second meeting is not required by law.

Each member of the Supervisory Board is appointed for a maximum period of four years with the possibility of re-appointment for consecutive terms in accordance with the Code. The members of the Supervisory Board retire periodically in accordance with a schedule of resignation, which is available on Corbion's website.

Conflict of interest

Members of the Supervisory Board must report any (potential) conflict of interest to the Chairman of the Supervisory Board (and the Chairman to the Vice-Chairman). The Supervisory Board shall decide whether a conflict of interest exists. The member of the Supervisory Board who has a (potential) conflict of interest shall not participate in discussions and decision-making on a subject or transaction in relation to which the member has a conflict of interest with the company. Decisions to enter into transactions in which members of the Supervisory Board have conflicts of interest that are of material significance to the company and/or to the relevant member(s) of the Supervisory Board, require the approval of the Supervisory Board. In accordance with best-practice provision 2.7.4 of the Code, the company reports that in 2018 there were no transactions in which there was a conflict of interest with members of the Supervisory Board that was of material significance and that required approval of the Supervisory Board.

In accordance with best-practice provision 2.7.5 of the Code, the company reports that no transactions between the company and legal or natural persons who hold at least 10% of the shares in the company occurred in 2018.

Diversity, values, and Code of Business Conduct

Diversity

Corbion has adopted a diversity policy for the Supervisory Board and the Executive Committee in 2017. This policy – given the business environment in which Corbion operates – contains longer-term objectives for gender diversity and geographical diversity, the latter to reflect the majority of our business being in the Americas.

The gender diversity targets for the Supervisory Board are that at least one member should be female if the board consists of five members and that at least two members should be female if the board consists of six members. The first target applies as the current board has five members; Corbion complies with this target as Liz Doherty is a member of the Supervisory Board. The geographical diversity target for the Supervisory Board is that at least one member of the Supervisory Board has (had) relevant Americas experience and/or exposure. Corbion complies with this target as Mathieu Vrijsen qualifies as such.

The gender diversity target for the Executive Committee is that at least two members should be female if the committee consists of six or seven members. Corbion has one female member of the Executive Committee, Jacqueline van Lemmen, and does not comply yet with this target. In 2017, one position became vacant and that position has been filled by a female. In 2018 no positions became vacant.

The geographical diversity target for the Executive Committee is that at least two members of the Executive Committee have (had) relevant Americas experience and/or exposure. Corbion complies with this target as Tjerk de Ruiter and Andy Muller qualify as such.

When positions in the Supervisory Board and the Executive Committee become vacant or new positions are added, the company's diversity policy will be applied when selecting persons for appointment as member of the Supervisory Board or the Executive Committee.

Values an Code of Business Conduct

The Corbion values Care, Courage, Collaboration, and Commitment, were introduced in 2018 for the first time and replaced the values that had been in place originating from the former CSM period. Together with the related Corbion behaviors they guide and underpin the new business strategy of Corbion. They are incorporated in the relevant engagement and performance management policies and form the basis of our global training and development initiatives. Information about the effectiveness of, and compliance with, the Corbion Code of Business Conduct is available under the section Risk management/Business Conduct program of the Annual Report.

Shares and shareholder rights

General Meetings of Shareholders

The annual General Meeting of Shareholders will be held within six months of the close of the financial year. Extraordinary General Meetings of Shareholders will be held as often as the Board of Management and Supervisory Board deem necessary. An Extraordinary General Meeting of Shareholders will also be held if one or more shareholders who collectively represent at least ten percent 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 – respond in such a way that this Extraordinary General Meeting of Shareholders can be convened within six weeks of the request, the applicants are at liberty to convene the meeting themselves and appoint a chairman.

Meetings are convened by public notice or via Corbion's website and registered shareholders are notified by letter, at least forty-two days prior to the (Extraordinary) General Meeting of Shareholders. If requests are received from shareholders who individually or collectively represent at least one percent of the issued capital to place items on the General Meeting of Shareholders agenda, these will be honored provided they are submitted to Corbion at least forty-five days prior to the date of the meeting.

Pursuant to Dutch law, the record date for the exercise of voting rights and rights relating to General Meetings of Shareholders is set as the 28th day prior to the day of the meeting. Shareholders registered on such date are entitled to attend the meeting and to exercise the other shareholder rights (in the meeting in question) notwithstanding subsequent sale of their shares thereafter. This date will be published in advance of every General Meeting of Shareholders.

Main powers of the General Meeting of Shareholders

The main powers of the General Meeting of Shareholders relate to:

- the appointment, suspension, and dismissal of members of the Board of Management and Supervisory Board;
- approval of the remuneration policy for the Board of Management;
- approval of the remuneration for the Supervisory Board;
- the adoption of the annual Financial Statements and approval of dividends;
- discharge from liability of the members of the Board of Management and Supervisory Board;
- issuance of shares or rights to shares, restriction or exclusion of pre-emptive rights of shareholders, and repurchase or cancellation of shares;
- the appointment of the external auditor;
- amendments to the Articles of Association;
- approval of decisions of the Board of Management that would entail a significant change in the identity or character of Corbion or its business.

Voting rights

Shareholders have voting rights in proportion to the number of shares held and there are no restrictions on the voting rights on the company's shares. Each share is entitled to one vote.

Subject to certain exceptions provided by Dutch law or the Corbion Articles of Association (as outlined below), decisions at the General Meeting of Shareholders will be taken by an absolute majority of the votes cast without a requirement for a quorum.

According to the company's Articles of Association, the following decisions of the General Meeting of Shareholders require a larger majority or a quorum:

- Unless proposed by all members of the Supervisory Board or Board of Management, any resolution to amend the Articles of Association or to wind up the company, shall require a majority of at least three-quarters of the votes cast provided at least two-thirds of the issued capital is represented.
- Any resolution to restrict or exclude the pre-emption right in respect of ordinary shares or to designate the Board of Management, shall require a majority of at least two-thirds of the votes cast if less than half of the issued capital is represented at the meeting.
- Any resolution to make a binding nomination for the appointment of a member of the Supervisory Board or Board of Management non-binding, shall require an absolute majority of the votes cast, if that majority represents more than one-third of the issued capital. If a nomination has been made non-binding, the General Meeting of Shareholders may only appoint a person other than the nominees by a resolution adopted by an absolute majority

of the votes cast, if that majority represents more than one-third of the issued capital.
- Any resolution to suspend or dismiss a member of the Supervisory Board or Board of Management, shall require an absolute majority of the votes cast, if that majority represents more than one-third of the issued capital.

Amendment of the Articles of Association
Decisions to amend the Articles of Association of the company may only be taken at a General Meeting of Shareholders 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 members of the Board of Management in office with the collective approval of all members of the Supervisory Board in office, in which case the decision may be taken by an absolute majority of votes, regardless of the represented capital.

Issuance and repurchase of shares
At the 2018 annual General Meeting of Shareholders it was resolved to authorize the Board of Management, subject to the approval of the Supervisory Board, to issue shares or grant rights to acquire shares in the company as well as to restrict or exclude the pre-emption right accruing to shareholders up to and including 25 November 2019. This authorization is limited to a maximum of 10% of the number of shares issued as at 25 May 2018 increased by another 10% of the number of shares issued as at 25 May 2018 in the event of mergers, acquisitions, and/or strategic alliances.

Furthermore, at the 2018 annual General Meeting of Shareholders it was resolved to authorize the Board of Management, subject to the approval of the Supervisory Board, to acquire shares in the company within the limits of the Articles of Association and within a certain price range up to and including 25 November 2019. This authorization is limited to a maximum of 10% of the number of shares issued as at 25 May 2018.

External auditor
An independent audit firm is appointed by the General Meeting of Shareholders. The auditor is responsible for auditing the Financial Statements of Corbion. On 15 May 2017, the General Meeting of Shareholders appointed KPMG Accountants N.V. as external auditor for the company for the financial year 2018.

Capital structure
As at 31 December 2018, 59,242,792 ordinary shares of € 0.25 each had been issued, including 478,157 ordinary shares held by Corbion. The ordinary shares are listed on Euronext Amsterdam. No restrictions apply to the transfer of shares.

Substantial shareholdings

Pursuant to the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), the following notifications of capital interest in Corbion as at 31 December 2018 were reported:

		Capital interest	Voting interest
1.	NN Group N.V.	14.99%	
2.	ASR Nederland N.V.	5.27%	
3.	RWC European Focus Master Inc.	5.01%	
4.	J.O. Hambro Capital Management Limited	4.99%	
5.	Kabouter Management LLC	3.97%	
6.	Norges Bank	3.54%	
7.	Lansdowne Partners Limited	3.12%	
8.	Artemis Investment Management LLP	3.10%	
9.	Paradice Investment Management PTY	3.07%	2.44%
10.	BNP Paribas Investment Partners SA/ BNP Paribas Asset Management Holding	3.02%	
11.	PrimeStone Capital LLP	2.96%	
12.	T. Row Price Group Inc.	2.85%	

NB: As at 31 December 2018 Corbion had a capital interest of 0.81%.

Compliance with the Code

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. Important changes in the corporate governance structure are presented to the General Meeting of Shareholders for discussion. With the exception of the deviations outlined in the paragraphs below, Corbion endorses and adheres to the principles and best practices of the Code.

With respect to best practice provision 3.1.2 vi of the Code, Corbion applies share ownership requirements instead of holding restrictions. The Supervisory Board believes that a mandatory share ownership leads to a more sustainable build-up and alignment of the interests of the members of the Board of Management and the shareholders. As long as a member of the Board of Management does not comply with the share ownership requirements, vested shares received under share plans will be kept in a restricted account and cannot be traded. Corbion departs furthermore with regard to the possible financing of income tax on vested shares under the share plan by allowing selling part of the vested shares in deviation of the share ownership requirements.

With respect to cancelling the binding nature of a nomination or dismissal (best practice provision 4.3.3), Corbion deviates as follows. The members of the Supervisory Board and the Board of Management are appointed by the General Meeting of Shareholders on the basis of nominations by the Supervisory Board. The Corbion Articles of Association state that the General Meeting of Shareholders can overrule any such nomination by an absolute majority of the votes cast, provided the said majority represents at least one-third 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 Meeting of Shareholders may decide to suspend or dismiss a member of the Board of Management or Supervisory Board by an absolute majority of the votes cast, provided the said majority represents at least one-third 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.

The full text of the Code applicable to the company in 2018 can be viewed at: www.commissiecorporategovernance.nl.

Decree Additional Requirements for Management Reports/Corporate Governance Statement

Section 2a of the Decree Additional Requirements for Management Reports (*Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*) requires companies to publish a statement concerning their approach to corporate governance and compliance with the Code. The information required to be included in this corporate governance statement as described in Sections 3, 3a, and 3b of this decree is included in this Corporate governance section.

The information on the company's risk management and control frameworks relating to the financial reporting process, as required by Section 3a sub a of this decree, can be found in the Risk management section.

Decree Article 10 EU Takeover Directive

The information required by the Decree Article 10 EU Takeover Directive (*Besluit artikel 10 overnamerichtlijn*), to the extent applicable to the company, is included in this Corporate governance section and the notes referred to in this section, as well as the paragraph below.

The contractual conditions of most of the company's important financing agreements and notes issued (potentially) entitle the banks and noteholders respectively to claim early repayment of the amounts borrowed by the company in the event of a change of control over the company (as defined in the respective agreement). With respect to agreements entered into with members of the Board of Management that provide for payment upon termination of their employment following a public bid, please refer to the description of the remuneration policy on Corbion's website.

Decree Disclosure Non-Financial Information

Section 2 Subsection 1 of the Decree Disclosure Non-Financial Information (*Besluit bekendmaking niet-financiële informatie*) requires companies to publish a statement concerning non-financial information. The information required to be included in the management report as described in Section 3 of this decree, which is incorporated and repeated here by reference, can be found in the following sections of the Annual Report:

- A description of the business model of the company can be found in the section *Who we are and what we do/Our strategy 2018-2021*
- A description of the company's non-financial key performance indicators relevant to the company's activities can be found in the sections *Who we are and what we do/Our strategy 2018-2021, Our performance/Sustainability performance, and Sustainability statements*
- A description of the company's policy including the applied security measures regarding environmental matters as well as the main risks related thereto and how the company manages these risks can be found in the sections *Our performance/Sustainability performance.*
- A description of the company's policy including the applied security measures regarding social and employee matters as well as the main risks related thereto and how the company manages these risks can be found in the section *Sustainability statements/Human capital*.
- A description of the company's policy including the applied security measures regarding respect for human rights as well as the main risks related thereto and how the company manages these risks can be found in the section *Sustainability statements/Human rights*.
- A description of the company's policy including the applied security measures regarding anti-corruption and anti-bribery matters as well as the main risks related thereto and how the company manages these risks can be found in the section *How we safeguard long-term value/Risk management/Anti-bribery and anti-corruption.*

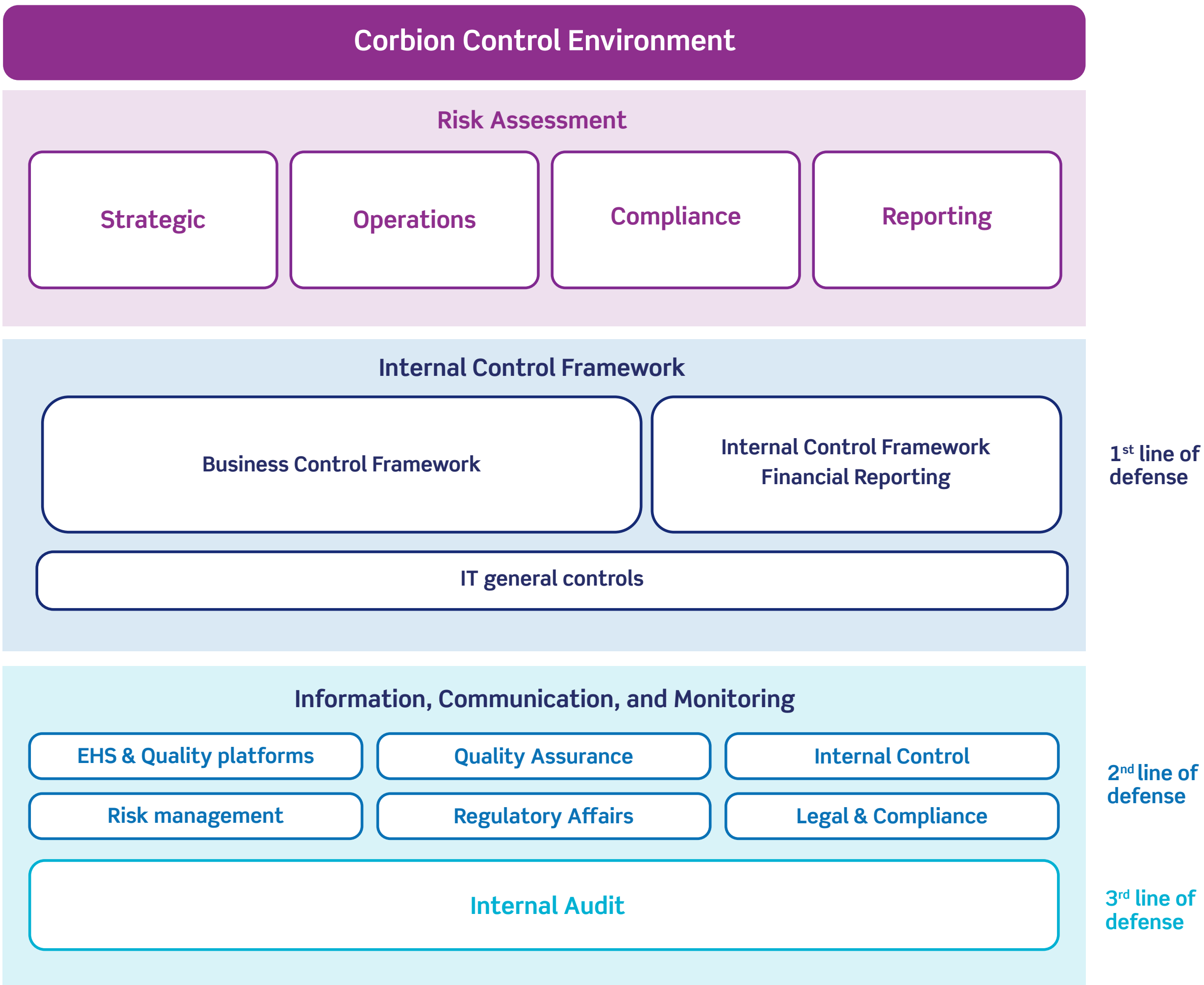
Risk management

Framework

Our approach to risk management

With worldwide operations in various markets and jurisdictions, Corbion needs to ensure timely identification and effective management of all significant risks inherent to the execution of its strategy and realization of its objectives. Corbion has an enterprise-wide risk management (ERM) program in place to preserve its reputation, assets, competitive edge, and profits. ERM is the process of systematically identifying, analyzing, evaluating, and addressing risks that may impact the achievement of a company's objectives.

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 2004). Our approach aims to embed risk awareness and risk management at all levels of Corbion to ensure that risk decisions are taken and evaluated consciously and properly. Our risk management approach covers strategic, operations, compliance, and reporting risks, which can be illustrated as follows.



The implementation of the main COSO framework elements is explained below.

Control environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The Executive Committee establishes the tone at the top regarding the importance of internal control including expected standards of conduct. An important principle of the control environment is the commitment of the Executive Committee to integrity and ethical values, which is demonstrated by the programs mentioned below.

Business conduct/ compliance

Business conduct program

Guided by the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, our Code of Business Conduct (which is available in seven languages) describes principles with respect to personal and business conduct, asset protection, employment standards, and environmental protection and sets out the expected standard of behavior of all Corbion employees. This Code serves as an umbrella for underlying policies which cover in more detail areas such as competition law, anti-bribery, anti-corruption, privacy, economic sanctions, and insider trading. Corbion has a network of regional Business Conduct Coordinators who support embedding of the Code of Business Conduct and the underlying policies in local operations. Besides this, they function as a local point of contact for management and staff. All Corbion employees need to follow annually a mandatory training (either through e-learning or class room training) with respect to the Code of Business Conduct. In addition, selected groups of employees need to follow every two years mandatory e-learning trainings with respect to anti-corruption and competition law. A breach of the Code of Business Conduct can lead to disciplinary actions, including termination of employment.

Under the Corbion Speak Up Policy, Corbion employees are able to report (potential) violations of the Code of Business Conduct to their manager or a Business Conduct Coordinator. Next to that, the Corbion Speak Up Line, which is available 24/7 and operated by an independent service provider, allows employees to report issues anonymously. In 2018, four complaints with respect to the Code of Business Conduct were reported. Appropriate measures have been taken by management.

Anti-bribery and anti-corruption

For Corbion as a listed company operating worldwide, compliance with anti-bribery and anti-corruption laws is key, given the consequences of non-compliance therewith. Our policy with respect to anti-bribery and anti-corruption is laid down in our Gifts, Entertainment, and Third-Party Payments Policy (which is available in seven languages). This policy covers (i) prohibition of offering, authorizing, or accepting bribes, (ii) rules for how to deal with giving and receiving gifts and entertainment, and (iii) rules for how to deal with third-party payments (agents and distributors, facilitation payments, sponsorships, political contributions).

At Corbion, we are committed to maintaining good relations with our customers, suppliers, and other business partners. In this context we acknowledge the business custom of exchanging small gifts and invitations to dinners or social activities in order to initiate, develop, or sustain good business relations. All Corbion colleagues should however ensure that the gifts and entertainment that we offer or receive are not, or could not be perceived as, a bribe. All Corbion colleagues as well as our agents, distributors, and other representatives are prohibited from offering, authorizing, or accepting bribes of any kind. Any gifts and entertainment must be for legitimate business purposes, of a reasonable value, and appropriate to the business relationship, and be given or accepted at an appropriate time. If the nominal value of a gift exceeds a certain threshold, prior approval of the employee's manager is required.

Prior management approval is always required for entertainment (with the exception of business meals) and travel and overnight accommodation.

Corbion has a procedure in place for engaging with agents and distributors. This means that due diligence questionnaires need to be filled out which are being assessed by the Legal Department. Furthermore, higher management approval is required. The agent and distributor should sign an agency or distribution agreement and accept the Corbion anti-corruption/bribery clauses contained therein.

In 2017, we have initiated an anti-corruption compliance risk assessment in the countries that score high on the Corruption Perception Index and where Corbion has a presence, being Russia, Mexico, and China. In 2018, we continued this approach and did an assessment in India, Thailand, and Brazil. As part of that assessment, we are reviewing the relationship with the local authorities and screening the agents and distributors that we use in these countries as well as the parties that help us communicate with the local authorities (if any).
The outcome of the policies and procedures described above was that no material findings were observed.

Risk appetite

Part of the control environment is the definition by the Executive Committee of the risk appetite of the company. Our risk appetite is the amount of risk we are willing to accept to achieve our strategic goals. This requires adequate understanding and awareness of potential risks and their magnitude within the company. The level of risk appetite is set by the Executive Committee.
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
Operations risk	Low: safety-related issues Moderate: other areas with a focus on improving operational and functional excellence
Reporting and compliance risk	Low: full compliance with legal and regulatory reporting (including financial reporting)

The impact on EBITDA in millions of euros of a 1% change in net sales, costs, profit, and currency changes is reflected as follows.

	Change	Approx. EBITDA impact (millions of euros)
Net sales	+1% / -1%	+/- 4.2
Gross profit	+1% / -1%	+/- 2.9
Operating costs (= selling expenses + R&D costs + G&A expenses)	+1% / -1%	+/- 1.5
USD	+1% / -1%	+/- 1.1
YEN	+1% / -1%	+/- 0.2

Risk assessment

We identify risks by combining a top-down and bottom-up approach. As an integral part of the strategy review, the Executive Committee annually performs an entity-wide risks assessment to assess the strategic risks. In addition, a bottom-up process risk assessment approach is used covering operations, reporting, and compliance risks per area of responsibility. Finally, risk assessment is an integral part of the project stage-gate methodology applied at Corbion for strategic initiatives and related investments. Derived from these risks, the Executive Committee selects a number of key management activities with a view to an increased focus in 2019 to further strengthen our control framework. This is discussed with the Audit Committee and the Supervisory Board.

Key risk areas

The table below provides a summary of the top risks that have focused Executive Committee attention to ensure the strategic targets are realized. For each risk the table lists the potential impact as well as a summary of mitigation measures taken to address them. There may be other risks currently unknown to Corbion, or currently believed not to be material, which could ultimately have a major impact on Corbion's business, objectives, revenues, income, assets, liquidity, or capital resources.

Corbion top risks

Risk event	Cause and potential impact	Mitigation actions
Strategic risks		
Business development underperformance	Business development is one of the key drivers in Corbion's Creating Sustainable Growth strategy. Corbion is investing in new platforms of growth such as PLA, FDCA, and Algae Ingredients for which the pace of market adoption is inherently uncertain given the early development stage of these initiatives.	Corbion is following a disciplined approach in investments in these major business development initiatives through actions like: - strict project management approach supported by a well-established stage gate development methodology - regular project state reviews with direct involvement at Executive Committee level - alignment of investment pace with market development - involvement of innovation/business partnerships to share business development risk and to increase speed and likelihood of success.
Business interruption due to new ERP platform	Corbion embarked on a multiyear (2017 – 2021) project to replace the existing ERP systems by a new, global ERP platform (project CUBE, based on SAP). As this new system addresses nearly all of the core transactional processes, such transition if not prepared and/or managed well, could lead to major business interruptions.	Corbion considers project Cube as one of the key initiatives for change management which will be implemented in the years to come. The project is staffed with dedicated experienced project management (resources from both internal and external system integrator) and applies strict project governance procedures and reports into a ExCo-led steering committee. After a careful preparation phase, in which the target operating model was defined and the system selection was made, the project is currently in the template building phase. The template is built in a phased, agile approach (Scrum methodology) with deep involvement of many people in our organization (end users, business experts). After a rigorous testing phase, the new system will be implemented in a multi-year phased approach (region by region). The first implementation is expected to take place in the second half of 2018 in Asia.

Inability to find, develop, and retain skilled talent	To execute the Creating Sustainable Growth strategy, Corbion requires a pool of skilled talent. If Corbion in today's international labor market is not able to attract and retain skilled talent, the execution of the strategy may be delayed.	Corbion has robust compensation and performance management processes in place. Succession planning is embedded in Corbion to ensure a strong pool of talent for the key positions.
Raw material and energy price volatility and availability	Failure to manage the price volatility risk of raw materials, chemicals, and energy which cannot be directly passed on to customers due to market conditions or lack of contractual enforcement. This may result in adversely impacted gross margins.	The inclusion of price formulas in contracts, frequent monitoring of key materials and energy impact. Overall raw material risks are mitigated by actively taking longer-term contract positions where necessary, by sourcing from different locations/key raw materials, and in the longer run, by considering alternative or second-generation feedstocks. Our global procurement organization, with dedicated finance support, has developed adequate measures to secure contract positions and obtain financial instruments to minimize or delay exposure to cost fluctuations due to changing raw material prices that might impact our margins negatively. These measures include early warnings of possible impact on our organization and our customers. Furthermore, we have implemented a multiple-supplier sourcing policy for our most critical raw materials.
Operations risks		
Safety incidents	Inherent health and safety hazards in our operations and insufficient awareness of unsafe plant conditions can lead to injuries or casualties and, potentially a temporary plant shutdown.	Safety is an integral part of new design and change in product formulations and production processes. A new policy focused on safety core beliefs, followed by participative workshops and a program focused on life-changing safety rules, supported by e-learning and awareness campaigns have been rolled out in 2018. In 2019 Corbion will continue the awareness campaigns, in addition to the roll-out of the ISO 45001 safety standards. Corbion fosters an open and transparent culture by encouraging all employees to report, amongst others, all near misses and events in order to continuously improve our safety and environmental performance.

Business interruption	An external hazardous event (floods, riots, fires etc.) or internal disruption (e.g. availability of critical spare parts, global supply chain complexity etc.) may result in a significant period of plant shutdown or disruption and hence in delayed/non-delivery of our products to internal and/or external customers, ultimately leading to adverse financial and reputational consequences.	Business continuity and crisis management plans including contingency sourcing are in place with ongoing evaluation, based amongst other things on highly credible incident identifications for each site. Furthermore, appropriate customer and supplier agreements are in place to limit exposure whilst leveraging supplies. Finally, residual risks are adequately insured including assets and business continuity risks.
Cybersecurity breach	A breach of our IT security might lead to loss of information.	We have implemented an IT governance structure including a dedicated corporate information security officer and an information security governance board. The IT general control framework has been updated including amended IT policies. On a frequent basis we perform penetration tests, helping us to identify and correct potential IT security weaknesses. The outcome of these tests helps us to further strengthen our IT security levels. In addition, we reduce our risk exposure by continuously raising IT security awareness with our people (e.g. through e-learning, communications). In 2018 we reinforced our security framework by focusing more strongly on patching and applying patches more frequently, by implementing multi-factor authentication, setting up a Security Operating Center, and by further segmenting Corbion's IT network.
Confidential information leakage	Failure to protect sensitive information adequately due to limited physical protective measures, inadequate user behavior, or potential cyber-attacks may result in loss of valuable or sensitive information such as trade secrets or intellectual property.	All mitigation actions mentioned above under Cybersecurity help in keep our sensitive information confidential. As an additional manual control, non-disclosure agreements with third parties are in place.
Compliance risks		
Non-compliance with applicable tax laws	Failure to timely detect and anticipate changes in a wide variety of tax laws or in the application thereof could adversely affect our financial results.	An adequate quarterly reporting system is in place, we hold regular tax meetings, and review tax compliance of our operating companies. Our global tax control framework warrants compliance. Transfer pricing policy and documentation are in place as well. We seek the advice of external tax experts in compliance matters.

Non-compliance with legislative and regulatory environment	Failure to comply with (changing) laws and regulations in the markets we operate in. Lack of insight into and/or awareness of relevant laws and regulations and their requirements may result in suspension of activities, reputational damage, and exposure to criminal and financial lawsuits.	Global legal and regulatory compliance programs are in place, including related awareness trainings, and we monitor, review, and report on changes in laws and regulations. We seek the advice of external experts in compliance matters.
Reporting risks		
Volatility in currency exchange rates	Failure to manage volatility in the exchange rates of a number of currencies versus the euro, especially the US dollar, can have a significant impact on our financial results.	A Hedging policy to limit the impact of volatility in foreign exchange rates is in place. Hedging the impact of the foreign currency translation risk is partly and indirectly effectuated through matching with liabilities denominated in foreign currency. Our external debt is partly denominated in US dollars, which partly reduces the 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.
Financial reporting not in accordance with International Financial Reporting Standards (IFRS).	Not informing our shareholders and other stakeholders in conformity with IFRS might lead to a lack of trust, reputation damage, a declining share price, and, possibly, legal claims.	Corporate accounting policies are maintained and made available via the Corbion intranet. Our global control framework includes financial reporting controls that warrant compliance with IFRS. External best-in-class expert advice is used if/where necessary.

Internal control systems

Corbion applies the 3-lines-of-defense model for internal controls. The first line (line management) is responsible for the operational effectiveness of the internal control framework. The second line coordinates, advises, and monitors line management regarding their responsibilities for internal control. The third line is internal audit independently reviewing the control framework.
Our internal control framework is not limited to the elements outlined below as these are a summary of controls implemented at local and corporate levels. We apply several control elements of which the effectiveness is self-assessed or monitored by the second and third lines of defense.

Business control framework

Business controls cover a broad range of policies, procedures, systems, and other measures. They provide reasonable assurance on the effectiveness and efficiency of our operational processes ensure the output as expected to support the realization of the company strategy and objectives. On entity level, important elements of the framework are the business planning process and management review.

Business planning, budgeting, and management review
Based on Corbion's strategy and plans, targets are set for the annual budget. After determining these budgets, the 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 Executive Committee during quarterly business review meetings. The Executive Committee monitors business performance on a monthly and quarterly basis using a defined set of key performance indicators and reviews of actual results versus budgets, quarterly estimates, and the previous year.

Local entities are visited frequently. Operational management meets at least once a month to discuss their business activities and related risks, the actual performance versus budget, and other significant matters in their respective areas.

Legal and regulatory review
Local management is responsible for compliance with laws and regulations. The Legal Department is consulted by local management on an ongoing basis. Every six months, local management reports the main open legal issues with a potential gross exposure of each exceeding € 100,000 to Corporate Legal and Corporate Finance.

Internal control framework on financial reporting

General
Corbion is committed to maintaining high-quality, reliable financial reporting, and a good control environment. All reporting entities assess the operational effectiveness of their financial closing and reporting processes, at mid-year and end-of-year, confirming compliance with the relevant guidelines and IFRS. This, together with the Letters of Representation, provides reasonable assurance on the integrity of our financial reporting. Self-assesment also includes tax governance and treasury internal controls.

During 2018, our main legal entities performed quarterly assessments of the design and implementation of their key financial process controls. In addition, external and internal audit provide independent assurance on the operational effectiveness. Improvement recommendations based on audit and self-assessment findings are followed up by local management, the status of which is being monitored regularly by the Executive Committee.

Letters of Representation
Every six months, managing directors and finance directors of each reporting entity or, 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.

Tax principles
Corbion considers paying taxes an important part of our corporate social responsibility. Based on this, and derived from our Code of Business Conduct as part of our corporate governance structure, we have adopted the following tax principles. These tax principles deal with all different types of taxes which we are obliged to report and pay in the jurisdictions in which we operate, including taxes on profits, value added taxes, wage taxes, duties, and various other taxes.

Business rationale/transfer pricing
Corbion's tax strategy follows from and is aligned with the business strategy and objectives. Consequently, we aim to pay the appropriate amount of tax depending on where value is created in each of the jurisdictions we operate in, following the normal course of commercial activity, and in accordance with domestic and international rules and standards. All our intercompany transfer pricing and policies are based on the "arm's length principle."

Relationship with tax authorities
We seek to develop mutually respectful relationships with the various national tax authorities based on trust and transparency. To accomplish this we aim for an open and constructive dialogue with the various tax authorities on the basis of disclosure of all relevant facts

and circumstances. In the Netherlands we concluded a so-called tax covenant ("horizontal monitoring") with the Dutch tax authorities. Such covenant entails that the tax authorities can rely on Corbion to provide upfront disclosure of all relevant information, while it allows Corbion to get upfront confirmation of applicable tax treatment.

Tax governance
Within the governance framework, the conduct of the group's tax affairs and the management of tax risks are delegated to the group's tax department with support and assistance from the group and local finance departments. The Audit Committee supervises the activities of the Board of Management with respect to the tax governance framework.

Compliance
We aim to act at all times in accordance with all applicable laws in which we are guided by the relevant local and international standards. Compliance is monitored within a global tax control framework. Corbion complies with its statutory obligations and aims to file all required tax-relevant information with the appropriate tax authorities in a timely, transparent, and complete manner. Tax-related disclosures are made in accordance with the relevant domestic regulations, as well as applicable reporting requirements under IFRS.

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.

IT general control framework

An information technology general control framework is in place which ensures the proper management of IT governance in general, projects and programs, computer operations, and access management. We have professionalized the management of projects and strengthened the IT Project Management Office.
From an IT security perspective, the Information Security Board (including senior management) sets the IT security roadmap. Risk-reducing initiatives in the past year included amongst others a company-wide security awareness program, multi-factor authentication, penetration tests, yearly disaster recovery plan testing of selected systems, and implementation of a security policy. Furthermore, we implemented a Security Operating Center in 2018 and continued to strengthen the network segmentation. In case of data security incidents, the data breach committee is notified to ensure proper action and communication with authorities.

Audit

Internal audit
Internal audit supports the organization in accomplishing its objectives by providing a systematic, disciplined approach for the evaluation and improvement of the effectiveness of our internal control and governance processes. The Internal Audit Charter is approved by the Executive Committee, the Audit Committee, and the Supervisory Board. The objective of internal audit is to provide a broad range of audit services designed to assist the Executive Committee in controlling the business operations. Internal audit evaluates risks and assesses that the controls in place are adequate to mitigate the risks identified by management, identifying best practices, and recommending improvement opportunities to management. The audit plan is prepared, discussed, and agreed with relevant stakeholders. The plan has a rolling character so changes in priorities may be applied and the audit plan is updated and discussed periodically at the Executive Committee and the Audit Committee. A summary of all audit reports and the follow-up of open internal audit items are reported to and discussed with the Executive Committee and Audit Committee on a regular basis.

External audit
Our external financial audit engagement ensures that our financial statements give a true and fair view of our financial position as at 31 December 2018 and of our result and our cash flows for the year then ended. In 2018 the external auditor reviewed the sustainability indicators marked with "✓". Contrary to the audit of our financial statements, this review is only aimed at obtaining a limited level of assurance.

Governance / risk management and responsibility statement

Corbion has defined a governance model that identifies clear reporting and accountability structures in line with the Dutch Corporate Governance Code. The Executive Committee is responsible for:

- identifying and analyzing the risks associated with Corbion's strategy and activities;
- establishing the risk appetite, as well as ensuring that mitigating measures are being put in place;
- the design, implementation, and operation of Corbion's internal risk management and control systems; and
- monitoring the operation of the internal risk management and control systems and assessing the design and effectiveness thereof.

The Board of Management discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee and the Supervisory Board annually.

The Executive Committee carried out an assessment of the design and effectiveness of the internal risk management and control systems, covering strategic, operations, reporting, and compliance risks. Elements that were taken into account included reports from the internal audit function and the external auditor, findings reported under one of our control frameworks, matters reported by the Legal Department, and reports received under our Speak Up Policy. The outcome of this assessment was that no major failings in the internal risk management and control systems were observed in the reporting year, and that no significant changes have been made to these systems. Corbion is continuously strengthening its internal risk management and control systems by various improvement initiatives; no major improvements have been identified for 2019. This has been discussed with the Audit Committee and the Supervisory Board.

Risk management statement

Corbion's risk management and internal control systems are designed to identify in a timely manner the risks inherent to our strategic, operations, compliance, and reporting 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 Audit Committee and the Supervisory Board. 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 Corbion's risk management approach.

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

On the basis thereof, and as explained in the section Risk management of the Annual Report, the Board of Management, with reference to best-practice provision 1.4.3 of the Dutch Corporate Governance Code, states that to the best of its knowledge:

- the Annual Report provides sufficient insight into material failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the Annual Report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the Annual Report.

Responsibility statement

With reference to Section 25c Subsection 2 sub c of Chapter 5 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*), the Board of Management states that to the best of its knowledge:

- the Financial Statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and earnings of Corbion and its group companies included in the Financial Statements; and
- the Annual Report gives a true and fair view of the position of Corbion as at the balance sheet date, the developments during the financial year of Corbion and its group companies included in the Financial Statements, and a description of principal risks that Corbion faces.

Amsterdam, the Netherlands, 5 March 2019

Board of Management
Tjerk de Ruiter, Chief Executive Officer
Eddy van Rhede van der Kloot, Chief Financial Officer

We create
exciting sustainable alternatives

Operations, plant engineering & construction, quality, R&D, and marketing & product management

Corbion
Keep creating

At Corbion we're creating a better future together

TOTAL CORBION PLA MAKES FULL-SCALE PRODUCTION A REALITY

The joint venture team

- Operations
- Plant engineering and construction
- Quality
- R&D
- Marketing & product management

The project

In 2016, Corbion and Total joined forces to develop bioplastics, creating a 50/50 joint venture to produce and market polylactic acid (PLA) polymers. Critical to the success of the joint venture would be the on-time and on-budget construction of a new plant in Rayong, Thailand. This plant, with a production capacity of 75,000 tons of PLA per year, should be able to produce the PLA grades our customers need. The project was targeted for completion in the second half of 2018, less than two years after breaking ground and just 18 months after the Total Corbion PLA joint venture was officially formed. Building the plant represents an exciting step forward in the company's commitment to creating renewable, sustainable solutions to industry challenges.

The challenge

The first of four key objectives was to construct a pilot plant capable of producing the PLA products we offer to the market. These 10 different grades of industrial PLA resins were produced on a smaller scale before producing them in the full-scale plant. The pilot plant and its operating staff (70 percent of whom were new) would produce PLA with specific qualities as a proof of concept for our customers. Second, an expansion project at the neighboring lactide plant aimed to increase that plant's capacity from 75,000 tons to 100,000 tons to help adequately supply the PLA plant. Finally, the full-scale plant had to be able to produce the entire range of PLA products at a rate of 75,000 tons per year, with the flexibility to efficiently interchange between products.

The outcome

The pilot plant has been operational since December 2017, with a capacity of 1,000 tons per year. We used it for training our operators and testing processing improvements, we went through many development phases and were fortunate that any adjustments could be made on this much smaller pilot plant scale. By early 2018, we had made customer samples of all 10 grades of Luminy® PLA. By March, lactide production capacity had been boosted to 100,000 tons per year and our distillation capabilities were in place. Commissioning of the full-scale plant – the second-largest PLA bioplastics plant in the world – began on schedule in September 2018, and over the next few months production of various grades was tested. Following a successful commissioning phase, the official plant start-up was announced early December 2018.

The experience

All along the way, the team has maintained a dedication to high standards; the ISO9001 version 2015 quality certification we earned to help ensure the consistency of our products is just one example. Most importantly, all of our objectives were accomplished safely, without a single recordable injury over the course of 3 million working hours. This is especially impressive considering the fact that the project also employed more than 1,000 contract workers. As proud as we are of everything the team achieved together, we are even more proud of the way in which it was executed.

The future

The team in Rayong is motivated by the opportunity in front of them. People are increasingly concerned about the impact of conventional plastics on our natural resources, and believe the work they are part of will help make a critical difference in the way the world shapes a more sustainable future. Efficient, renewable solutions such as PLA bioplastics inspire confidence in the idea of a truly achievable circular economy.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board supervises and advises the Board of Management and Executive Committee in performing their management tasks and setting the direction of the business of Corbion. In performing its duties, the Supervisory Board is guided by the interests of the company and its stakeholders. The Rules of the Supervisory Board are available on Corbion's website.

Overview 2018

Eddy van Rhede van der Kloot, CFO, was re-appointed by the General Meeting of Shareholders on 25 May 2018 for a new term (May 2018 - May 2022). The Supervisory Board is pleased that it was able to secure continuity of leadership that will guide the company through the next stages of development, further capturing the full potential of Corbion's strategy.

From a financial perspective, 2018 was a satisfactory year, where management handled adverse input cost market conditions, whilst at the same time executing our Creating Sustainable Growth strategy, with Corbion growing at a significantly higher pace than in the previous years.

On 4 June 2018, Corbion announced that the company had completed the acquisition of Bunge's 49.9% stake in SB Renewable Oils, a joint venture that operates an industrial-scale production facility in Brazil, specializing in the production of algae ingredients, such as an Omega-3-rich oil, for aquaculture and animal feed. As a result, Corbion has full ownership of the plant in Orindiúva – a pivotal part of our Algae Ingredients business, the innovative platform Corbion acquired in 2017.

The Supervisory Board would like to thank the Executive Committee and all Corbion employees around the world for their dedication, loyalty, and hard work in 2018.

Composition of the Supervisory Board

Members of the Supervisory Board are Mathieu Vrijsen (Chairman), Rudy Markham (Vice-Chairman), Liz Doherty, Jack de Kreij, and Steen Riisgaard. Brief resumes of the members of the Supervisory Board are available under the section Corporate governance/Supervisory Board of the Annual Report. The profile and diversity policy of the Supervisory Board are available on Corbion's website.

Steen Riisgaard and Rudy Markham were re-appointed as members of the Supervisory Board at the annual General Meeting of Shareholders on 25 May 2018. Steen Riisgaard was appointed for a new term of four years, and Rudy Markham for a new term of two years.

In the opinion of the Supervisory Board, the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code have been fulfilled.

Meetings of the Supervisory Board

During the year under review the Supervisory Board held five regular meetings and one conference-call meeting. The Board of Management attended these meetings. During one of the meetings, an extensive strategy update session was held with the Supervisory Board and various members of the Executive Committee. The Supervisory Board also met regularly in the absence of the Board of Management to discuss, amongst others, developments in the financial results and the composition and functioning of the Supervisory Board and Board of Management. Members of the Supervisory Board regularly met with the members of the Executive Committee, business leaders, and members of corporate staff. The external auditor attended the meeting of 6 March 2018, at which the 2017 Annual Report and Financial Statements were recommended for adoption by the annual General Meeting of Shareholders.

The Chairman and Vice-Chairman of the Supervisory Board regularly met with the CEO either in person or by phone, for bilateral discussions about the progress of the company on a variety of matters.

Attendance at the in-person meetings held in 2018 was almost 100%; Liz Doherty was not able to attend one meeting and she spoke separately with the Chairman of the Supervisory Board beforehand. Rudy Markham was not able to attend one meeting in person and joined partly by phone. Attendance at the conference-call meeting was 100%. Also in this year all members of the Supervisory Board were able to make themselves sufficiently available to give adequate attention to the needs of Corbion.

Activities of the Supervisory Board

The discussions at the Supervisory Board meetings covered frequently recurring topics, such as reports of its committees, strategy, developments in financial results, business developments, quarterly interim management statements, acquisitions and divestments, key investments, annual budget, internal risk management and control systems, succession planning of the Supervisory Board and Board of Management, remuneration for the members of the Board of Management, corporate governance, investor relations, culture and values, the Financial Statements, and the Annual Report. In addition, the Supervisory Board discussed the acquisition of Bunge's 49.9% stake in the SB Renewable Oils joint venture, the project to move to a new ERP platform, the succession of Tjerk de Ruiter as CEO, and the re-appointment of Eddy van Rhede van der Kloot as CFO.

The Supervisory Board has been involved in the implementation of the updated strategy. Regular updates were provided by the Board of Management during the Supervisory Board meetings. During one of the meetings, an extensive strategy update session was held involving the Supervisory Board and various members of the Executive Committee. The discussions were constructive and the Supervisory Board played an active role in challenging and testing the ideas of the Executive Committee members.

Evaluation

The Supervisory Board conducted a self-evaluation of its own functioning, the functioning of its committees, and that of its members, as well as an evaluation of the functioning of the Board of Management and its members, supported by an independent external specialist. This was done by means of in-depth structured interviews with all members of the Supervisory Board and the Board of Management. A report of the evaluation, including observations and recommendations, was discussed by the Supervisory Board. General observations are in line with previous years indicating an open and constructive interaction between members of the Supervisory Board focused on the business at hand. The Supervisory Board feels sufficiently involved by the Board of Management, and is positive about the interaction and dynamics while the committees function as expected. Topics for the 2019 agenda are geared at the succession planning of the CEO in 2020, initiating the execution of the succession planning of the Supervisory Board, defining the adequate level of involvement in and supervision of the joint venture Total Corbion PLA, the post-acquisition and integration of Algae Ingredients, and monitoring the top-line growth improvement and strategic options and portfolio choices for the company. The Board of Management also conducted a self-evaluation of its own functioning and that of its members, supported by an independent external specialist. This was done by means of in-depth structured interviews with all members of the Board of Management. General observations are that the members of the Board of Management are positive about their overall performance, that size and composition of the Executive Committee are appropriate, and that the balance between distance and involvement with the Supervisory Board is right. Topics for the 2019 agenda are fully in line with the agenda of the Supervisory Board and geared at executing the updated strategy, Creating Sustainable Growth, supporting the succession planning of the CEO in 2020, the further integration and commercialization of Algae Ingredients, forging ahead with the joint venture Total Corbion PLA, and the implementation of the new ERP system.

Committees of the Supervisory Board

The Supervisory Board has appointed from among its members an Audit Committee, a Remuneration Committee, an Appointment and Governance Committee, and a Science and Technology Committee. The committees' role is to prepare the decision-making of the Supervisory Board. The Charters of the committees are available on Corbion's website.

Audit Committee

The members of the Audit Committee are Jack de Kreij (Chairman) and Liz Doherty. In 2018 the Audit Committee met five times in the presence of the external auditor, the CFO, the VP Group Finance, and the Senior Director Internal Audit. Other heads of departments (e.g. Treasury, Tax, Legal, and IT) were invited when the Audit Committee deemed it necessary and appropriate. The Audit Committee also held private individual meetings with respectively the CFO, the Senior Director Internal Audit, and the external auditor. The attendance rate at the meetings held in 2018 was almost 100%; Liz Doherty was not able to attend one meeting.

The agenda at the Audit Committee meetings covered, amongst other subjects, annual and half-year figures, interim management statements, accounting matters, IFRS changes, sustainability reporting, internal risk management and control systems, tax matters (including tax control framework), financing, treasury and insurance, pensions, IT (including cybersecurity), the project to move to a new ERP platform, status of legal claims and litigations, status of the Business Conduct program, notifications received under the whistleblower procedure, internal audit plan, the management letter, reports of the internal and external auditors, and the partner rotation procedure at the external audit firm. Furthermore, several presentations by members of the Executive Committee and other representatives of the organization were held regarding certain key risks for Corbion.

The core task of the Audit Committee was to extensively review the financial reports and budget before consideration by the full Supervisory Board. Both Jack de Kreij and Liz Doherty continued to act as financial experts (as defined in clause 2.6 of the Charter of the Audit Committee). The effectiveness of the Audit Committee was reviewed as part of the 2018 overall evaluation of the Supervisory Board which confirmed that the Audit Committee continues to function in line with the requirements in this respect.

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 to the Supervisory Board the replacement of the external auditor. Furthermore, the Audit Committee submits a proposal to the Supervisory Board with respect to the fees for all audit services to be performed by the external auditor as requested by the Board of Management.

Appointment and Governance Committee

The Appointment and Governance Committee consists of Mathieu Vrijsen (Chairman), Rudy Markham, and Steen Riisgaard. The Appointment and Governance Committee met five times in 2018 in the presence of the EVP Human Resources and the Company Secretary. The CEO was invited to join certain parts of these meetings. The attendance rate at the meetings held in 2018 was almost 100%. Mathieu Vrijsen was not able to attend one meeting in person and attended by telephone; Rudy Markham was not able to attend one meeting.

The Appointment and Governance Committee discussed, amongst other subjects, the size and composition of the Supervisory Board and the Board of Management, the succession plan for the Supervisory Board and members of the Board of Management and the Executive Committee, the performance of the Board of Management and its members, talent management, succession planning for senior management, people strategy, culture and values, the profile of the Supervisory Board, and the diversity policy for the Supervisory Board and Executive Committee, as well as governance matters. Furthermore, the succession of the CEO and the re-appointment of the CFO were extensively discussed.

Remuneration Committee

The Remuneration Committee consists of Rudy Markham (Chairman), Mathieu Vrijsen, and Steen Riisgaard. The Remuneration Committee met five times in 2018 in the presence of the EVP Human Resources and the Company Secretary. The CEO was invited to join certain parts of these meetings. The attendance rate at the meetings held in 2018 was almost 100%. Mathieu Vrijsen was not able to attend one meeting in person and attended by telephone; Rudy Markham was not able to attend one meeting.

The Remuneration Committee discussed, amongst other subjects, the remuneration report, the remuneration for the members of the Board of Management, the level of achievement of the 2017 Short-Term Incentive Plan (STIP) targets for the members of the Board of Management, the progress of the STIP 2018 targets and the targets of the running Long-Term Incentive Plan (LTIP) programs, and the target setting for the STIP 2019 and the LTIP 2018-2021. Furthermore, the members of the Board of Management gave a view on their own remuneration and the remuneration levels of the Executive Committee were reviewed.

Science and Technology Committee

The Science and Technology Committee consists of Steen Riisgaard (Chairman) and Mathieu Vrijsen. The Science and Technology Committee met three times in 2018 in the presence of the CTO, other members of the Executive Committee, and members of the R&D leadership team. The attendance rate at the meetings held in 2018 was almost 100%. Mathieu Vrijsen was not able to attend one meeting. The agenda at these meetings covered, amongst other subjects, algae ingredients science and technology capabilities, sustainability, innovation within business segment Food, and external technology trends.

Financial Statements 2018

The Financial Statements prepared by the Board of Management for the financial year 2018 have been audited by KPMG Accountants N.V. The auditor's findings on the Financial Statements have been discussed with the Board of Management, the Audit Committee, and the Supervisory Board. The Supervisory Board has accepted the Financial Statements and recommends that they be adopted by the General Meeting of Shareholders. 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.

Amsterdam, the Netherlands, 5 March 2019

Supervisory Board
Mathieu Vrijsen, Chairman75
Rudy Markham, Vice-Chairman
Liz Doherty
Jack de Kreij
Steen Riisgaard

REMUNERATION REPORT

Remuneration policy and its implementation in 2018

To ensure Corbion's development as a successful sustainable ingredient solutions company, the objective of the remuneration policy for the Board of Management is to create internationally competitive remuneration packages and employment conditions, which align the interests of the Board of Management with the strategic direction and horizon of the company, with a strong emphasis on performance-related pay and long-term value creation. The policy is in place since 2015 and was approved by the annual General Meeting of Shareholders in that same year. An update of the policy was approved at the annual General Meeting of Shareholders in 2018. The full remuneration policy is available on our website www.corbion.com. This section describes how the remuneration policy has been implemented in 2018.

General

The implementation of the remuneration policy contributes to long-term value creation, as the long-term incentive for the Board of Management is aimed at longer-term value creation in line with stakeholder interests, measured over a performance period of three calendar years. To ensure that short-term performance also leads to sustainable long-term value creation, the short-term and long-term incentive performance metrics are aligned. In the implementation of the remuneration policy, scenario analyses have been taken into consideration.

Remuneration reference levels

The total compensation levels (base salary, short-term incentive, long-term incentive) and pay mix are based on a combined reference group of comparable European biotechnology companies and Dutch general industry companies (AMX and smaller AEX). Every two years a reference check is performed to independently benchmark the total compensation levels with market levels; this was done for the first time in 2017. Based on this benchmark no major changes in remuneration levels and policies (pay mix, incentive design) were proposed.

Internal pay ratios

In line with good corporate governance practices regarding remuneration policies, Corbion measures on a yearly basis the internal pay ratios within the company. More specifically, Corbion has calculated the pay ratio of the Board of Management to the average company employee. For reasons of transparency, the company took all disclosed and paid compensation to the Board of Management, which includes base salary, short-term incentive, long-term incentive, benefits allowance, and for the CEO the special share and cash award.

The average remuneration of all Corbion employees is calculated as the total remuneration of all Corbion employees divided by the average number of Corbion employees on an FTE basis. The average number of FTE's is calculated on a monthly basis. The total remuneration of all employees is calculated on the basis of the paid labor costs (consisting of base salary, short-term incentive, long term incentive, and pensions, but excluding other social insurance; see Note 5 to the consolidated financial statements), which is adapted for the costs of share-based remuneration to present the value of the actual vested shares (instead of the IFRS 2 based calculation). The average remuneration of all Corbion employees in 2018 amounted to € 69,511 (2017: € 72,977).

For the CEO, the pay ratio to the average employee is 61.7 (2017: 42.4), for the CFO it is 17.4 (2017: 14.9). As a result of amending the calculation method for 2018 and going forward, the pay ratios for 2017 when applying this new method would have been for the CEO 40.9 and for the CFO 14.4. The increase in the pay ratio for 2018 for the CEO is caused by the payment to the CEO in 2018 of the special share and cash award (see for details the section Other compensation below). The decrease of the average remuneration per employee, caused by the acquisition of the Brazilian company SB Renewable Oils with lower base salaries, contributed to the increase of the pay ratios for both the CEO and CFO.

Base salary

Members of the Board of Management are entitled to a base salary. Based on median market data the base salary for the CEO will be set between € 500,000 and € 600,000. For the CFO base pay is set between € 300,000 and € 400,000. The individual pay of the members of the Board of Management will be determined by the Supervisory Board within the boundaries of the aforementioned ranges (from time to time). There are no automatic annual increases in the base salary levels.

As per 1 April 2018, the annual base salary for Tjerk de Ruiter (CEO) amounts to € 600,000 and for Eddy van Rhede van der Kloot (CFO) € 390,000.

Short-Term Incentive Plan (STIP)

Members of the Board of Management are eligible to a short-term incentive. The STIP rewards operational execution and is aimed at strengthening and growing the Corbion business. It is determined by the following targets: EBITDA, earnings per share (EPS) (both as defined in the policy), and sustainability. EBITDA will account for 70% of the total STIP, EPS for 20%, and the remaining 10% will be determined by sustainability. A range of 30% around each performance target (or such lower percentage as determined by the Supervisory Board) is set annually to determine the actual payout. The STIP payout at target level is set at 50% of base salary for the CEO, and 40% for the CFO. For 2018, the Supervisory Board applied the range of 30% for actual payout as follows: the threshold level was set at 85% and the maximum level at 115% for each target.

An actual payout level of 64.9% has been achieved for the EBITDA target, 150% for EPS, and 100% for Sustainability in the reporting year. This has led to a total payout of 85.4% of the at-target STIP for both Tjerk de Ruiter and Eddy van Rhede van der Kloot.

Long-Term Incentive Plan (LTIP)

The long-term incentive for the Board of Management is aimed at longer-term value creation in line with stakeholder interests, measured over a performance period of three calendar years. To ensure that short-term performance also leads to sustainable long-term value creation, the LTIP financial measurements are fully aligned with the STIP: EBITDA will account for 60% and EPS for 20% of the LTIP. In addition, 20% of the LTIP is determined by relative Total Shareholder Return (TSR) as compared to a specific TSR peer group.

The CEO is entitled to a conditional share grant value of 100% of base salary. The CFO is entitled to a conditional share grant value of 80% of base salary.
Meeting the performance target(s) will result in an LTIP payout at target level. A range of 50% around the performance target(s) (or such lower percentage as determined by the Supervisory Board) is set for the EBITDA and EPS performance to determine the actual payout. For TSR performance, threshold payout is set at reaching the eighth position in the peer group. Based on independent analysis by a leading bank in the Netherlands the TSR performance of Corbion versus the TSR peer group will be assessed after the three-year performance period.

For the LTIP shares conditionally granted under the 2015-2018 plan to Tjerk de Ruiter and Eddy van Rhede van der Kloot, an actual payout level of 120.17% has been achieved for the EBITDA target, 150% for EPS, and 100% for TSR as Corbion ranked 4th in the peer group. This has led to a total payout of 122.1% of the at-target LTIP for both Tjerk de Ruiter and Eddy van Rhede van der Kloot. The number of vested shares received by Tjerk de Ruiter is 39,134 representing a value of € 1,040,182 at the time of vesting. The number of vested shares received by Eddy van Rhede van der Kloot is 20,872 representing a value of € 554,778 at the time of vesting. The member of the Board of Management used the option of selling shares to finance the income tax due on the vested shares.

The number of performance shares conditionally granted to Tjerk de Ruiter in 2018 (possible vesting in 2021) is 23,576 representing a value of € 600,000 at the time of the grant. The number of performance shares conditionally granted to Eddy van Rhede van der Kloot in 2018 (possible vesting in 2021) amounts to 12,259 representing a value of € 312,000 at the time of the grant.

Benefits allowance

As a consequence of the use of executive assignment agreements, the company does not provide benefits such as pension (individual retirement), medical or life insurance, or a company car, to members of the Board of Management. That is why each member of the Board of Management is provided with a benefits allowance. This is a fixed annual amount of € 200,000 for a CEO with an international background and € 150,000 for the CFO, to cover the cost of these expenses.

Corbion does not grant loans to members of the Board of Management.

Other compensation

Tjerk de Ruiter was entitled to a one-off time-restricted performance share award equivalent to a target value of € 2 million in Corbion shares to vest over three years, as of 1 January 2015. The award will vest only if a minimum target (EBITDA growth, as defined in the share award) is achieved each year. If performance falls below target, no shares will vest. For at-target or above-target performance, the target number of shares (representing a value of one-third of the aggregate amount of € 2 million) will vest. The Supervisory Board has set long-term innovation milestones which allow for an additional vesting of up to 25% of the total number of shares. The award is subject to the general share-ownership requirement of two times the annual base salary; as long as Tjerk de Ruiter does not comply with this share-ownership requirement, vested shares under this share award will be kept in a restricted account and cannot be traded.
For 2017, the minimum annual target was achieved leading to the vesting of 39,897 shares to Tjerk de Ruiter in 2018. As the three-year performance period has lapsed, the Supervisory Board has determined that the long-term innovation milestones have been reached. This led to an additional vesting of 23,938 shares to Tjerk de Ruiter in 2018. The total of the above represents a total value of € 1,696,734.

Tjerk de Ruiter is entitled to a special incentive of € 500,000 per year for the years 2018 and 2019. This incentive bridges part of the compensation gap between the United States and the Netherlands. The payout will be in cash, under the obligation to purchase Corbion shares for the full net amount. It is subject to a lock-up period ending one year after his Board term ends, for whichever reason. In 2018, an amount of € 500,000 has been paid to Tjerk de Ruiter.

Remuneration for the Board of Management

The total annual remuneration for the Board of Management in 2018 amounted to € 5.5 million including STIP over 2018 (2017: € 4.2 million). The table below shows the amounts which the respective member of the Board of Management (i) received/was entitled to in 2018 (base salary, STIP, benefits allowance, relocation costs) and (ii) received/was entitled to in 2018 by way of vesting (LTIP, special share award).

Thousands of euros	Year	Base salary	STIP	LTIP	Benefits allowance	Special share award	Other compen-sation	Total
T. de Ruiter	2018	594	256	1,040	200	1,697	500	4,287
	2017	569	310	917	200	1,095		3,091
E.E. van Rhede van der Kloot	2018	382	133	555	138			1,208
	2017	357	158	473	100			1,088
Total	**2018**	**976**	**389**	**1,595**	**338**	**1,697**	**500**	**5,495**
	2017	**926**	**468**	**1,390**	**300**	**1,095**		**4,179**

Remuneration for the Supervisory Board

Total remuneration for members of the Supervisory Board in 2018 amounted to € 0.4 million (2017: € 0.3 million). Every member of the Supervisory Board receives an annual base fee of € 50,000; the Vice-Chairman receives € 60,000 and the Chairman € 70,000.

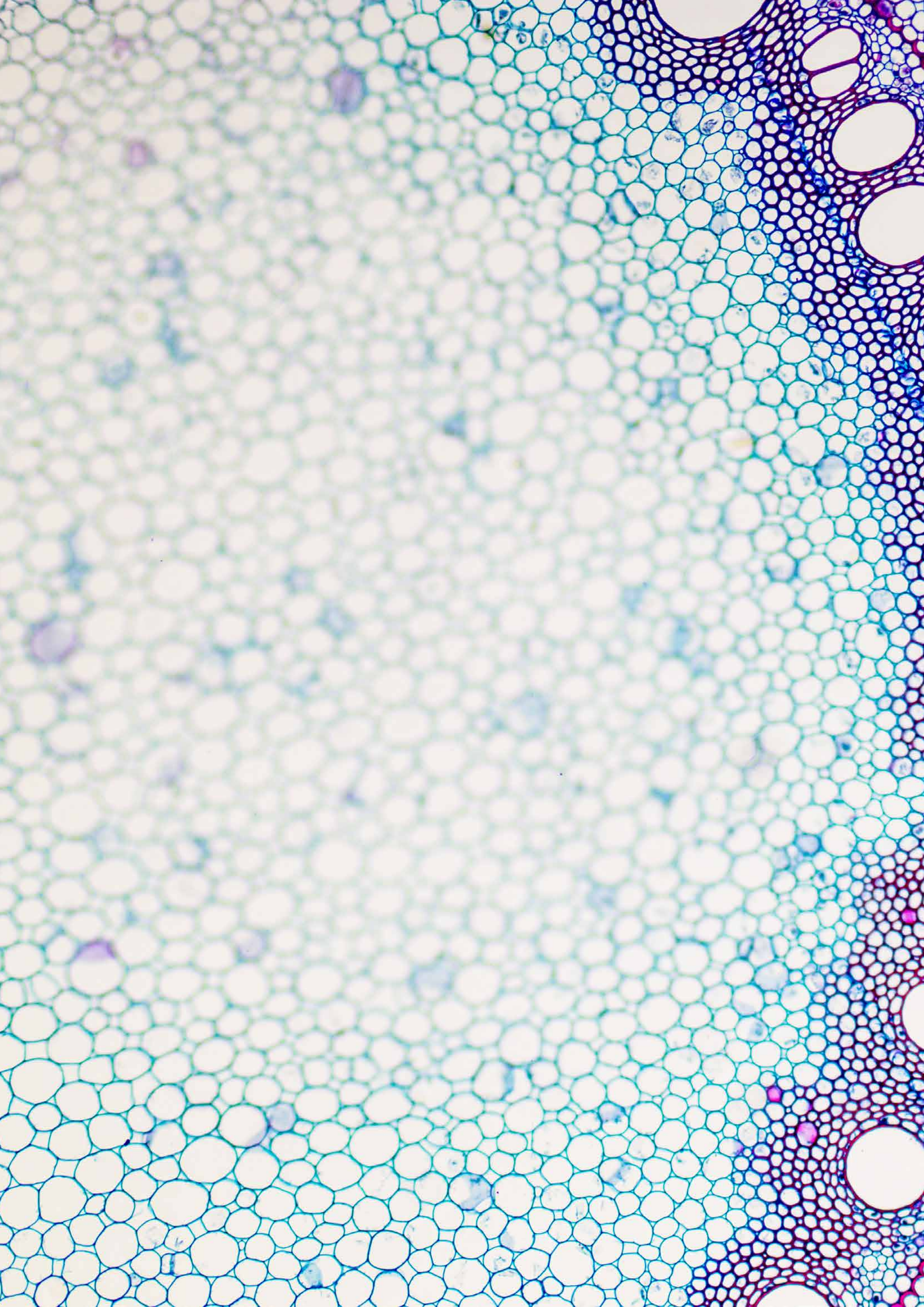
For membership of the Audit Committee an additional fee of € 10,000 applies, and for the Chairman € 15,000. Members of the Appointment and Governance Committee, Remuneration Committee, or Science and Technology Committee receive an additional € 7,000 in fee; the fee for the Chairman of these committees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

Breakdown remuneration Supervisory Board

	IAS 24.17 category	Short-term employee benefits*		Total
	Year	Base fee	Commitee fee	
M.F.J.P Vrijsen, Chairman (Chairman Appointment and Governance Committee / member Remuneration Committee / member Science and Technology Committee)	2018	70	23	93
	2017	60	18	78
R.H.P. Markham, Vice-Chairman (Chairman Remuneration Committee / member Appointment and Governance Committee)	2018	60	16	76
	2017	50	13	63
M.E. Doherty (member Audit Committee)	2018	50	10	60
	2017	45	10	55
J.P. de Kreij (Chairman Audit Committee)	2018	50	15	65
	2017	45	15	60
S. Riisgaard (Chairman Science and Technology Committee, member Remuneration Committee / member Appointment and Governance Committee	2018	50	23	73
	2017	45	18	63
Total*	**2018**	**280**	**87**	**367**
Total*	**2017**	**245**	**74**	**319**

** Excluding expenses company*

Corbion does not grant loans to the members of the Supervisory Board. None of the members of the Supervisory Board have shares in the company or any option rights relating thereto (as at 5 March 2019).



FINANCIAL STATEMENTS

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Consolidated income statement

Millions of euros	*Note*	2018	2017
Net sales	*4*	897.2	891.7
Costs of raw materials and consumables		-442.6	-428.0
Production costs		-141.6	-139.4
Warehousing and distribution costs		-55.0	-48.9
Cost of sales		**-639.2**	**-616.3**
Gross profit		**258.0**	**275.4**
Selling expenses		-61.4	-60.7
Research and development costs		-40.0	-35.3
General and administrative expenses		-69.3	-67.7
Other proceeds		0.6	10.6
Operating result		**87.9**	**122.3**
Financial income	*7*	3.6	4.6
Financial charges	*7*	-16.8	-17.8
Results from joint ventures and associates	*12*	-4.9	-11.4
Result before taxes		**69.8**	**97.7**
Income tax expense	*8*	-15.5	-13.1
Result after taxes		**54.3**	**84.6**
Result attributable to non-controlling interests			
Result attributable to equity holders of Corbion nv		**54.3**	**84.6**
Per ordinary share in euros	*9*		
Basic earnings		0.93	1.46
Diluted earnings		0.92	1.44

Consolidated statement of comprehensive income

Millions of euros	*Note*	2018	2017
Result after taxes		**54.3**	**84.6**
Other comprehensive results to be recycled to the income statement			
Foreign operations – foreign currency translation differences	*17*	16.6	-43.2
Net investment hedge – net movement	*17*	-5.5	18.3
Hedge reserve	*17*	-2.1	-2.3
Taxes relating to other comprehensive results to be recycled to the income statement	*17*	-0.1	3.2
Total other comprehensive results to be recycled to the income statement		**8.9**	**-24.0**
Other comprehensive results not to be recycled to the income statement			
Remeasurement defined benefit arrangements	*19*	1.0	13.0
Taxes relating to other comprehensive results not to be recycled to the income statement		-0.1	-0.5
Total other comprehensive results not to be recycled to the income statement		**0.9**	**12.5**
Total comprehensive result after taxes		**64.1**	**73.1**
Comprehensive result attributable to non-controlling interests			
Comprehensive result attributable to equity holders of Corbion nv		**64.1**	**73.1**

Consolidated statement of financial position

Before profit appropriation, millions of euros	*Note*	As at 31-12-2018	As at 31-12-2017
Assets			
Property, plant, and equipment	*10*	368.9	280.0
Intangible fixed assets	*11*	139.2	130.3
Investments in joint ventures and associates	*12*	18.7	26.2
Long-term employee benefits	*19*	4.5	2.5
Other non-current financial assets	*13*	62.3	36.4
Deferred tax assets	*20*	22.6	22.7
Total non-current assets		**616.2**	**498.1**
Inventories	*14*	152.7	128.3
Trade receivables	*15*	119.6	109.5
Other receivables	*15*	20.9	46.1
Income tax receivables		9.3	10.7
Cash and cash equivalents	*16*	47.1	38.1
Total current assets		**349.6**	**332.7**
Total assets		**965.8**	**830.8**
Equity and liabilities			
Equity	*17*	**520.2**	**489.3**
Long-term employee benefits	*19*	7.6	7.7
Deferred tax liabilities	*20*	17.0	12.1
Non-current liabilities	*21*	161.0	121.8
Total non-current liabilities		**185.6**	**141.6**
Interest-bearing current liabilities	*22*	116.3	66.8
Trade payables		87.8	76.6
Other non-interest-bearing current liabilities		49.2	49.5
Provisions	*18*	3.5	3.7
Income tax payables		3.2	3.3
Total current liabilities		**260.0**	**199.9**
Total equity and liabilities		**965.8**	**830.8**

Consolidated statement of changes in equity

Before profit appropriation, millions of euros	*Note*	Share capital	Share premium reserve	Other reserves	Retained earnings	Total
As at 1 January 2017		**15.0**	**55.8**	**86.6**	**341.1**	**498.5**
Result after taxes 2017					84.6	84.6
Other comprehensive result after taxes 2017				-24.0	12.5	-11.5
Total comprehensive result after taxes 2017				**-24.0**	**97.1**	**73.1**
Cash dividend					-60.5	-60.5
Acquired company shares	*17*				-25.0	-25.0
Share-based remuneration transfers	*26*			-2.0	2.0	
Share-based remuneration charged to result	*26*			3.2		3.2
Withdrawal shares	*17*	-0.2	-0.6		0.8	
Transfers to/from Other reserves	*17*			0.5	-0.5	
Total transactions with shareholders		**-0.2**	**-0.6**	**1.7**	**-83.2**	**-82.3**
As at 31 December 2017		**14.8**	**55.2**	**64.3**	**355.0**	**489.3**
Result after taxes 2018					54.3	54.3
Other comprehensive result after taxes 2018				8.9	0.9	9.8
Total comprehensive result after taxes 2018				**8.9**	**55.2**	**64.1**
Cash dividend					-32.9	-32.9
Share-based remuneration transfers	*26*			-4.0	2.1	-1.9
Share-based remuneration charged to result	*26*			1.6		1.6
Transfers to/from Other reserves	*17*			0.2	-0.2	
Total transactions with shareholders				**-2.2**	**-31.0**	**-33.2**
As at 31 December 2018		**14.8**	**55.2**	**71.0**	**379.2**	**520.2**

Consolidated statement of cash flows

Millions of euros	*Note*	2018	2017
Cash flow from operating activities			
Result after taxes		54.3	84.6
Adjusted for:			
• Depreciation/amortization of fixed assets	6	42.0	45.2
• Reversal of impairment of property, plant, and equipment	10	-0.4	
• Impairment of fixed assets	10/11		3.0
• Result from divestments of fixed assets		-0.1	0.7
• Result from purchase/sale of group companies and activities			-10.6
• Share-based remuneration		1.6	3.2
• Interest income	7	-3.1	-0.7
• Interest expense	7	8.1	7.1
• Exchange rate differences	7	3.1	8.6
• Recycling of exchange rate differences from translation reserve	7	-0.3	-1.2
• Fluctuations in fair value of derivatives	7		-2.7
• Interest (income) expense on defined benefit pension plans - net	7	0.1	1.4
• Unwinding of contingent consideration	7	4.5	
• Other financial income and charges	7	0.8	0.7
• Results from joint ventures and associates	12	4.9	11.4
• Taxes	8	15.5	13.1
Cash flow from operating activities before movements in working capital and provisions		**131.0**	**163.8**
Movement in provisions		-2.1	-1.6
Movements in operating working capital:			
• Trade receivables		-7.2	-8.3
• Inventories		-15.2	-8.1
• Trade payables		9.5	4.1
Movements in other working capital		1.1	-7.8
Cash flow from business operations		**117.1**	**142.1**
Interest received		0.7	
Interest paid		-8.7	-7.2
Tax paid on profit		-9.6	-17.2
Cash flow from operating activities		**99.5**	**117.7**
Cash flow from investment activities			
Acquisition of group companies	23	0.5	-17.6
Sale of group companies	23		2.6
Investment joint ventures and associates	12	-16.1	-5.2
Dividends received from joint ventures and associates			0.7
Investment other financial assets		-37.0	-38.2
Repayment other financial assets		23.8	9.7
Capital expenditure on (in)tangible fixed assets		-60.1	-45.5
Divestment of (in)tangible fixed assets		1.3	
Cash flow from investment activities		**-87.6**	**-93.5**
Cash flow from financing activities			
Proceeds from interest-bearing debts		41.0	67.0
Repayment of interest-bearing debts		-12.4	-23.6
Acquisition of company shares	17		-25.0
Paid-out dividend		-32.9	-60.5
Cash flow from financing activities		**-4.3**	**-42.1**
Net cash flow		**7.6**	**-17.9**
Effects of exchange rate differences on cash and cash equivalents		1.4	-5.5
Increase/(decrease) cash and cash equivalents		**9.0**	**-23.4**
Cash and cash equivalents at start of financial year		38.1	61.5
Cash and cash equivalents at close of financial year	16	47.1	38.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting information

General

Corbion is the global market leader in lactic acid and lactic acid derivatives, and a leading company in emulsifiers, functional enzyme blends, minerals, vitamins, and algae ingredients. The company delivers high-performance sustainable ingredient solutions made from renewable resources and applied in global markets such as food, home & personal care, animal nutrition, pharmaceuticals, medical devices, and bioplastics. Its products add differentiating functionality to a wide variety of consumer products worldwide.

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

The consolidated financial statements drawn up by the Board of Management have been approved by the Supervisory Board on 5 March 2019. They will be presented to the annual General Meeting of Shareholders for adoption on 13 May 2019. The Supervisory Board will give a preliminary recommendation regarding the consolidated financial statements to the annual General Meeting of Shareholders.

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 2018	Average exchange rate 2017	Exchange rate 31-12-2018	Exchange rate 31-12-2017
US dollar	1.18	1.13	1.15	1.20
Japanese yen	130.40	126.72	125.85	135.01
Brazilian real	4.31	3.61	4.44	3.97
Thai baht	38.16	38.29	37.05	39.12

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.

New and amended standards adopted by the group

In 2018, 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 2018.

The main effective changes applied by Corbion at 1 January 2018 are:

- Annual improvements to IFRSs 2014-2016 Cycle
Corbion applied the amendments to IFRSs included in the Annual improvements to IFRSs 2014-2016 Cycle for the first time in the reporting year. The application of the amendments had no impact on the disclosures or amounts recognized in the consolidated financial statements.

- IFRS 9 Financial instruments
IFRS 9, issued in July 2015, replaces most of the guidance in IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. Corbion assessed the impact of this standard on its consolidated financial statements and concluded that the standard does not have significant impact.

- IFRS 15 Revenue from contracts with customers
IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. 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 2018. Corbion assessed the impact of this standard on its consolidated financial statements and concluded that the standard does not have significant impact.

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 2019 are:

- IFRS 16 Leases
IFRS 16, published in January 2016, establishes a revised framework for determining whether a lease is recognized on the (consolidated) statement of financial position. It replaces existing guidance on leases, including IAS 17. IFRS 16 is effective from 1 January 2019.

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.
From a lessee perspective, at the commencement date of a lease, a lessee will recognize a liability to make lease payments ("lease liability") and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (such as a change in the lease term or lease payments). The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset.

Corbion will apply IFRS 16 as of 1 January 2019 using the modified retrospective transition approach. As a result, IFRS does not require restated comparative figures to be presented.

Adoption of IFRS 16 is expected to result in an increase in assets of € 28.5 million and a corresponding increase in liabilities of € 28.5 million as at 1 January 2019.

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 its 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.

Control is achieved when Corbion:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Corbion reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When Corbion loses control over a group company, it derecognizes the assets and liabilities of the group company, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former group company is measured at fair value when control is lost.

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, except when deferred in OCI 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 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, machinery and equipment, 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. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to Corbion. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

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-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 or activity 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.

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 subject to straight-line amortization calculated over the estimated economic life. Amortization charges arising from brands and licenses are recognized in selling expenses.

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.

Other intangible fixed assets

Other intangible fixed assets consist primarily of capitalized or acquired third-party software and licenses and directly attributable personal costs.

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 statement of financial position as cost is zero.

Impairment of non-current assets other than goodwill

At each reporting date an assessment is made whether there is any indication that non-current assets may be impaired. If indicators of impairment exist, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which it belongs is estimated. Irrespective of whether there is any indication of impairment, Corbion also tests an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized in the income statement to the amount by which the asset's carrying amount exceeds its recoverable amount.

In subsequent years, an assessment is made whether indications exist that impairment losses previously recognized for non-current assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

Investments in joint arrangements and associates

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operations arise where Corbion has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue, and expenses. Joint ventures arise where Corbion has rights to the net assets of the arrangement and therefore equity accounts for its interest.

Associates are entities over which Corbion has significant influence but not control, generally involving a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. Associates are accounted for using the equity method.

Under the equity method, investments in joint ventures and associates are measured initially at cost and subsequently adjusted for post-acquisition changes in Corbion's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments). Where necessary, adjustments are made to the financial figures of joint ventures and associates for group reporting purposes to ensure consistency with the accounting policies of Corbion.

Unrealized gains on transactions between Corbion and its joint ventures and associates are eliminated to the extent of Corbion's stake in these investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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 it is likely 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.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized upon origination. All other financial assets and financial liabilities are initially recognized when Corbion becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through OCI (“FVOCI”) – debt investment, at FVOCI – equity investment, or at FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless Corbion changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, Corbion may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income,

foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses, are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Classification and subsequent measurement of financial assets
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition
Financial assets
Corbion derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Corbion neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
Corbion enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities
Corbion derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Corbion also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting
Corbion holds derivative financial instruments to hedge its foreign currency and commodity risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.
Corbion designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign

exchange rates, commodities, and certain non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, Corbion documents the risk management objective and strategy for undertaking the hedge. Corbion also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.
When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.
For all other hedged forecast transactions, the amount accumulated in the hedging reserve, and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.
If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated, or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.
If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges
When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Equity
Incremental costs directly attributable to the issue of ordinary 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 ordinary shares is recognized as a liability upon approval of the profit appropriation by the annual General Meeting of Shareholders.

Corbion runs share plans for the Board of Management and 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 of the awards with a corresponding increase in equity.

Pension and other post-employment benefits

Pension and early-retirement schemes

A 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 benefit 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 OCI in the period in which they occur. Remeasurement recognized in OCI 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.

Corbion accounts for its multi-employer defined benefit plan as if it were a defined contribution plan for the following reasons:

- Corbion is affiliated to an industry-wide pension fund and uses the pension scheme in common with other participating companies.
- Under the regulations of the pension plan, the only obligation these participating companies have towards the pension fund is to pay the annual premium liability. Participating companies are under no obligation whatsoever to pay off any deficits the pension plan may incur. Nor have they any claim to any potential surpluses.

Other long-term employee benefit commitments

The other long-term employee benefit commitments relate mainly to anniversary commitments, past-service commitments, conditional incentive plans, and health insurance. These provisions are recognized on the basis of estimates that are consistent with the estimates used for the defined benefit obligations. However, all actuarial gains and losses are recognized in the income statement immediately.

Provisions

Provisions relate to a legal or constructive obligation as a result of a past event, the amount of which is uncertain but 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 been announced publicly. A provision for a legal claim is recognized if a reliable estimate can be made of the expected outcome of the claim, measuring the claim as a weighting 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. Unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability at the balance sheet is disclosed.

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 qualify as 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 their 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 likely that the economic benefits of the sale will flow to Corbion.

Costs of raw materials and consumables

Costs of raw materials and consumables relate to the cost of consumption of raw materials, consumables, and packaging materials.
Costs 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 comprise interest expenses and exchange differences on borrowings, finance lease expenses, impairments of 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.

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. Cash flows in foreign currencies are translated to the functional currency at the average foreign exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the rate on the dates of the transactions. Working capital consists of inventories and receivables minus non-interest-bearing current liabilities, excluding payable dividend, interest, and income tax. The interest-bearing debts consist of non-current and current liabilities.

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.

Acquisitions

Corbion has a process in place to identify all assets and liabilities acquired, including intangible fixed assets. The judgments made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the results of operations. Estimated fair values are based on information available around the acquisition date and on expectations and assumptions of anticipated discounted cash flows that have been assessed as reasonable by Corbion.

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 11.

Valuation and impairment testing (in)tangible fixed assets
(In)tangible fixed assets are tested for sustained impairment if there is an indication of possible impairment, for intangible asset with an indefinite useful life, or if an intangible asset is not yet available for use. 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 19.

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 20.

3. Consolidated income statement before one-off items

The consolidated income statement for financial years 2018 and 2017 before one-off items (non-IFRS financial measures) can be presented as follows.

	2018			2017		
	Before one-off items	One-off items	Total	Before one-off items	One-off items	Total
Net sales	897.2		897.2	891.7		891.7
Costs of raw materials and consumables	-442.0	-0.6	-442.6	-428.0		-428.0
Production costs	-142.1	0.5	-141.6	-138.5	-0.9	-139.4
Warehousing and distribution costs	-55.0		-55.0	-48.9		-48.9
Gross profit	**258.1**	**-0.1**	**258.0**	**276.3**	**-0.9**	**275.4**
Selling expenses	-61.4		-61.4	-60.3	-0.4	-60.7
Research and development costs	-39.3	-0.7	-40.0	-32.7	-2.6	-35.3
General and administrative expenses	-67.8	-1.5	-69.3	-64.4	-3.3	-67.7
Other proceeds		0.6	0.6		10.6	10.6
Operating result	**89.6**	**-1.7**	**87.9**	**118.9**	**3.4**	**122.3**
Less: depreciation/amortization/impairment (in)tangible fixed assets	42.0	-0.4	41.6	45.2	3.0	48.2
EBITDA	**131.6**	**-2.1**	**129.5**	**164.1**	**6.4**	**170.5**
Depreciation/amortization/impairment (in)tangible fixed assets	-42.0	0.4	-41.6	-45.2	-3.0	-48.2
Operating result	**89.6**	**-1.7**	**87.9**	**118.9**	**3.4**	**122.3**
Financial income	3.6		3.6	4.6		4.6
Financial charges	-16.8		-16.8	-17.8		-17.8
Results from joint ventures and associates	-11.7	6.8	-4.9	-11.4		-11.4
Result before taxes	**64.7**	**5.1**	**69.8**	**94.3**	**3.4**	**97.7**
Taxes	-15.6	0.1	-15.5	-15.0	1.9	-13.1
Result after taxes	**49.1**	**5.2**	**54.3**	**79.3**	**5.3**	**84.6**

One-off items relate to material non-recurring items in the income statement that are exceptional by nature and are not related to the normal course 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 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. One-off items may occur up to and including result after taxes.

In 2017, a total of € 5.3 million in one-off items was recorded, consisting of the following components:

1 One-off gain of € 4.7 million related to the sale of the subsidiary Total Corbion PLA (Thailand) Limited to the joint venture Total Corbion PLA bv.
2. One-off gain of € 4.0 million related to the TerraVia acquisition.
3. One-off loss of € 2.4 million related to our succinic acid development.
4. One-off loss of € 2.0 million due to (restructuring) provisions made because of the strategy update.
5 One-off loss of € 0.9 million related to the closure of our former Kansas Avenue powder blending plant.
6. Positive tax effects on the above of € 1.9 million.

In 2018, a total of € 5.2 million one-off items was recorded, consisting of the following components:

1. One-off gain of € 9.6 million as a result of measuring at fair value the 50.1% equity interest in SB Renewable Oils held before the business combination.
2. One-off loss of € 2.7 million related to write-down of inventory in the SB Renewable Oils joint venture.
3. One-off loss of € 0.6 million related to write-down of inventory due to an incident in a third-party warehouse.
4. One-off loss of € 0.4 million as a result of acquisition costs of SB Renewable Oils.
5. One-off gain of € 0.6 million related to the sale of an unused piece of land in Italy.
6. One-off gain of € 0.4 million related to partly reversal of previous recorded impairment on the Kansas Avenue powder blending plant.
7. One-off loss of € 0.8 million related to a remeasurement of the expected contingent sales price of the subsidiary Total Corbion PLA (Thailand) Limited to the joint venture Total Corbion PLA bv.
8. One-off loss of € 0.7 million related to an onerous contract provision.
9. One-off loss of € 0.3 million due to restructuring provision.
10. Positive tax effects on the above of € 0.1 million.

4. Segment information

For its strategic decision-making process Corbion distinguishes between Ingredient Solutions and Innovation Platforms. For IFRS segmentation purposes Ingredient Solutions has been segmented into two further businesses, Food and Biochemicals.

In the Food segment, we are a global supplier of food ingredient solutions for leading food manufacturers. We strive to be the leader in keeping food tasty, fresh, and safe from date of production to day of consumption. With our proven food solutions, we enable our customers to make conscious choices to grow their business and create affordable foods (in the bakery, meat, beverage, confectionery, and dairy markets).

In the Biochemicals segment, the inherent safety, sustainability, and performance of our products is what sets us apart, supported by our continuous drive to find better solutions and new opportunities for our customers. Our continuous focus on sustainable practices, our use of renewable feedstocks, and our rich heritage in lactic acid form the foundation for our biochemical applications in everything from (agro)chemicals to resin adhesives, electronic components, pharmaceuticals, home & personal care products, and animal health & nutrition. We are constantly exploring opportunities to bring the benefits of our products and solutions to our customer's applications.

Our Innovation Platforms business unit creates new business platforms, applying disruptive technologies built on decades of experience in fermentation and industrial-scale manufacturing – to deliver long-term value. Collaborating with like-minded partners we empower our customers to make conscious choices, so they can create better, more sustainable products, based on renewable resources. Total Corbion PLA bv, our 50/50 joint venture with Total for the production and marketing of poly lactic acid (PLA) polymers and lactide monomers for bioplastic solutions, is functionally part of Innovation Platforms. The business unit also comprises our Algae Ingredients business and the succinic acid joint venture with BASF (Succinity). Next to these ventures, included in this business unit are our longer-term development programs such as FDCA, a biobased building block with unique properties in (bio)polymers and a potential replacement for purified terephthalic acid (PTA), our gypsum-free lactic acid production process, and use of alternative feedstocks (lignocellulosic biomass, agricultural residues, waste) to make lactic acid.

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		Ingredient Solutions[1]		Innovation Platforms		Corbion total operations	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Income statement information										
Net sales	623.4	647.7	225.0	222.5	848.4	870.2	48.8	21.5	897.2	891.7
Operating result	80.0	95.1	43.6	38.0	123.6	133.1	-35.7	-10.8	87.9	122.3
One-off items included in operating result	-0.6	2.3	0.1	0.5	-0.5	2.8	2.2	-6.2	1.7	-3.4
Operating result excluding one-off items	79.4	97.4	43.7	38.5	123.1	135.9	-33.5	-17.0	89.6	118.9
Alternative non-IFRS performance measures										
EBITDA excluding one-off items	105.3	121.3	55.5	51.6	160.8	172.9	-29.2	-8.8	131.6	164.1
One-off items included in EBITDA	0.2	-1.8	-0.1	-0.5	0.1	-2.3	-2.2	8.7	-2.1	6.4
EBITDA	105.5	119.5	55.4	51.1	160.9	170.6	-31.4	-0.1	129.5	170.5
Ratios alternative non-IFRS performance measures										
EBITDA margin %	16.9	18.4	24.6	23.0	19.0	19.6	-64.3	-0.5	14.4	19.1
EBITDA margin % excluding one-off items	16.9	18.7	24.7	23.2	19.0	19.9	-59.8	-40.9	14.7	18.4

1) Includes Food and Biochemicals segments

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 are 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	
Millions of euros	2018	2017	2018	2017
The Netherlands	101.9	98.5	166.4	151.9
Rest of Europe	69.2	68.3	22.0	20.3
North America	529.7	551.7	201.5	185.8
Other countries	196.4	173.2	136.9	78.5
Corbion total operations	**897.2**	**891.7**	**526.8**	**436.5**

The above information is based on the geographical location of the assets. Non-current assets exclude those relating to financial instruments, deferred tax assets, and post-employment benefit assets.

5. Payroll and social insurance

	2018	2017
Payroll	127.6	123.4
Pension expenses – defined benefit pension plans	0.5	0.5
Pension expenses – defined contribution pension plans	8.4	8.0
Other social insurance	13.8	12.7
Share-based remuneration	1.6	3.2
Total	**151.9**	**147.8**

6. Depreciation/amortization of (in)tangible fixed assets

	2018	2017
Depreciation of property, plant, and equipment	35.8	39.4
Amortization of intangible fixed assets	6.2	5.8
Total	**42.0**	**45.2**

7. Financial income and charges

	2018	2017
Interest income	-3.1	-0.7
Interest charges	8.1	7.1
Exchange rate differences	3.1	8.6
Recycling of exchange rate differences from translation reserve	-0.3	-1.2
Interest expense on defined benefit pension plans - net	0.1	1.4
Unwinding of contingent consideration	4.5	
Fluctuations in fair value of derivatives		-2.7
Other	0.8	0.7
Total	**13.2**	**13.2**

8. Taxes

	2018	2017
Current tax	12.3	16.0
Current tax (previous year adjustments)	-1.0	-7.9
Deferred tax	4.2	5.0
Tax charge (income)	**15.5**	**13.1**

Reconciliation of result before taxes and tax charge

	2018	2017
Result before taxes	**69.8**	**97.7**
Applicable tax charge at average statutory tax rate	17.9	30.3
Income not subject to tax	-3.4	-11.0
Expenses not deductible for tax purposes	3.0	5.0
Effect of the reversal of tax assets	1.0	-1.8
Changes in tax rates	-0.1	-6.8
Other effects	-2.9	-2.6
Tax charge (income)	**15.5**	**13.1**
Average tax rate on operations	**22.2%**	**13.4%**

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 before taxes in each of these countries.

The realization of deferred tax assets depends on the expected future profitability. Deferred tax assets are not recognized if it is not probable that a tax benefit can be realized.

The tax rate is reduced by investment deductions and other benefits from preferential tax regimes as well as positive results from participations which are exempt under the participation exemption. The tax rate is increased by non-deductible costs and negative results from participations which are not deductible under the participation exemption.

The change in tax rates in 2017 is caused by the enactment of the Tax Cuts and Jobs Act in the U.S. and the effect of the reduction of the federal income tax rate from 35% to 21% as per 1 January 2018.

Other effects include adjustments in respect of current year events and the impact 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

	2018	2017
Tax liability due to loan-related exchange rate differences	0.6	-2.6
Tax liability due to hedge results of financial instruments	-0.5	-0.5
Tax charge due to remeasurement of defined benefit obligation	0.1	0.4
Tax charge (income) recognized in equity	**0.2**	**-2.7**

9. Earnings per ordinary share

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

	2018	2017
Result before taxes	**54.3**	**84.6**
Profit available for holders of ordinary shares (A)	**54.3**	**84.6**
Weighted average number of outstanding ordinary shares (B)	58.7	58.1
Plus: ordinary shares related to share rights	0.6	0.6
Weighted average number of outstanding ordinary shares after dilution (C)	**59.3**	**58.7**
Per ordinary share in euros		
Basic earnings (A/B)	0.93	1.46
Diluted earnings (A/C)	0.92	1.44

10. Property, plant, and equipment

	Land	Buildings	Machinery and equipment	Other fixed assets	Under construction	Total
1 January 2017						
Acquisition prices	18.2	173.2	591.2	45.5	34.5	862.6
Cumulative depreciation		-79.9	-453.2	-31.9	-0.4	-565.4
Book value	**18.2**	**93.3**	**138.0**	**13.6**	**34.1**	**297.2**
Movements						
Capital expenditure			0.2	0.5	40.0	40.7
Divestments		-0.7				-0.7
Exchange rate differences	-1.1	-5.9	-9.6	-0.4	-3.1	-20.1
Acquisition of group companies	0.3	1.9	0.7			2.9
Depreciation		-7.2	-28.2	-4.0		-39.4
Impairment		-0.6				-0.6
Other		4.8	34.5	5.5	-44.8	
Net movement in book value	**-0.8**	**-7.7**	**-2.4**	**1.6**	**-7.9**	**-17.2**
31 December 2017						
Acquisition prices	17.4	159.8	570.6	51.1	26.2	825.1
Cumulative depreciation		-74.2	-435.0	-35.9		-545.1
Book value	**17.4**	**85.6**	**135.6**	**15.2**	**26.2**	**280.0**
Movements						
Capital expenditure			0.7	6.4	39.2	46.3
Divestments	-0.2	-0.9				-1.1
Exchange rate differences	0.6	2.8	1.9	-0.1	0.6	5.8
Acquisition of group companies	0.2	23.1	29.0	20.5	0.5	73.3
Depreciation		-6.8	-23.1	-5.9		-35.8
Impairment reversal		0.4				0.4
Other	0.1	4.9	22.1	2.8	-29.9	
Net movement in book value	**0.7**	**23.5**	**30.6**	**23.7**	**10.4**	**88.9**
31 December 2018						
Acquisition prices	18.1	181.3	621.2	69.9	36.6	927.1
Cumulative depreciation		-72.2	-455.0	-31.0		-558.2
Book value	**18.1**	**109.1**	**166.2**	**38.9**	**36.6**	**368.9**
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 € 1.1 million (31 December 2017: € 0.4 million) which are financed through a financial lease.

In 2017, the following impairment was recorded:

- An impairment of € 0.6 million related to our former Kansas Avenue powder blending plant.

In 2018, no impairment was recorded. An impairment reversal of € 0.4 million was recorded related to the sale of the Kansas Avenue powder blending plant.

11. Intangible fixed assets

	Goodwill	Customer base	Brands and licenses	Research and development costs	Other intangible fixed assets	Total
1 January 2017						
Acquisition prices	69.8	23.7	34.7	47.9	30.7	206.8
Cumulative amortization	-3.6	-15.6	-7.7	-17.0	-24.7	-68.6
Book value	**66.2**	**8.1**	**27.0**	**30.9**	**6.0**	**138.2**
Movements						
Capital expenditure				1.6	4.2	5.8
Acquisition of group companies				2.6	0.2	2.8
Exchange rate differences	-7.4	-0.4	-0.5			-8.3
Amortization		-2.1	-0.5	-1.3	-1.9	-5.8
Impairment				-2.4		-2.4
Net movement in book value	**-7.4**	**-2.5**	**-1.0**	**0.5**	**2.5**	**-7.9**
31 December 2017						
Acquisition prices	61.7	17.5	33.5	52.1	34.8	199.6
Cumulative amortization	-2.9	-11.9	-7.5	-20.7	-26.3	-69.3
Book value	**58.8**	**5.6**	**26.0**	**31.4**	**8.5**	**130.3**
Movements						
Capital expenditure				1.9	10.2	12.1
Acquisition of group companies					0.1	0.1
Exchange rate differences	2.5	0.1	0.2	0.1		2.9
Amortization		-2.0	-0.5	-1.8	-1.9	-6.2
Net movement in book value	**2.5**	**-1.9**	**-0.3**	**0.2**	**8.4**	**8.9**
31 December 2018						
Acquisition prices	64.4	18.0	33.9	54.1	45.4	215.8
Cumulative amortization	-3.1	-14.3	-8.2	-22.5	-28.5	-76.6
Book value	**61.3**	**3.7**	**25.7**	**31.6**	**16.9**	**139.2**
Amortization rates		7 - 20%	5 - 10%	5 - 33.3%	33.3%	

Goodwill impairment test

Goodwill is allocated to Corbion's cash generating units 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 Innovation Platforms unit does not contain any goodwill.

Key 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 31-12-2018	As at 31-12-2017
Food	59.1	56.6
Biochemicals	2.2	2.2
Total operations	**61.3**	**58.8**

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 2019 which have been approved by the Board of Management. From 2020 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 31-12-2018		As at 31-12-2017	
	pre-tax	post-tax	pre-tax	post-tax
Food	9.2%	7.1%	9.1%	6.9%
Biochemicals	9.3%	7.3%	9.4%	7.2%

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.

The majority of the brands and licenses and other intangible fixed assets consists of assets not yet available for use.

Impairment testing other intangible fixed assets

In 2017, an impairment of € 2.4 million was recorded related to our succinic acid development.

12. Investments in joint ventures and associates

	2018		2017	
	Joint ventures	Associates	Joint ventures	Associates
Carrying amount of interests	18.7		26.2	
Share of total profit and loss	-4.9		-11.0	-0.4

13. Other non-current financial assets

	As at 31-12-2018	As at 31-12-2017
Contingent consideration receivable as result of sale Total Corbion PLA (Thailand) Limited	6.1	5.1
Loans granted to joint venture Total Corbion PLA bv	55.7	31.3
Other	0.5	
Total	**62.3**	**36.4**

The book value of the long-term receivables does not significantly deviate from the fair value.

14. Inventories

	As at 31-12-2018	As at 31-12-2017
Raw materials, consumables, technical materials, and packaging	38.5	29.2
Work in progress	11.9	9.5
Finished product	106.9	93.8
Impairment provision	-4.6	-4.2
Total	**152.7**	**128.3**

15. Receivables

	As at 31-12-2018	As at 31-12-2017
Trade receivables	121.1	111.2
Impairment provision	-1.5	-1.7
Total trade receivables	**119.6**	**109.5**
Other receivables	15.5	36.8
Derivatives		3.2
Prepayments and accrued income	5.4	6.1
Total other receivables	**20.9**	**46.1**
Total receivables	**140.5**	**155.6**

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 € 121.1 million (2017: € 111.2 million).

Trade receivables are not interest-bearing and generally have an average term of credit of 30-90 days. The group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Breakdown of expired credit terms (including impairment provision)

	Total	< 30 days	30-60 days	60-90 days	> 90 days
Food	14.7	11.1	2.2	0.8	0.6
Biochemicals	5.3	4.0	0.8	0.3	0.2
Innovation Platforms	0.9	0.7	0.1	0.1	
Total	**20.9**	**15.8**	**3.1**	**1.2**	**0.8**

Movements in trade receivables impairment provision

	2018	2017
As at 1 January	**-1.7**	**-1.8**
Additions/releases	-0.1	-0.7
Use	0.3	0.6
Exchange rate differences		0.2
As at 31 December	**-1.5**	**-1.7**

The additions to/releases from the trade receivables impairment provision are recognized as selling expenses.

16. Cash and cash equivalents

	As at 31-12-2018	As at 31-12-2017
Cash and bank balances	47.1	38.1
Short-term deposits		
Total	**47.1**	**38.1**

17. Equity

Share capital

As at 31 December 2018, the authorized share capital totaled € 45.5 million, consisting of 182 million ordinary shares with a nominal value of € 0.25 each.

Movements in number of issued shares

	Ordinary shares
As at 1 January 2018	**59,242,792**
As at 31 December 2018	**59,242,792**

Movements in number of shares with dividend rights

	Ordinary shares
As at 1 January 2018	**58,620,564**
Share-based remuneration	144,071
As at 31 December 2018	**58,764,635**

Movements in treasury stock ordinary shares

	Number
As at 1 January 2018	**622,228**
Share-based remuneration	-144,071
As at 31 December 2018	**478,157**

As at 31 December 2018, Corbion had a treasury stock of 478,157 ordinary shares at its disposal with a nominal value of € 0.25 each (representing 0.81% of the total share capital issued). Treasury stock shares have no dividend rights.

Other reserves

	Movements in legal reserves				
	Translation reserve	Hedge reserve	Development costs	Share plan reserve	Total
As at 1 January 2017	**50.5**	**0.8**	**30.9**	**4.4**	**86.6**
• Net investment hedge					
Exchange rate differences foreign currency loan	18.3				18.3
Tax effect	-4.6				-4.6
• Translation difference					
Foreign group companies	-43.2				-43.2
Tax effect	7.2				7.2
• Cash flow hedge					
Fluctuations in fair value derivatives		-2.3			-2.3
Tax effect		0.6			0.6
• Share-based remuneration charged to result				3.2	3.2
• Share-based remuneration transfers				-2.0	-2.0
• Movement in capitalization of development costs			0.5		0.5
As at 31 December 2017	**28.2**	**-0.9**	**31.4**	**5.6**	**64.3**
• Net investment hedge					
Exchange rate differences foreign currency loan	-5.5				-5.5
Tax effect	1.4				1.4
• Translation difference					
Foreign group companies	16.6				16.6
Tax effect	-2.0				-2.0
• Cash flow hedge					
Fluctuations in fair value derivatives		-2.1			-2.1
Tax effect		0.5			0.5
• Share-based remuneration charged to result				1.6	1.6
• Share-based remuneration transfers				-4.0	-4.0
• Movement in capitalization of development costs			0.2		0.2
As at 31 December 2018	**38.7**	**-2.5**	**31.6**	**3.2**	**71.0**

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 cost 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 2018 amount to € 70.3 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.

Nature and purpose of reserves

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Hedge reserve
The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

Development cost reserve
The development cost reserve comprises a statutory reserve for capitalized development expenditure in accordance with the Dutch Civil Code.

Share plan reserve
The share plan reserve comprises all movements in equity-settled share-based remuneration plans.

18. Provisions

	As at 31-12-2018	As at 31-12-2017
Reorganization and restructuring	1.4	1.7
Other	2.1	2.0
Total	**3.5**	**3.7**

Movements in provisions

	Reorganization and restructuring	Other	Total
As at 1 January 2018	**1.7**	**2.0**	**3.7**
Addition charged to result	1.2	0.9	2.1
Release credited to result	-0.5	-0.6	-1.1
Withdrawal for intended purpose	-1.0	-0.6	-1.6
Exchange rate differences		0.4	0.4
As at 31 December 2018	**1.4**	**2.1**	**3.5**

Reorganization and restructuring
This provision relates mainly to a restructuring provision as a result of the strategy update in 2017.

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

19. Long-term employee benefits

	As at 31-12-2018	As at 31-12-2017
Net defined benefit asset	-4.5	-2.5
Net defined benefit liability	5.8	6.2
Other long-term employee benefit commitments	1.8	1.5
Total	**3.1**	**5.2**

Net defined benefit assets and liabilities

Net defined benefit assets and liabilities relate to post-employment defined benefit arrangements.

Other long-term employee benefit commitments

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

Main characteristics of the defined benefit plans

Corbion sponsors defined benefit pension plans in the U.S. and the U.K. Both plans are closed schemes and based on final pay. Further, Corbion sponsors a legal severance payment plan in Thailand. 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 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.

The defined benefit obligation as per year-end consisted for the vast majority of the U.K. plan and is summarized below:
- 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.

For this scheme a recovery plan has been agreed in 2013 under which Corbion will contribute additional funding payments of £ 1.1 million per year (commencing in 2013) with an increase of 5% per year payable until 2028 or until the scheme is no longer in a deficit situation.

The strategic investment policy of the scheme can be summarized as follows:

- A strategic asset mix comprising 50% in return-seeking assets and 50% in matching (bond-type) assets.
- The return-seeking asset portfolio comprises a mix of equity investments and diversified growth funds.
- Interest rate and inflation risk is managed through the use of liability-driven investments 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 2018 is 23 years.

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

	2018	2017
Current service costs	0.5	0.5
Net interest expense	0.1	0.5
Past-service costs		0.9
Total pension costs recognized in income statement	**0.6**	**1.9**
Remeasurements net defined benefit liability		
• Return on plan assets (excluding amounts included in interest income)	5.7	-5.0
• Actuarial (gains)/losses arising from changes in demographic assumptions	-3.0	-0.4
• Actuarial (gains)/losses arising from changes in financial assumptions	-3.8	-8.1
• Actuarial (gains)/losses arising from experience adjustments	0.1	0.5
Total pension costs recognized in other comprehensive income	**-1.0**	**-13.0**
Total	**-0.4**	**-11.1**

The amounts recognized in the statement of financial position

	As at 31-12-2018	As at 31-12-2017
Present value of defined benefit obligations	78.6	86.7
Fair value of plan assets	-77.3	-83.0
Funded status	**1.3**	**3.7**
Restrictions on assets recognized		
Net liability	**1.3**	**3.7**

Movements in defined benefit obligation

	2018	2017
As at 1 January	**86.7**	**99.2**
Current service costs	0.5	0.5
Interest charges	2.5	2.7
Pension payments	-4.6	-4.9
Remeasurement (gains)/losses		
• Actuarial (gains)/losses arising from changes in demographic assumptions	-3.0	-0.4
• Actuarial (gains)/losses arising from changes in financial assumptions	-3.8	-8.1
• Actuarial (gains)/losses arising from experience adjustments	0.1	0.5
Exchange rate differences	0.2	-4.9
Reclassification		2.1
As at 31 December	**78.6**	**86.7**

Movements in fair value of plan assets

	2018	2017
As at 1 January	**83.0**	**81.1**
Interest income	2.4	2.2
Pension payments	-4.6	-4.9
Contributions from the employer	2.3	2.3
Remeasurement gains/(losses)		
• Return on plan assets (excluding amounts included in interest income)	-5.7	5.0
Settlements		1.2
Exchange rate differences	-0.1	-3.9
As at 31 December	**77.3**	**83.0**

The actual return on plan assets was € 3.3 million negative (2017: € 7.2 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

	As at 31-12-2018	As at 31-12-2017
Quoted equity securities	12.7	14.7
Unquoted equity securities	12.0	12.7
Quoted debt securities	10.8	3.1
Unquoted debt securities	0.8	1.9
Quoted other securities	41.0	50.6
Total assets	**77.3**	**83.0**

The main weighted average actuarial assumptions

	2018	2017
Discount rate	3.2%	3.0%
Pension growth rate	3.1%	3.1%

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%	(7.6)	8.7
Pension growth rate	0.50%	5.2	(4.8)

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. To calculate the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method is applied (calculation of the present value of the defined benefit obligation using the projected unit credit method at the end of the reporting period) which is also used to calculate the pension liability recognized within the consolidated statement of financial position.

The expected contributions to the defined benefit pension plans in the coming year amount to € 2.5 million.

20. Deferred tax

Breakdown of deferred tax assets and liabilities

	2018	2017
Deferred tax liabilities	12.1	13.7
Deferred tax assets	-22.7	-25.4
As at 1 January	**-10.6**	**-11.7**
Tax charge in income statement	4.2	5.0
Translation differences foreign group companies	0.6	-1.1
Acquisition/sale of group companies		-0.1
Tax charge movements in equity	0.2	-2.7
As at 31 December	**-5.6**	**-10.6**
Deferred tax liabilities	17.0	12.1
Deferred tax assets	-22.6	-22.7
As at 31 December	**-5.6**	**-10.6**

Breakdown of deferred tax assets and liabilities by type

	As at 31-12-2018		As at 31-12-2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Property, plant, and equipment	-5.7	11.6	-6.5	10.6
Intangible fixed assets	-2.8	11.1	-3.2	10.1
Current assets/liabilities	-4.4	2.9	-3.3	3.3
Tax loss carry forward	-15.3		-18.4	
Provisions	-3.0		-3.3	
Financial instruments				0.1
	-31.2	**25.6**	**-34.7**	**24.1**
Netting	8.6	-8.6	12.0	-12.0
Total	**-22.6**	**17.0**	**-22.7**	**12.1**

The short-term part of deferred tax assets, after write-down and netting with the short-term part of deferred tax liabilities, amounts to € 6.3 million (2017: € 3.1 million).

Breakdown of deferred taxes due to tax loss carry forward

	As at 31-12-2018	As at 31-12-2017
Total tax loss carry forward	206.0	134.2
Tax loss carry forward not qualified as deferred tax asset	-146.5	-60.7
Tax loss carry forward qualified as deferred tax asset	**59.5**	**73.5**
Average tax rate	25.7%	25.0%
Deferred tax asset	**15.3**	**18.4**

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

	As at 31-12-2018	As at 31-12-2017
Less than 1 year		
Within 5 years	0.3	3.0
Between 5 and 10 years	1.7	
10 years or longer		
No expiry date	144.5	57.7
Tax loss carry forward not qualified as deferred tax asset	**146.5**	**60.7**

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

	2018	2017
Property, plant, and equipment	1.5	7.4
Intangible fixed assets	1.3	0.8
Current assets/liabilities	-1.7	3.7
Tax loss carry forward	3.0	-2.7
Provisions	0.4	-0.5
Exchange rate differences loans	-0.6	2.6
Financial instruments	0.4	0.5
Rate changes	-0.1	-6.8
Total	**4.2**	**5.0**

21. Non-current liabilities

			Effective interest %		Average term in years	
	As at 31-12-2018	As at 31-12-2017	As at 31-12-2018	As at 31-12-2017	As at 31-12-2018	As at 31-12-2017
Private placement	121.9	116.4	4.18	4.19	6.4	7.4
Financial lease commitments	1.1	0.2	3.21	3.82	4.1	3.3
Other debts	11.0	0.4	4.08		2.1	1.8
Contingent consideration	27.0	4.8			4.1	1.5
Total	**161.0**	**121.8**				
Weighted average			**3.50**	**4.19**	**5.7**	**7.4**

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 (€ 41.6 million) and after five years (€ 119.4 million).

Fair value of the main long-term loans

	Balance sheet value as at 31-12-2018	Fair value as at 31-12-2018	Balance sheet value as at 31-12-2017	Fair value as at 31-12-2017
Private placement	121.9	120.4	116.4	116.5

22. Interest-bearing current liabilities

			Effective interest %	
	As at 31-12-2018	As at 31-12-2017	As at 31-12-2018	As at 31-12-2017
Owed to credit institutions	107.0	66.7	0.75	0.85
Other debts	9.2		4.17	
Financial lease commitments	0.1	0.1	2.11	3.86
Total	**116.3**	**66.8**		
Weighted average			**1.02**	**0.86**

23. Acquisitions and disposals

Acquisition 2018

On 4 June 2018, Corbion announced that it had completed the acquisition of Bunge Limited's 49.9% stake in the SB Renewable Oils joint venture. SB Renewable Oils is a joint venture that operates a facility in Brazil, specializing in the production of algae ingredients, such as Omega-3 rich oil, for aquaculture and animal feed. Corbion now is 100% owner of the plant in Orindiúva, which employs around 170 staff.

Details of the purchase consideration, net assets acquired are as follows.

Preliminary acquisition figures

	SB Renewable Oils
Property, plant, and equipment	73.3
Intangible fixed assets	0.1
Inventories	6.0
Receivables	14.3
Cash and cash equivalents	0.5
Borrowings	-48.2
Other payables	-6.3
Identifiable assets minus liabilities	**39.7**
Remitted loan receivable	3.4
Contingent consideration	17.0
Valuation of previously held 50.1% stake in SB Renewable Oils	19.3
Total consideration	**39.7**

Corbion recognized a gain of € 9.6 million as a result of measuring at fair value its 50.1% equity interest in SB Renewable Oils held before the business combination. The gain is included in the line Results from joint ventures and associates in the income statement.

Contingent consideration
A 5-year earn-out provision starting in 2021 has been agreed to. This earn-out is based on sales of AlgaPrime™ DHA, with a maximum amount payable of $ 55.0 million. The fair value of the contingent consideration arrangement of $ 20.0 million (€ 17.0 million) was estimated calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 17.2%.

Pro-forma result
The table below shows the pro-forma result of Corbion if the acquisition had been made as at 1 January 2018.

	Corbion	Pro forma adjustment full-year effect	Pro forma Corbion
Net sales	897.2	3.8	901.0
Result after taxes	54.3	-7.4	46.9

For the seven-month period ended 31 December 2018, the acquisition contributed € 5.5 million in revenue and € 4.5 million in loss to Corbion's results. The pro-forma calculation in the table above is based on the actual reported revenues by the joint venture before the acquisition in 2018 and includes a one-off loss related of € 5.5 million to a write down of inventory.

Acquisitions and disposals 2017
In 2017, Corbion completed the acquisition of substantially all assets of TerraVia Holdings ("TerraVia") for a payment in cash of € 17.6 million.

Further, Corbion sold its subsidiary Total Corbion PLA (Thailand) Limited (formerly known as Expalkan (Thailand) Limited) to the joint venture Total Corbion PLA bv for a net cash consideration received of € 2.6 million. Besides the cash consideration, contingent considerations were recognized of € 33.5 million.

24. Financial risk management and financial instruments

Risk management framework
Corbion's activities are exposed to a variety of financial risks including currency, interest rate, commodity, liquidity, capital, and credit risk. The treasury department identifies and manages these risks, except the commodity risk which is managed by procurement. Treasury operates within a framework of policies and procedures which have been approved by the Board of Management. The treasury policy may change on an annual basis in light of market circumstances and market volatility. Corbion uses derivatives solely for the purpose of hedging exposure mainly to the commodity, currency, and interest rate risks arising from the company's sources of finance and business. Corbion has a Treasury and a Commodity Risk Management Committee meeting periodically to review treasury and commodity activities and compliance with both policies.

Currency risk
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. Foreign currency exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Translation risk
Corbion is subject to foreign exchange rate movements in connection with the translation of its foreign subsidiaries' income, assets, and liabilities into euros in the consolidated financial

statements. To protect the value of future foreign cash flows, Corbion partially mitigates the foreign exchange exposure by applying natural hedging, meaning capital employed in foreign operations is financed using the country's currency in order to avoid fluctuations due to translation effects.

US dollar translation effects on the operating result are partially hedged by the interest paid on the US dollar loan. Currency fluctuations particularly in the US dollar can have a material effect on Corbion's income statement. Corbion has policies in place that monitor these risks and mitigation actions are discussed in the Treasury Committee.

Transaction risk

The currency transaction risk arises in the course of ordinary business activities. Corbion's exposure to exchange rate movements in commercial operations is mainly related to EUR/USD, THB/YEN, and EUR/YEN. Corbion uses forward currency contracts and currency swaps in order to hedge risks arising from purchase and sales deals and/or commitments from current purchase and sales deals. Transactions that are highly probable are 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.

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 financial instruments to exchange rate changes

A 10% weakening of the euro against the Japanese yen would decrease equity by € 1.0 million, while the net result would not be significantly impacted.

Interest rate risk

Corbion's interest rate risk arises primarily from its debt. Corbion has an interest rate policy aimed at reducing volatility in its interest expense and maintaining a target percentage of its debt in fixed rate instruments. Currently Corbion's interest rate exposure has been fully fixed (3.50% on average) for all of Corbion's long-term debt (€ 161.0 million) for a period of on average 5.8 years.

Sensitivity analysis to changes in market interest rate

Assuming the same mix of variable and fixed interest rate instruments, an interest rate increase by 50 basis points versus the rates on 31 December 2018 with all other variables held constant, would result in an increase of € 0.5 million in the net result and no movement in equity.

Commodity risk

Corbion uses commodity derivative contracts to reduce the risk of price fluctuations in the main commodities used, being gas 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 € 1.3 million as at 31 December 2018 (31 December 2017: asset of € 1.2 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.

The majority of the commodity derivative contracts expire within a year.

Sensitivity analysis of financial instruments to commodity price changes

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

Liquidity risk

Liquidity risk is the risk of Corbion not being able to obtain sufficient financial means to meet its obligations in time. The company actively manages liquidity risk by maintaining sufficient cash and cash equivalents and the availability to committed borrowing capacity. Corbion manages cash flow based on cash flow analysis for the next 12 months.

The committed credit facilities at Corbion's long-term disposal amounted to € 300 million as at 31 December 2018. Corbion also has a private placement of $ 140 million with American institutional investors.

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 2018					
Private placement	4.18	5.2	31.9	118.3	155.4
Owed to credit institutions	0.75	108.1			108.1
Financial lease commitments	3.12		1.2		1.2
Contingent liability			25.7	27.1	52.8
Other debts	4.11	10.1	11.1		21.2
Trade payables		87.8			87.8
Other non-interest-bearing current liabilities		49.2			49.2
Total		**260.4**	**69.9**	**145.4**	**475.7**
As at 31 December 2017					
Private placement	4.19	4.9	35.4	112.9	153.2
Owed to credit institutions	0.85	67.1			67.1
Financial lease commitments	3.83	0.1	0.2		0.3
Derivatives			5.0		5.0
Other debts		0.2	0.2		0.4
Trade payables		76.6			76.6
Other non-interest-bearing current liabilities		49.5			49.5
Total		**198.4**	**40.8**	**112.9**	**352.1**

Credit risk management

Credit risk consists of the losses that would be recognized if a customer or a counterparty to a financial instrument fails to meet 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, 15, and 16). In respect of derivatives it equals the fair value.

Given the credit rating that it requires of its partners Corbion has no reason to assume that they will not honor their contractual obligations. Based on today's insights, the actual credit risk is limited.

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 capital structure of Corbion consists of net debt (interest-bearing debts as detailed in Notes 21 and 22) offset by cash and cash equivalents (as detailed in Note 16).

	2018	2017
Private placement	122.0	116.4
Revolving credit facility	107.0	66.7
Financial lease commitments	1.2	0.3
Other debts	20.2	0.4
Guarantees part of net debt covenants		16.5
Total financial liabilities part of net debt	**250.4**	**200.3**
Cash and cash equivalents	-47.1	-38.1
Net debt	**203.3**	**162.2**

Reconciliation of liabilities arising from financing activities

	Private placement	Revolving credit facility	Financial lease commitments	Other debts	Total
As at 1 January 2018	116.4	66.7	0.3	16.9	200.3
Financing cash flows		41.0			41.0
Repayments				-12.4	-12.4
New financial lease commitments			0.9		0.9
Exchange rate differences	5.6			-0.5	5.1
Other		-0.7		16.2	15.5
As at 31 December 2018	**122.0**	**107.0**	**1.2**	**20.2**	**250.4**

The Corbion Treasury Committee reviews the capital structure of Corbion on a quarterly basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The main covenants for the credit facility and the U.S. private placement are:
- The ratio of net debt position divided by EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization and impairment of (in)tangible fixed assets, excluding one-off items, increased by cash dividend of joint ventures received and annualization effect of newly acquired subsidiaries) may not exceed the factor 3.5 (2017: 3.5).
- A minimum interest cover (EBITDA divided by net interest income and charges) of 3.5 (2017: 3.5).

These external conditions were met in 2018 as well as in 2017. Corbion targets a net debt/ EBITDA ratio of 1.5x over the investment cycle.

Ratios at year-end

	2018	2017
Net debt position/EBITDA	1.6	1.0
Interest cover	25.6	24.4

Financial instruments

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 2018	Level 1	Level 2	Level 3	Total
Derivatives				
• Foreign exchange contracts		-0.3		-0.3
• Commodity swaps/collars		-1.3		-1.3
Total		**-1.6**		**-1.6**

Breakdown fair values financial instruments

31 December 2018	Balance sheet value	Fair value
Financial fixed assets		
• Loans, receivables, and other	62.3	62.3
Receivables		
• Trade receivables	119.6	119.6
• Other receivables	15.5	15.5
• Prepayments and accrued income	5.4	5.4
Cash		
• Cash other	47.1	47.1
Interest-bearing liabilities		
• Private placement (net investment hedge)	-121.9	-120.4
• Owed to credit institutions	-107.0	-107.0
• Financial lease commitments	-1.2	-1.2
• Other debts	-20.2	-20.2
Non-interest-bearing liabilities		
• Trade payables	-87.8	-87.8
• Other payables	-49.2	-49.2
Derivatives		
• Foreign exchange contracts	-0.3	-0.3
• Commodity swaps/collars	-1.3	-1.3
Total	**-139.0**	**-137.5**

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.
- Given the short-term character, the fair value of non-interest-bearing liabilities equals the book value.
- Currency and interest rate 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.

Derivatives

Hedge transactions

The amount of € 2.5 million in hedge reserve (see Note 17) relates to the hedging of risks arising from future purchase and sales deals and/or commitments from current purchase and sales contracts amounting to € 50.0 million.

The amount of € 38.7 million in translation reserve (see Note 17) 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.

Fair values, maturity, and the qualification of derivative financial instruments for accounting purposes are presented in the table below.

	Short < 1 year		Long > 1 year	
	As at 31-12-2018	As at 31-12-2017	As at 31-12-2018	As at 31-12-2017
Derivatives receivables used as hedge instrument in cash flow hedge relations				
Foreign exchange contracts		3.2		
Derivatives liabilities used as hedge instrument in cash flow hedge relations:				
Foreign exchange contracts	-0.3			
Commodity swaps	-3.0	-1.1		
Derivatives receivables used as hedge instrument in fair value hedge relations:				
Commodity swaps	1.7			
Total derivatives in hedge relations	**-1.6**	**2.1**		
Derivatives liabilities not used in a hedge relation with value change through income statement:				
Commodity swaps		-0.1		
Total derivatives through income statement		**-0.1**		
Total derivatives	**-1.6**	**2.0**		

25. Related-party transactions

Remuneration policy Board of Management
For more information on the remuneration policy see the Remuneration report. For more information on share-based payments see Note 26, Share-based compensation.

The number of conditionally granted shares per member of the Board of Management is as follows.

	Granted in	"At target" number outstanding as at 31/12/18	Maximum number outstanding as at 31/12/18	Year of vesting
T. de Ruiter	2016	27,404	41,106	2019
	2017	23,585	35,378	2020
	2018	23,576	35,364	2021
E.E. van Rhede van der Kloot	2016	13,951	20,927	2019
	2017	11,772	17,658	2020
	2018	12,259	18,389	2021
Total as at 31 December 2018		**112,547**	**168,822**	

The movements in the number of shares conditionally granted to members of the Board of Management are as follows.

	Maximum number outstanding as at 31/12/2017	Maximum number granted in 2018	Vested 2018	Expired 2018	Maximum number outstanding as at 31/12/2018
T. de Ruiter	194,381	35,364	102,969	14,928	111,848
E.E. van Rhede van der Kloot	64,226	18,389	20,872	4,769	56,974
Total	**258,607**	**53,753**	**123,841**	**19,697**	**168,822**

Breakdown remuneration (former) Board of Management

IAS 24.17 category	Short-term employee benefits			Share-based payments	Post employment benefits	Other long-term benefits	Termination benefits	Total
Thousands of euros 2018	Base salary[1]	STIP	Excessive levy[2]	LTIP	Pension benefits	Other benefits	Termination benefits	
T. de Ruiter	804	756		245				1,805
E.E. van Rhede van der Kloot	530	133		125				788
Total Board of Management	**1,334**	**889**		**370**				**2,593**

IAS 24.17 category	Short-term employee benefits			Share-based payments	Post employment benefits	Other long-term benefits	Termination benefits	Total
Thousands of euros 2017	Base salary[1]	STIP	Excessive levy[2]	LTIP	Pension benefits	Other benefits	Termination benefits	
T. de Ruiter	778	310		1,185				2,273
E.E. van Rhede van der Kloot	466	158		365				989
Total Board of Management	**1,244**	**468**		**1,550**				**3,262**
G.J. Hoetmer			118					118
Total former Board of Management			**118**					**118**
Total remuneration (former) Board of Management	**1,244**	**468**	**118**	**1,550**				**3,380**

The tables above show the costs based on the applicable IFRS standard and do not necessarily reflect the actual amounts paid.

1) Base salary also includes social security contributions and compensation, mainly allowances for expenses.

2) The excessive levy is payable by the employer for termination benefits above certain thresholds.

Compensation of key management personnel

The table below specifies the remuneration of the Executive Committee (ExCo), comprising the Board of Management members as listed above and the additional ExCo members who are not part of the Board of Management.

Thousands of euros	2018	2017
Short-term employee benefits	4,466	3,777
Share-based payments	911	2,104
Post-employment benefits	85	81
Other long-term benefits		
Termination benefits		

Breakdown remuneration Supervisory Board

	IAS 24.17 category	Short-term employee benefits 1)		Share-based payments	Post employment benefits	Other long-term benefits	Termination benefits	Total
Thousands of euros	year	Base fee	Committee fee	LTIP	Pension benefits	Other benefits	Termination benefits	
M.F.J.P. Vrijsen, Chairman (Chairman Appointment and Governance Committee / member Remuneration Committee / member Science and Technology Committee)	2018	70	23					93
	2017	60	18					**78**
R.H.P. Markham, Vice-Chairman (Chairman Remuneration Committee / member Appointment and Governance Committee)	2018	60	16					76
	2017	50	13					**63**
M.E. Doherty (member Audit Committee)	2018	50	10					60
	2017	45	10					**55**
J.P. de Kreij (Chairman Audit Committee)	2018	50	15					65
	2017	45	15					**60**
S. Riisgaard (Chairman Science and Technology Committee, member Remuneration Committee / member Appointment and Governance Committee)	2018	50	23					73
	2017	45	18					**63**
	Total 2018	**280**	**87**					367
	Total 2017	**245**	**74**					**319**

1) 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 have shares in the company or any option rights relating thereto.

Other related-party transactions

	Transaction values for the year ended		Balance outstanding at year ended	
	2018	2017	**2018**	2017
Sales				
Joint ventures	38.8	18.3	3.6	3.2
Purchases				
Joint ventures	7.5	3.6		
Others				
Joint ventures				
• Sale of Total Corbion PLA (Thailand) Limited		40.9	6.1	29.2
• Loans			55.7	36.0

26. Share-based compensation

Share-based remuneration arrangements: Board of Management

A share plan is in place for the Board of Management. The members of the Board of Management have a total of 168,822 unvested share rights in the company as at 31 December 2018 (2017: 258,607). The nominal amount of the shares which are claimable under unvested share rights equals € 42,206 per that date.

The program was introduced in 2015, as part of the new remuneration policy agreed to by the annual General Meeting of Shareholders on 22 May 2015, aimed at longer-term value creation in line with shareholders' interests, measured over a performance period of three calendar years. The targets consist of the following components: 60% of the LTIP is determined by EBITDA, 20% by Earnings Per Share (EPS), and 20% of the LTIP depends on relative TSR as compared to a specific TSR peer group.
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 one to the CFO. The CEO is entitled to a conditional share grant value of 100% of his base salary. The CFO is entitled to a conditional share grant value of 80% of the base salary. The total number of conditionally granted shares is determined by dividing the "at target" amount applicable for the respective member of the Board of Management (as a percentage of base salary) by the share price. The share price is defined as the average closing price of the Corbion share during the last full calendar quarter preceding the conditional grant of shares.
At the beginning of the performance period, targets for the LTIP are set by the Supervisory Board for the three-year performance period as follows.

1. A target based on EBITDA, a threshold (minimum) and a range around the performance target to determine the actual payout for 60% of the LTIP.
2. A target based on EPS, a threshold (minimum) and a range around the performance target to determine the actual payout for 20% of the LTIP.
3. The TSR performance is benchmarked against the TSR performance of Corbion's TSR peer group and the relative ranking determines the actual payout for another 20% of the LTIP.

Meeting the performance target(s) results in an LTIP payout at target level. A range of 50% around the performance target(s) (or lower as determined by the Supervisory Board) is set for the EBITDA and EPS performance to determine the actual payout. There is no payout below the low end of the range and no additional upside above the top end of the range. For the TSR performance, threshold payout is set at meeting the eighth position in the peer group. Target payout is achieved at the fourth and fifth position in the peer group and maximum payout is achieved at reaching the first and second position in the peer group.

One-off time-restricted performance share award CEO

At the time of his appointment 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 value of one conditional share is equal to the average share price of five days preceding the annual General Meeting of Shareholders, with no discounts being 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 up to 25% of the total number of shares 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.

In 2015, the plan was partially adjusted to be fully aligned with the updated strategy and consequently with the new remuneration policy. The performance period has been aligned with the regular long-term incentive plan, starting on 1 January 2015 and ending on 31 December 2017. Further, EBITDA growth has been introduced as annual performance metric (instead of sales growth) to be set at the beginning of each year by the Supervisory Board.

Movements in number of unvested shares of the Board of Management (at maximum)

Year of allocation	Total as at 31-12-2017	Allocated in 2018	Vested and expired in 2018	Total as at 31-12-2018
2014	59,847		59,847	
2015	83,691		83,691	
2016	62,033			62,033
2017	53,036			53,036
2018		53,753		53,753
Total	**258,607**	**53,753**	**143,538**	**168,822**

Valuation model and input variables

The fair value of the non-market-based components of the above-mentioned performance-related shares allocated in 2018 was € 27.72 per share (2017: € 27.21). The fair value of the market-based components of the above-mentioned performance-related shares allocated in 2018 was € 32.36 per share (2017: € 32.07). The fair value of the market-based components is estimated by using the Black & Scholes model and the assumptions set forth below.

	2018	2017
Risk-free interest rate	0.00%	0.00%
Expected dividend gains		
Expected volatility in share price	24%	26%
Term	3 years	3 years

Share-based remuneration arrangements: Senior management

An equity-settled plan similar to the program for the Board of Management exists for senior management.

Movements in number of unvested shares of senior management

Year of allocation	Total as at 31-12-2017	Allocated in 2018	Vested and expired in 2018	Total as at 31-12-2018
2015	121,136		121,136	
2016	113,158		4,052	109,106
2017	124,097		2,636	121,461
2018		182,395		182,395
Total	**358,391**	**182,395**	**127,824**	**412,962**

Certain members of management receive a package of Corbion shares worth 9.5% of fixed salary (commitment award). The acquired shares shall be held in a separate blocked account until the end of their employment at Corbion.

Movements in number of blocked commitment award shares

	Total as at 31-12-2017	Allocated in 2018	Released in 2018	Total as at 31-12-2018
Total	**6,019**			**6,019**

27. Off-balance sheet commitments

Financial commitments
As at 31 December 2018 the nominal value of future commitments from operational lease contracts for property, plant, and equipment was € 31.9 million (2017: € 36.2 million), € 10.7 million of which expires within one year, € 17.3 million between 1 and 5 years, and € 3.9 million after 5 years.

Capital commitments
The capital expenditure commitments not yet incurred amounted to € 10.2 million for (in) tangible assets as at 31 December 2018 (2017: € 3.4 million).

Contingent commitments
Guarantees
Third-party guarantees amounted to € 59.7 million as at 31 December 2018 (2017: € 19.7 million). No significant future losses are expected from these guarantees.

Other
Corbion is subject to a U.S. tax audit which could potentially lead to a tax exposure of which it is not practicable to provide information on the financial effect or the timing thereof. The outcome of the U.S. tax audit could have an impact on the company's consolidated financial statements for a particular period.

28. Events after balance sheet date

No significant events occured between the end of the reporting period and the date that the financial statements were authorised for issue that would affect the ability of users to make proper evaluations and decisions.

COMPANY FINANCIAL STATEMENTS

Company statement of financial position

Before profit appropriation, millions of euros	*Note*	As at 31-12-2018	As at 31-12-2017
Assets			
Financial fixed assets	*29*	514.8	630.3
Deferred tax assets	*30*	12.5	17.3
Total non-current assets		**527.3**	**647.6**
Receivables	*31*	238.7	41.6
Tax assets		6.5	1.1
Cash and cash equivalents	*32*	4.0	3.4
Total current assets		**249.2**	**46.1**
Total assets		**776.5**	**693.7**
Equity and liabilities			
Ordinary share capital		14.8	14.8
Share premium reserve		55.2	55.2
Translation reserve		38.7	28.2
Hedge reserve		-2.5	-0.9
Development costs reserve		31.6	31.4
Share plan reserve		3.2	5.6
Retained earnings		379.2	355.0
Equity	*33*	**520.2**	**489.3**
Deferred tax liabilities	*30*		0.6
Non-current liabilities	*34*	121.9	116.4
Total non-current liabilities		**121.9**	**117.0**
Interest-bearing current liabilities	*35*	132.1	84.2
Non-interest-bearing current liabilities	*36*	2.0	2.7
Provisions	*37*	0.3	0.5
Total current liabilities		**134.4**	**87.4**
Total equity and liabilities		**776.5**	**693.7**

Company income statement

Millions of euros	2018	2017
General and administrative epenses	-1.3	-2.7
Operating result	**-1.3**	**-2.7**
Financial income	13.2	11.6
Financial charges	-9.5	-12.0
Results from subsidiaries and associates	51.2	87.0
Result before taxes	**53.6**	**83.9**
Taxes	0.7	0.7
Result after taxes	**54.3**	**84.6**

Social security included in the income statement is rounded to zero for 2018 as well as 2017.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

General

The separate financial statements of Corbion nv ("the company") are drawn up in accordance with the principles referred to in Part 9, Book 2 of the Dutch Civil Code.
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.

Basis of preparation

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) have been applied in the separate financial statements and the consolidated financial statements.

Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity method. Refer to the basis of consolidation accounting policy in the consolidated financial statements.

Result of participating interests

The share in the result of participating interests comprises the share of the company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the company and its participating interests, on the one hand, and between participating interests, on the other, are eliminated to the extent that they can be considered as not realized.

29. Financial fixed assets

	As at 31-12-2018	As at 31-12-2017
Participations in group companies	487.5	396.9
Loans to group companies	27.2	233.4
Other	0.1	
Total	**514.8**	**630.3**

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.

	2018	2017
Movements in participations in group companies		
As at 1 January	396.9	275.3
Paid-in capital	62.0	96.4
Result group companies	51.2	87.6
Dividend group companies	-31.6	-61.2
Exchange rate differences	8.2	-13.6
Other	0.8	12.4
As at 31 December	**487.5**	**396.9**
Movements in loans to group companies		
As at 1 January	233.4	291.0
Exchange rate differences	7.9	-29.6
Disbursements		38.4
Repayments	-214.1	-66.4
As at 31 December	**27.2**	**233.4**

30. Deferred tax

	As at 31-12-2018		As at 31-12-2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax loss carry forward	12.4		17.3	
Provisions	0.1			-0.6
Total	**12.5**		**17.3**	**-0.6**

31. Receivables

	As at 31-12-2018	As at 31-12-2017
Owed by group companies	237.8	34.9
Other receivables	0.9	2.0
Joint ventures and associates		4.7
Total	**238.7**	**41.6**

32. Cash and cash equivalents

The cash and cash equivalents were available and payable without notice in 2018.

33. Equity

See Consolidated statement of changes in equity and Note 17 to the consolidated financial statements. For an overview of the legal reserves see Note 17.

34. Other non-current liabilities

	As at 31-12-2018	As at 31-12-2017
Owed to credit institutions	121.9	116.4
Total	**121.9**	**116.4**

See Note 21 to the consolidated financial statements.

35. Interest-bearing current liabilities

	As at 31-12-2018	As at 31-12-2017
Owed to credit institutions	107.0	66.5
Owed to group companies	25.1	17.7
Total	**132.1**	**84.2**

36. Non-interest-bearing current liabilities

	As at 31-12-2018	As at 31-12-2017
Other debts and accruals and deferred income	2.0	2.7
Total	**2.0**	**2.7**

37. Provisions

Movements in provisions

	Reorganization and restructuring	Other	Total
As at 1 January 2018		**0.5**	**0.5**
Release credited to result		-0.2	-0.2
As at 31 December 2018		**0.3**	**0.3**

38. 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.

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.

39. Personnel

On average, two employees were employed by Corbion nv working in the Netherlands during 2018 (2017: two employees). For more information on remuneration see Note 25.

40. Audit fees

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

Thousands of euros	KPMG Accountants nv 2018	KPMG Other 2018	Total 2018	Total 2017
Audit of the financial statements	570	179	749	663
Audit-related services*	59		59	50
Non-audit services				
Total	**629**	**179**	**808**	**713**

**) Relates to assurance report on sustainability*

Amsterdam, the Netherlands, 5 March 2019

Supervisory Board
Mathieu Vrijsen, Chairman
Rudy Markham, Vice-Chairman
Liz Doherty
Jack de Kreij
Steen Riisgaard

Board of Management
Tjerk de Ruiter, CEO
Eddy van Rhede van der Kloot, CFO

We create a greener supply chain through responsible sourcing

Employees of Mitr Phol, Bonsucro, and Corbion.

Corbion
Keep creating

At Corbion we're creating a better future together

CORBION SUGAR SUPPLIER LEADS THE CHANGE TOWARD FUTURE-FOCUSED FARMING

The team
- Mitr Phol, the world's fourth-largest sugar producer
- Bonsucro, an international not-for-profit, multi-stakeholder organization promoting sustainable practices in the sugar-cane industry
- Corbion, the global market leader in lactic acid and lactic acid derivatives

The project
The sugarcane industry is critical to Thailand's economy, but has grappled with sustainability issues related to cultivation and milling. Mitr Phol has been a supplier to Corbion since 2007, with more than 30,000 cane growers in its supply chain. Because so much of its productivity and sustainability is constrained by the output and practices of these farmers, Mitr Phol committed several years ago to promoting modern farming methods and technologies to its suppliers, using Bonsucro as a platform for collaboration, and guided by its Standards.

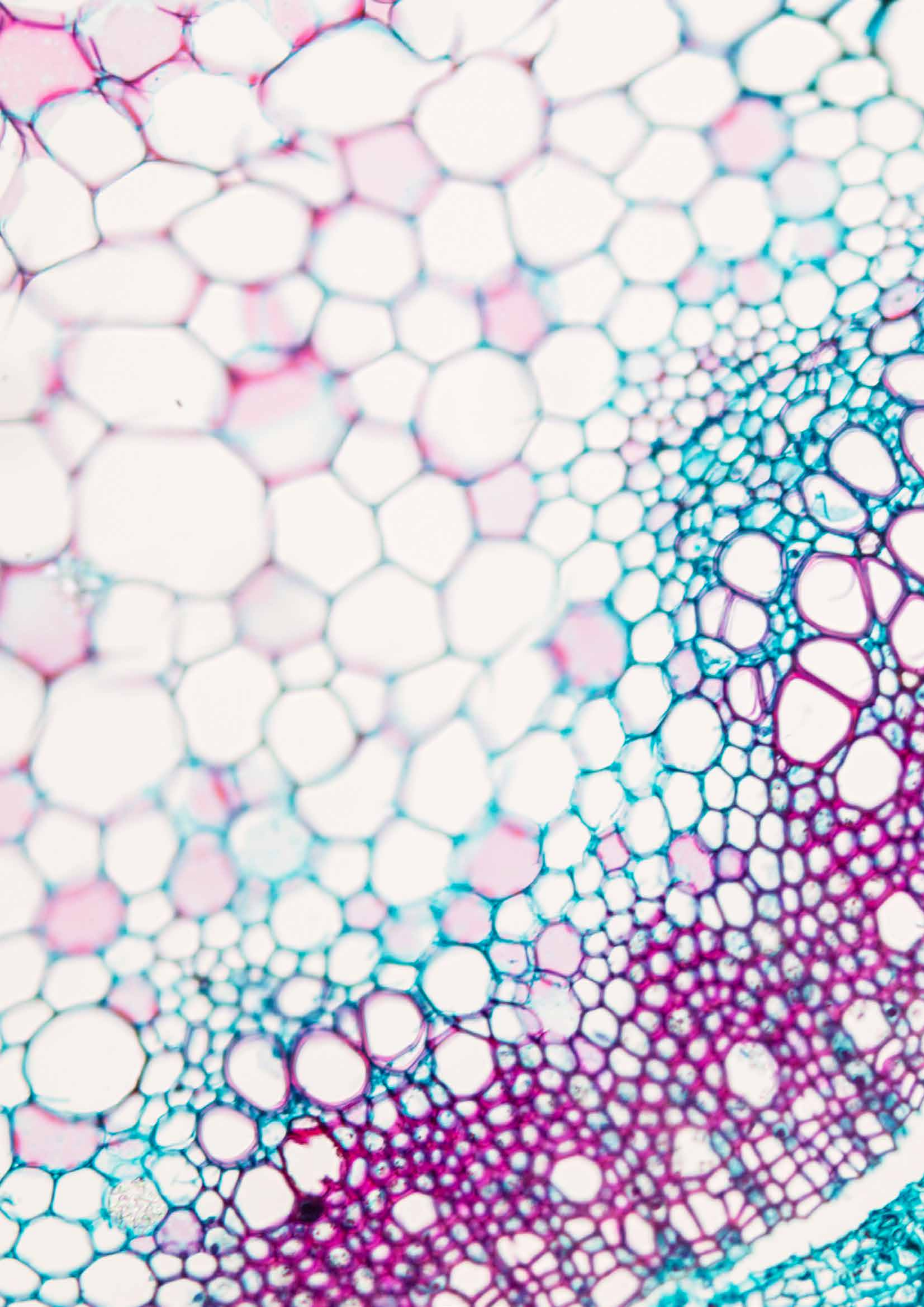
Modernization helps farmers minimize costs and increase crop yields, and makes them more aware of the impact their business has on society and the environment. Consequently, Mitr Phol Modern Farm was launched about five years ago to allow sugarcane farmers to see modern methods in action and learn how to implement them in their own operations.

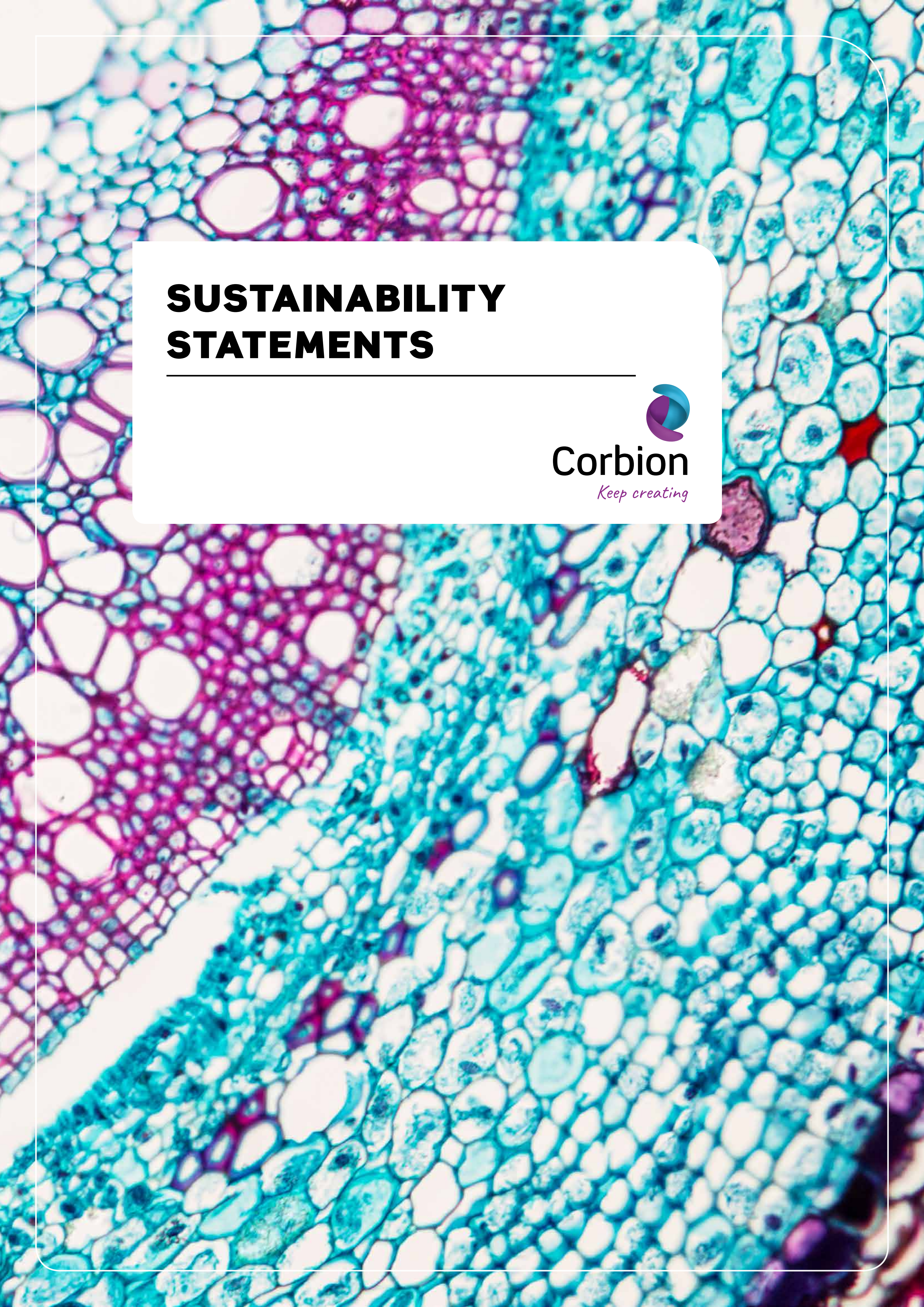
The challenge
The growers who supply Mitr Phol operate independently. Convincing them to adopt modern practices meant overcoming two key obstacles: the considerable investment required by technology change, and a resistance to change itself. Mitr Phol first instituted a program by which farmers could obtain loans to finance their investment in modernizing. Terms depend on the scale of the farmer's operations; small farmers who might share equipment with neighboring small-scale growers can obtain a group loan to lighten the financial burden. Then, after successfully training "early adopters" at the demonstration farm, Mitr Phol recruited those farmers to train other growers. Being trained by peers who could share their own experiences in modern farming helped build trust and change farmers' minds about using new technologies.

The outcome
More and more farmers have been embracing modern farming practices, and sustainability gains can be seen in numerous improvements. Adjusting the space between sugarcane plants and better controlling truck traffic is reducing crop losses. Techniques for maintaining loosened soil, and a GPS system for controlling large agricultural machines are being used. Water is used more efficiently while increasing production. When not growing sugarcane, farmers grow legumes to cut pesticide use and improve soil quality. Cane leaves are left on the ground instead of burned to better retain soil moisture and reduce global warming.

The experience
By benchmarking best practices in other cane-growing countries, Mitr Phol incorporates highly efficient methods of producing quality sugarcane into teachings at the demonstration farm. These efforts were recognized when the company received the Bonsucro Sustainability Award in 2015. In 2016, Mitr Phol became the first in Thailand and second in all of Asia to be certified by Bonsucro. The next year, the Total Corbion PLA joint venture, which uses Mitr Phol sugar at its Rayong, Thailand, plant became the first PLA producer to be Bonsucro certified.

The future
With Corbion working to drive demand for responsibly produced cane sugar and Mitr Phol supporting farmers' efforts to meet that demand, we are strengthening the sustainability of the overall value chain. Together, we are making an impact at the point where Corbion's sustainability story actually begins.





SUSTAINABILITY STATEMENTS

Corbion
Keep creating

SUSTAINABILITY STATEMENTS

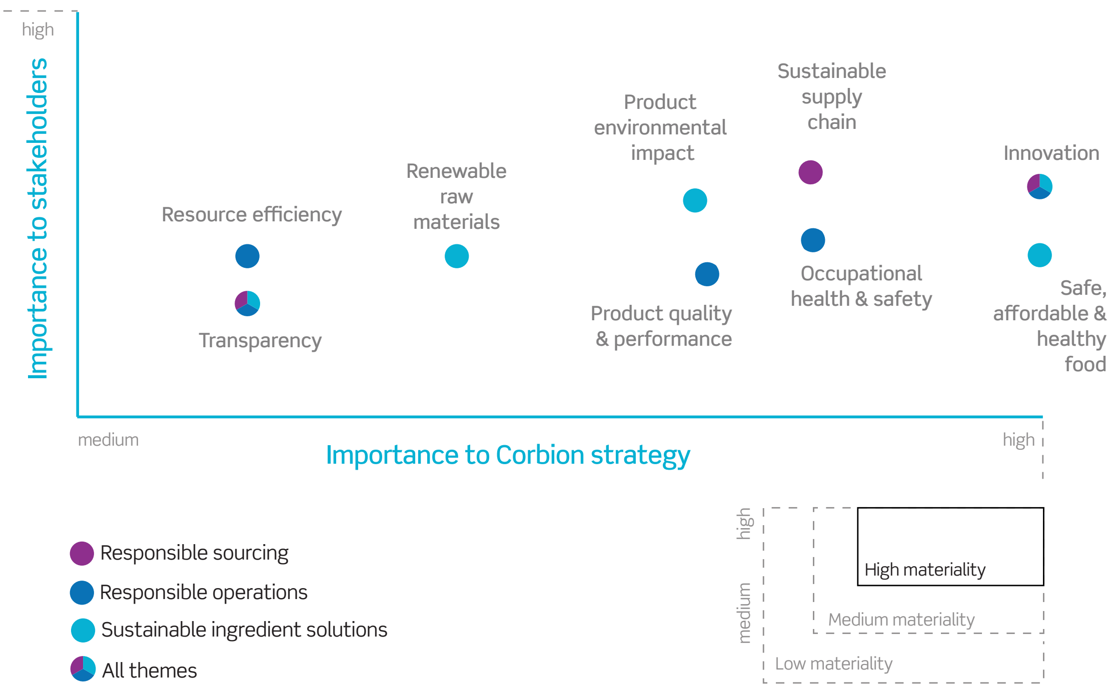
Materiality and stakeholder engagement

The foundation of our sustainability strategy is the materiality matrix, which we use to set priorities and ensure that we take a focused approach. A materiality analysis is about the identification of key issues that are important to our stakeholders and our strategy. The materiality matrix visualizes the results of this analysis, by plotting the relevant social, environmental, governance, and economic issues as a function of their importance to stakeholders (vertical axis) and Corbion's strategy (horizontal axis).

The materiality matrix was generated in 2017 using an in-depth methodology (see Figure 1) and resulted in the identification of nine material themes. These nine themes have a high impact on our strategy and are considered important by the majority of our stakeholders. These themes are the basis of our sustainability framework. The materiality assessment is updated at least every three years, as input for our strategy updates.

The graph below shows the upper-right section of Corbion's materiality matrix, highlighting the nine material themes.

Materiality matrix



The materiality determination process (Fig. 1)

1 **Long and short list of themes:** we have compiled a long list of relevant sustainability themes based on GRI indicators, benchmarking, and stakeholder input. This list was consolidated into a short list of 28 themes.
2 **Determining importance to the Corbion strategy**: the importance of each theme to the Corbion strategy was determined through discussions with the Executive Committee.
3 **Stakeholder dialogue**: the importance of each theme to our stakeholders was determined on the basis of a stakeholder survey and interviews.
4 **Stakeholder weighting**: the stakeholder input was weighted according to the impact that Corbion has on each stakeholder group and the impact that each stakeholder group has on Corbion.
5 **Calculating materiality matrix**: the resulting internal and external scores were plotted in a matrix and discussed with the Executive Committee to select the material themes.

Key stakeholder groups (Fig. 2)

Our key stakeholders have been identified on the basis of two questions:
1. On which stakeholders does Corbion have a significant impact?
2. Which stakeholders have a significant impact on Corbion?

(Alphabetical order)

- **Business partners**
- **Customers**
- **Employees**
- **Governments**
- **Industry associations**
- **Knowledge institutes**
- **Multi-stakeholder initiatives**
- **NGOs**
- **Potential future employees**
- **Shareholders**
- **Supervisory Board**
- **Suppliers**

Material themes, definition, link to sustainability strategy

The table below lists the material themes, definitions, boundaries, management approach, and the link with Corbion's sustainability framework and strategy.

Material theme	Sustainable supply chain
Definition	Responsible sourcing of raw materials, taking into account business ethics, human rights, labor conditions, the environment, agricultural practices, land rights, land use, and biodiversity.
Management approach	• Sustainability criteria embedded in our security-of-supply assessment • Generic supplier code that states mandatory requirements on, amongst others, business ethics, human rights, labor conditions, the environment, and responsible procurement • Specific policies for our priority raw materials focusing on continuous improvement towards the implementation of the relevant sustainability standard for each of these raw materials • Participate in relevant multi-stakeholder initiatives • Collaborate with strategic suppliers to reduce our Scope III carbon footprint
Boundaries	Corbion's supply chain
Link with sustainability framework	Responsible sourcing

Material theme	Occupational health and safety
Definition	Provide a safe and healthy working environment for all employees, contractors, and visitors.
Management approach	• Record all incidents and implement corrective and preventive measures • OHSAS 18001 certification for all our manufacturing sites
Boundaries	Corbion's own operations
Link with sustainability framework	Responsible operations

Material theme	Resource efficiency
Definition	Efficient use of raw materials, energy, and water in Corbion's facilities. Reduce, re-use, and recycle waste. Reduce Corbion's own carbon footprint.
Management approach	• Valorize by-products • Waste reduction programs • Design out waste for new manufacturing processes • Transition to renewable electricity • Reduce our carbon footprint in line with Paris Agreement
Boundaries	Corbion's own operations
Link with sustainability framework	Responsible operations

Material theme	Product environmental impact
Definition	Impact of Corbion's products on end-users' ecological footprint.
Management approach	• Sustainability assessment integrated in our innovation stage-gate process • Quantify the impact on the environment for products with a sustainability value proposition (Life Cycle Assessment)
Boundaries	Corbion's own operations and supply chain (cradle to gate)
Link with sustainability framework	Sustainable solutions

Material theme	Renewable raw materials
Definition	The use of renewable raw materials instead of finite fossil-based resources. Corbion's contribution to the transition to a circular economy with a reduced dependency on fossil-based fuels.
Management approach	• Strategic innovation portfolio focused on the development and commercialization of biobased organic acids • Innovation program for the use of alternative feedstocks in our processes
Boundaries	Corbion's value chain
Link with sustainability framework	Sustainable solutions

Material theme	Safe, affordable, and healthy food; prevent food waste
Definition	Contribution of Corbion's food ingredients to safe, affordable, and healthy food and to the prevention of food waste.
Management approach	• Provide food safety solutions that enable our meat customers to produce safe food • Provide preservation solutions that help our customers deliver products with longer shelf life, which in turn enables them to deliver affordable products to markets in which consumer spending power is limited, and reduce food waste • Leverage our expertise in food spoilage and food safety to serve more segments of the food industry, such as salads, dips, hummus, and other chilled foods • Provide solutions for healthy food, such as ingredients for salt reduction in meat
Boundaries	Corbion's value chain
Link with sustainability framework	Sustainable solutions

Material theme	Product quality and performance
Definition	Deliver products that consistently meet specifications and deliver the expected performance.
Management approach	• Ensure certifications are in place to meet customer and industry-adopted standards and requirements • Internal audits by our global Quality platform to ensure that we continue to improve our operational standards for quality and food safety
Boundaries	Corbion's supply chain and own operations
Link with sustainability framework	Sustainable solutions

Material theme	Transparency
Definition	Transparency on raw material sourcing, product environmental impact, sustainability performance, and clear labeling of food ingredients.
Management approach	• Global policies on quality, safety, the environment, and social aspects • Supplier code and specific raw material codes provide transparency on the criteria that Corbion applies for the sourcing of raw materials • Participation in CDP, EcoVadis, and other relevant stakeholder questionnaires and reporting initiatives • Reporting and assurance of sustainability KPIs in Annual Report • Provide stakeholders with insight into the SDG2+12 impact of our products
Boundaries	Corbion's value chain
Link with sustainability framework	Transparency

Material theme	Innovation
Definition	Development and commercialization of new products, product applications, and processes.
Management approach	• Commercial excellence program to further professionalize the way we engage with customers • Operational excellence program to drive continuous improvement across Corbion • R&D excellence program to continuously improve the effectiveness and efficiency of our science and to stay on top of emerging technologies to identify risks and opportunities
Boundaries	Corbion's value chain
Link with sustainability framework	Innovation

External recognition

To provide our stakeholders with transparency in our sustainability performance, Corbion participates in a number of reporting and assessment initiatives.

CDP

CDP runs a global disclosure system that enables companies, cities, states, and regions to measure and manage their environmental impacts, with a focus on climate change, water security, and deforestation. CDP has committed to aligning its questionnaires with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The 2018 climate change questionnaire was improved to align more closely with the TCFD's recommendations. Corbion has been participating in the CDP Climate Change and Supply Chain programs since 2016 to provide transparency on how we manage risks and opportunities related to climate change. In 2018, we improved our score from C to B for Climate Change, which is higher than the average of our sector (B-) and higher than the European average of B-.
In 2018, Corbion participated for the first time in the CDP Forests program. We received a score of B-, which is higher than the average of our sector of C- and higher than the European average of C.

EcoVadis

EcoVadis Sustainability ratings and scorecards assess the environmental and social performance of companies. The assessment framework covers 21 Sustainability criteria (from CO_2 emissions to human rights and business ethics) aligned with GRI, Global Compact, and ISO 26000.
Corbion received the Gold rating in the 2018 EcoVadis CSR assessment. Our full EcoVadis sustainability profile is available on Corbion's website.

The American Cleaning Institute's Charter for Sustainable Cleaning

The American Cleaning Institute® (ACI) Charter for Sustainable Cleaning is a common, voluntary approach of the cleaning products industry to promote and demonstrate continual improvement in the industry's sustainability profile.
Designed to go beyond basic legal requirements, the Charter is a framework for driving the industry toward common sustainability goals by requiring companies to have systems in place for continual assessment, review, and improvement of sustainability performance at every important stage of the product lifecycle, including raw material selection, resource use, product specification, manufacturing, end-use and disposal of products and packaging, and occupational health and safety. Companies participating in the Charter demonstrate their commitment to continuous improvement of key aspects of sustainability across these stages of the cleaning product supply chain. Corbion has met the requirements of the ACI Charter for Sustainable Cleaning.

Sustainability governance

The Executive Committee has overall responsibility for sustainability and decides on the strategy and targets. We use a sustainability dashboard with qualitative and quantitative indicators, to monitor our progress with the strategic sustainability initiatives. The dashboard is reviewed in the Quarterly Business Review Operations and is discussed with the Executive Committee at least twice a year. The Director of Sustainability reports to the CTO and drives the implementation and reporting of the strategic initiatives. Accountability for managing sustainability initiatives and delivering against targets lies with the relevant businesses and functions. This responsibility is anchored in business targets and personal targets at various levels in the organization.
In 2018, we launched a Sustainability sounding board with representatives from all Corbion business units and functions, across all regions. The sounding board advises the Director of Sustainability and the CTO on the sustainability strategy and specific initiatives.

Reporting policy

We have used the GRI Standards core option for the basis of our 2018 report. The selection of topics included in the report is based on a materiality assessment (see Materiality and stakeholder engagement). The environmental and social results for the material topics in this report include all entities that belong to the scope of the Consolidated financial statements except for our facility in Orindiúva (SB Renewable Oils), because this site has recently been acquired and the integration of this site in our sustainability reporting is ongoing. Our joint ventures Total Corbion PLA and Succinity are excluded. The scope of the environmental data includes Corbion's manufacturing sites. Offices and R&D laboratories are not included, except for our R&D laboratories and offices located at our Gorinchem and Totowa manufacturing sites.

Data is collected from various reporting systems. For each KPI, data reporters and data reviewers are defined, either at site level or at corporate level. The data reporter is responsible for the annual reporting of the data via the central reporting systems and for document retention and record-keeping related to this data. The data reviewer (from Finance) is responsible for the validation of the reported data. Site-specific data is consolidated and reviewed at corporate level by Finance and the Sustainability team. The review includes a comparison to data from previous years and a review of changes that could have impacted the results, such as improvement projects. In case of uncertainties, data estimation may be required, which is validated during review. We strive to continuously improve the data collection process and the reliability of the data. Significant changes that impact comparability including changes in measurement methods are explained in footnotes. The KPIs related to responsible sourcing, responsible operations, and sustainable solutions have been reviewed by external auditors (marked by "✓").

Natural capital

Our environmental policies and the principal environmental risks for our business operations and value chain are described in the sections on Responsible sourcing and Responsible operations. Our resource-efficiency KPIs measure the performance of all of our operations on energy usage, water consumption, waste and by-product generation, and greenhouse gas (GHG) emissions.

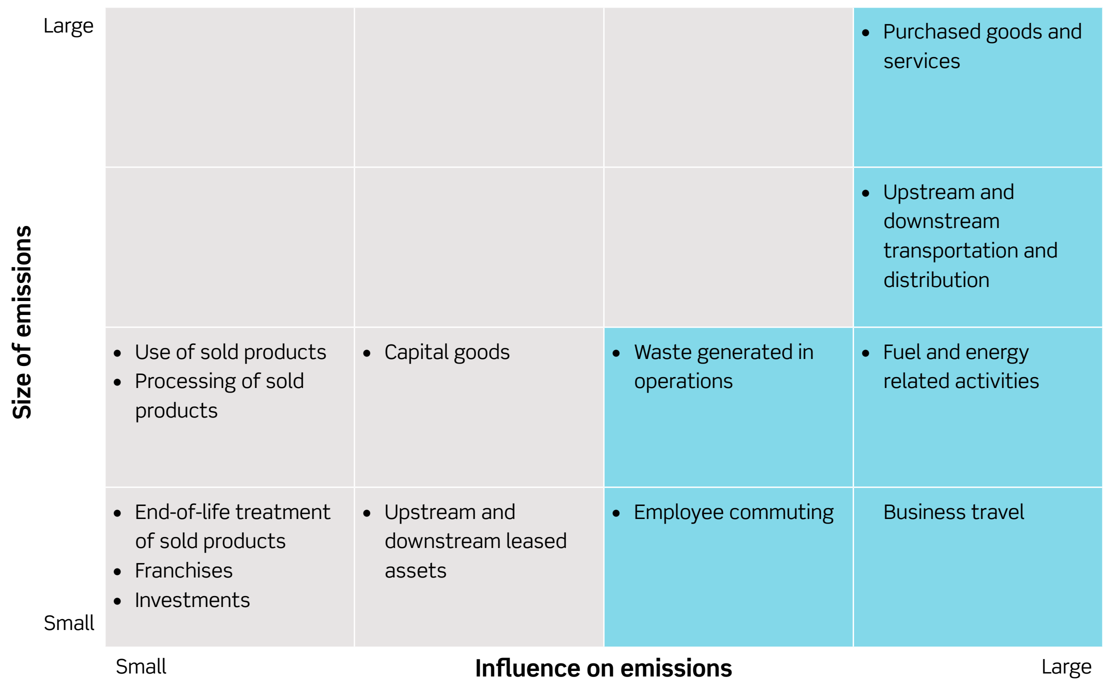
Category		Unit	2018[6]	2017
Production volume ✓		kT	481	456
Energy ✓	Electricity (renewable)	GJx10^3	227	150
	Electricity (non-renewable)	GJx10^3	317	349
	Natural gas and purchased steam (non-renewable and renewable)	GJx10^3	2,221	2,132
	Biogas (renewable)	GJx10^3	27	20
	Total	**GJx10^3**	**2,792**	**2,650**
Energy intensity ✓	**Total, specific**	**GJ/T**	**5.81**	**5.81**
GHG emissions ✓	Scope I	kT CO_2 equiv	94	92
	Scope II (market based)	kT CO_2 equiv	83	86
	Scope II (location based)	kT CO_2 equiv	101	92
	Scope III	kT CO_2 equiv	761	705[1]
	Biogenic emissions[2]	kT CO_2 equiv	5.4	4.7
	Scope I, specific	T CO_2 equiv /T	0.20	0.20
	Scope II, specific (market based)	T CO_2 equiv /T	0.17	0.19
	Scope II, specific (location based)	T CO_2 equiv /T	0.21	0.20
	Scope III, specific	T CO_2 equiv /T	1.6	1.5
Water consumption[3] ✓	**Total**	**m3x10^3**	**3,807**	**3,455**
	Total, specific	**m3/T**	**7.92**	7.58
Waste (total[4]) ✓	Recycled	kT	23.0	19.2
	Incinerated	kT	2.1	0.25
	Landfilled	kT	2.0	1.3
	Total	**kT**	**27.1**	**20.7**
Waste (hazardous) ✓	Recycled	kT	0.51	0.40
	Incinerated	kT	0.01	0.08
	Landfilled	kT	0.03	0.09
	Total	**kT**	**0.55**	0.57
By-products[5] ✓	Recycled	kT	429	373
	Incinerated	kT	0	3.2
	Landfilled	kT	2.5	0.85
	Total	**kT**	**431**	377

1) *Restated due to data quality improvement.*
2) *Biogenic emissions are mainly related to algae fermentations, the consumption of biogas, and waste water treatment.*
3) *Sum of the water withdrawn from rivers, aquifers, rainwater reservoirs, municipal water supplies, including purchased steam.*
4) *Sum of hazardous and non-hazardous waste. Waste means any substance or object arising from our routine operations which we discard or intend to discard, or are required to discard.*
5) *Valuable by-products generated in the production of lactic acid.*
6) *Our recently acquired facility in Orindiúva is not yet included in the reporting scope for the Natural capital KPIs.*

✓ *Reviewed by external auditor*

Greenhouse gas emissions

We report our emissions in carbon equivalents from cradle to gate in accordance with the Greenhouse Gas Protocol. This includes Scope I emissions from direct production (for natural gas), 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 2018, we have conducted a screening to identify which Scope III activities have the most significant greenhouse gas (GHG) emissions, offer the largest reduction opportunities, and are the most relevant to our ambition to reduce our carbon footprint in line with the Paris Agreement. The result of this screening is summarized in the chart below. Based on this screening, we will investigate the emissions related to waste in more detail to be able to include them in our reporting in the future.



Human capital

Employee engagement

Corbion is fully committed to investing in its employees. At Corbion we strive to create an effective and high-performing organization with engaged, inclusive, and diverse teams where our employees can unleash their passion, pride, and talent to create sustainable growth now and well into the future.

We do this by supporting our people in the best ways possible guided by the following principles, and underpinned by our Corbion values and behaviors:

- Attract, develop, and retain our employees based on their strengths and leadership required for current and future positions.
- Encourage and support opportunities for further business and personal growth, and offer challenging career opportunities.
- Reward performance based on an international-market-competitive remuneration framework.
- Provide an inclusive work environment which leads to an increasingly engaged and diverse workforce.

In 2018, we continued our global review and succession planning of our talent, with the aim of establishing a stronger succession pipeline by ensuring quality and timely succession of critical positions. In addition, the year under review saw the realization of several global training initiatives in the areas of sales, leadership, and management skills. Priority was also given to the onboarding and integration of the employees of the recently acquired companies (TerraVia, SB Renewable Oils), thereby banking on the established HR IT platform that is now fully in place on a global level.

Achieving an optimal level of employee engagement and the creation of a culture focused on continuous performance and innovation are key success factors. For the fourth consecutive year, the annual cycle of the employee engagement survey was initiated, comprising an engagement survey (response rate of 94%), communication of results, and impact planning to enhance the implementation of improvement areas. The outcome shows, once again, a rise in our engagement levels also in comparison with external benchmarks.

We are currently further loading and executing on our Inclusion and Diversity initiative, in line with the longer-term objectives and insights in order to guide us in achieving our desired culture of engagement and inclusion.

The four key Corbion behaviors (set clear direction, make the difference, focus on customers, and deliver through teamwork) have been integrated in our performance management system and leadership development programs to fully support the implementation and realization of our Creating Sustainable Growth strategy.

In November 2018, we introduced the new Corbion values: Care, Courage, Collaboration, and Commitment. Given the updated strategy and the envisaged journey ahead, we have established values that better reflect our company today and tomorrow. We will take the year 2019 to embed these values further into our organization, our processes, in how we treat each other, and in how we do business.

Human rights

We support the United Nations Universal Declaration of Human Rights, the key conventions of the International Labor Organization, the OECD guidelines, and we are a signatory to the United Nations Global Compact. We integrate these principles into our policies and our business activities. Our Code of Business Conduct covers amongst others child and forced labor, discrimination, and freedom of association. All of our sites are assessed through Sedex and regularly audited (4-Pillar Sedex Members Ethical Trade Audit). Through our supplier code and our cane sugar code, we expect our suppliers to respect human rights in their operations. See Responsible sourcing for more information on these codes and the governance thereof.

Workforce profile

	FTE of employees 2018	% of workforce 2018	FTE of employees 2017	% of workforce 2017
Total workforce	**2040**		**1794**	
By region				
Asia	223	11%	218	12%
EMEA	625	31%	605	33%
Latin America	319	16%	135	8%
North America	873	42%	836	47%
By unit				
Business units	733	36%	546	30%
Ingredients Solutions	*491*	*67%*	*470*	*86%*
Innovation Platforms	*242*	*33%*	*76*	*14%*
R&D	100	5%	86	5%
Operations	1017	50%	982	55%
Support functions	190	9%	180	10%
By gender	Number of employees			
Female	532	26%	472	26%
Male	1536	74%	1348	74%
By employment contract	Number of employees			
Full time	1922	93%	1680	92%
Part time	146	7%	140	8%

The total number of FTE's has increased in 2018 due to further focus on the strategy implementation (requiring specific competences) and the acquisition of Bunge's 49.9% stake in the SB Renewable Oils joint venture.

Labor practices

Collective bargaining agreements	# of employees	% of workforce
Total employees with agreements	884	43%

To ensure high-level employee-management interaction and responsible labor practices, we have joint management-worker health & safety committees on all production locations with formally elected employee representatives. In Thailand, the Election Welfare Committee has a formal quarterly meeting with employer representation by labor law to jointly review the welfare and working conditions. The members of the Election Welfare Committee are all employees' representatives.
In addition, our Code of Business Conduct reflects our strong commitment to responsible labor practices. All Corbion employees are paid a living wage.

GRI Index

General standard disclosures

Indicator	Description	Location in report
102-1	Name of the organization	Corbion
102-2	Activities, brands, products, and services	Corbion at a glance
102-3	Location of the organization's headquarters	Amsterdam
102-4	Number of countries operating	Corbion at a glance
102-5	Nature of ownership and legal form	Corbion at a glance, How we safeguard long-term value
102-6	Markets served	Corbion at a glance
102-7	Scale of the reporting organization	Corbion at a glance, Company highlights
102-8	Information on employees and other workers	Sustainability statements
102-9	Supply chain	Responsible sourcing
102-10	Significant changes to the organization and its supply chain	Financial statements
102-11	Precautionary Principle or approach	Risk management
102-12	External initiatives	UN Global Compact
102-13	Memberships of associations	www.corbion.com/about-corbion/sustainability
102-14	Statement from senior decision-maker	Sustainability statements
102-16	Values, principles, standards, and norms of behaviour	How we safeguard long-term value
102-18	List of stakeholder groups	Sustainability statements, How we safeguard long-term value
102-40	Collective bargaining agreements	Sustainability statements
102-41	Identifying and selecting stakeholders	Sustainability statements
102-42	Approach to stakeholder engagement	Sustainability statements
102-43	Approach to stakeholder engagement	Sustainability statements
102-44	Key topics and concerns raised	Sustainability statements
102-45	Entities included in the consolidated financial statements	Group structure
102-46	Defining report content and topic Boundaries	Sustainability statements
102-47	List of material topics	Sustainability statements
102-48	Restatements of information	Sustainability statements
102-49	Changes in reporting	Sustainability statements
102-50	Reporting period	1 January – 31 December 2018
102-51	Date of most recent report	21 March, 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	communications@corbion.com
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability statements
102-55	GRI content index	Sustainability statements
102-56	External assurance	Sustainability statements

Specific standard disclosures

Indicator	Description	Location in report
Material topic – Resource efficiency		
GRI 103: Management Approach 2016		Responsible operations Sustainability statements
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Sustainability statements
302-3	Energy intensity	Sustainability statements
GRI 305: Emissions 2016		
305-1	Direct GHG emissions (Scope I)	Sustainability statements
305-2	Energy indirect GHG emissions (Scope II)	Sustainability statements
305-3	Other indirect GHG emissions (Scope III)	Sustainability statements
305-4	GHG emissions intensity	Sustainability statements
GRI 306: Effluents and waste		
306-2	Waste by type and disposal method	Sustainability statements
306-4	Transport of hazardous waste	Sustainability statements
Material topic - Occupational health and safety		
GRI 103: Management Approach 2016		Responsible operations Sustainability statements
GRI 403: Occupational health and safety		
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Responsible operations Sustainability statements
Material topic - Product quality and performance		
GRI 103: Management Approach 2016		Responsible operations Sustainable solutions
GRI 416: Customer health and safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There was one incident of non-compliance with a voluntary code in 2018.
Material topics which Corbion reports according to own indicators		
Material topic - Sustainable supply chain		
GRI 103: Management Approach 2016		Responsible sourcing
Own indicators	• Raw materials assessed on security of supply • Raw materials covered by generic supplier code • Responsibly sourced cane sugar • Responsibly sourced palm oil and primary oleochemicals • Responsibly sourced corn-based dextrose • Responsibly sourced soybean oil and primary oleochemicals • Responsibly sourced wheat-based raw materials	Responsible sourcing
Material topic - Resource efficiency		
GRI 103: Management Approach 2016		Responsible operations
Own indicators	• Renewable electricity • Total weight of by-products of lactic acid production • Total weight of by-products disposed, by disposal method • Water consumption	Responsible operations Sustainability statements

Indicator	Description	Location in report
Material topic - Product environmental impact		
GRI 103: Management Approach 2016		Responsible operations
Own indicators	• Innovation projects assessed on sustainability • Products covered by Life Cycle Assessment	Sustainable solutions
Material topic – Innovation		
GRI 103: Management Approach 2016		Sustainability statements
Own indicators	Qualitative description only	Business performance
Material topic – Safe, affordable, and healthy food		
GRI 103: Management Approach 2016		Sustainability statements
Own indicators	Qualitative description only	Business performance
Material topic – Transparency		
GRI 103: Management Approach 2016		Sustainability statements
Own indicators	Qualitative description only	Sustainability statements
Material topic – Renewable raw materials		
GRI 103: Management Approach 2016		Sustainable solutions
Own indicators	Biobased raw materials	Sustainable solutions

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, the 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.

Topic	Principle	Reference
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.	How we safeguard long-term value Responsible sourcing Responsible operations Sustainability statements Corbion Code of Business Conduct Corbion Supplier Code, Corbion Cane Sugar Code
Labor	*Principle 3*: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; *Principle 4:* the elimination of all forms of forced and compulsory labor; *Principle 5:* the effective abolition of child labor; and *Principle 6:* the elimination of discrimination in respect of employment and occupation.	How we safeguard long-term value Responsible sourcing Responsible operations Sustainability statements Corbion Code of Business Conduct Corbion Supplier Code Corbion Cane Sugar Code
Environment	*Principle 7:* Businesses should support a precautionary approach to environmental challenges; *Principle 8*: undertake initiatives to promote greater environmental responsibility; and *Principle 9:* encourage the development and diffusion of environmentally-friendly technologies.	How we safeguard long-term value Responsible sourcing Responsible operations Sustainability statements Corbion Code of Business Conduct Corbion Supplier Code Corbion Cane Sugar Code, Who we are and what we do
Anti-corruption	*Principle 10*: Businesses should work against corruption in all its forms, including extortion and bribery.	How we safeguard long-term value Corbion Code of Business Conduct Corbion Supplier Code Corbion Cane Sugar Code

We create continuous improvements

Stephan Paauwe, Ferry Kool,
Peter Knops, and Jim Schlader

Corbion
Keep creating

At Corbion we're creating a better future together

CICI PROGRAM TURNS CORBION EMPLOYEES INTO CHANGE-MAKERS

The team
- Stephan Paauwe
- Peter Knops
- Ferry Kool
- Jim Schlader

The project
Achieving sustainable performance enhancements in Operations teams across Corbion requires a common, consistent approach to decision-making and process improvements. That is the idea behind the Corbion Integrated Continuous Improvement (CiCi) program, which was launched in November 2017 in Gorinchem, and has subsequently been rolled out at our Grandview, Blair, and Montmeló sites, as well as in the global Procurement department.

The challenge
The actions required to run our business well are not necessarily complex or difficult by themselves, but they are numerous. CiCi, which supports Corbion's strategy of Creating Sustainable Growth, gives us a common framework and methodologies for prioritizing them, making decisions, and ensuring that important things do not fall through the cracks.

Implementation begins with an intensive, week-long assessment to identify opportunities for improvement, gauge the maturity of specific practices, and determine what measures or solutions have worked or not worked in the past. Tools provided through CiCi help ensure that existing improvement projects are managed in context with new initiatives.

The outcome
People are embracing the program; they like having the opportunity to help identify issues and define the best solutions. Improvements can be seen in many areas, with visual boards being one example. Though they are not new to Corbion plants, they are now being used more effectively as a tool for tracking issues and progress. New meeting structures make it easier to handle actions and solve issues in the plant without needing to escalate them to management levels as often. The program also supports the implementation of projects designed to improve performance in specific areas of operation.

From what we have seen so far, our people are enthusiastic. They are engaging in ways they have not always been able to before, and we are able to put to use their capabilities that may have been hidden in the past. The program is well on its way to becoming an essential part of the way people work within Corbion Operations.

The experience
The program places great importance on directly involving more people at all levels of the organization and making sure that specific decisions are made at the right level. For instance, operators receive training in root cause analysis, enabling them to be the decision-makers regarding improvements to processes they deal with directly. This, in turn, frees up others to invest more time in growth-oriented projects.

The CiCi program is designed to leverage the power of our people. In the past, continuous improvement efforts have tended to rely more on external consultants for forward progress. We now rely more on the expertise of our people and their ability to drive the program forward and make it part of the way we work.

The future
Going forward, more Corbion sites and Operations departments will embark on the CiCi journey. Continuous improvement is about moving forward step by step. It takes time for the process to unfold; in fact, it never stops unfolding. It simply becomes a way of working that moves our level of performance a little higher every day. That is a critical part of what it will take to support the growth of Corbion's business in a sustainable way.

OTHER INFORMATION

Group structure

As at 31 December 2018

Name	Nature of business	
Principal subsidiaries		
Argentina		
Purac Argentina S.A.	Operating company	100
Brazil		
Purac Sínteses Indústria e Comércio Ltda.	Operating company	100
Corbion Produtos Renovaveis Ltda.	Operating company	100
China		
Corbion Trading (Shanghai) Co., Ltd.	Operating company	100
France		
Corbion France SAS	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		
Corbion Group Holdings bv	Holding company	100
Corbion Group Netherlands bv	Holding company	100
Corbion PLA Holding bv	Holding company	100
Corbion SB Oils Holding 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
Singapore		
Purac Asia Pacific PTE Ltd.	Operating company	100
Spain		
Purac Bioquímica S.A.	Operating company	100

Name	Nature of business	
Switzerland		
Corbion Group Holdings GmbH	Holding company	100
Thailand		
Purac (Thailand) Limited	Operating company	100
United Kingdom		
Expalkan II Closed Scheme Ltd. *	Pension funding company	100
United States		
Corbion America Holdings Inc.	Holding company	100
Corbion America Subholdings Inc.	Holding company	100
Caravan Ingredients Inc.	Operating company	100
Corbion Biotech Inc.	Operating company	100
Purac America Inc.	Operating company	100
Joint ventures		
Germany		
Succinity GmbH, Düsseldorf	Operating company	50
The Netherlands		
CM Biomaterials bv, Gorinchem	Operating company	50
Total Corbion PLA bv, Gorinchem	Operating company	50
Bioprocess Pilot Facility bv, Delft	Operating company	31.1
Icos Cleantech Early Stage Fund II bv, Badhoevedorp	Operating company	23.3
Dutch Technology Fund I bv, Badhoevedorp	Operating company	11.1

* *Expalkan II Closed Scheme Ltd. (registration number 08559472) is exempt from the requirements of the Companies Act 2006 by virtue of Section 479A.*

Independent auditor's report

To: the General Shareholders Meeting and the Supervisory Board of Corbion N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of Corbion N.V. as at 31 December 2018 and of its result and its cash flows for the year then ended, 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 accompanying company financial statements give a true and fair view of the financial position of Corbion N.V. as at 31 December 2018 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2018 of Corbion N.V. ("the Company"), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2018;

2 the following consolidated statements for 2018: the income statement, the 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.

The company financial statements comprise:

1 the company statement of financial position as at 31 December 2018;
2 the company income statement for 2018; and
3 the notes comprising a summary of the accounting policies and other explanatory information.

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 EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Audit approach

Summary

Materiality
— Materiality of EUR 5.0 million — 4.5% of normalized result before tax

Group audit
— 90% of net sales — 95% of total assets

Key audit matters
— Valuation capitalized licenses not yet available for use — Business combination - SB Renewable Oils

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 5.0 million (2017: EUR 4.7 million), which represents 4.5% (2017: 5%) of the normalized result before tax. We consider the normalized result before tax as the most appropriate benchmark given the fact that Corbion N.V. is a profit-oriented entity.

The 2018 normalized result before tax excludes the effect of loss making activities in the segment Innovation Platforms and we have applied a lower materiality for these activities.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that misstatements in excess of EUR 250,000 (2017: EUR 235,000) 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 components. The financial information of this group is included in the consolidated financial statements of Corbion N.V.

Our group audit mainly focused on significant group entities. Components that were considered significant based on revenues or assets are included in-scope. Furthermore, we included in-scope the operating entities were we identified a significant risk of material misstatement.

The Group operates through a number of legal entities. These entities form reporting components which are primarily based on geography (countries).

Because we are ultimately responsible for the auditor's report, 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 entities reporting for group audit purposes. Decisive were the size and/or the risk profile of the entities or operations.

On this basis, we selected 10 entities (2017: 8 entities) to perform audits for group reporting purposes on a complete set of financial information as well as 3 entities (2017: 2 entities) to perform audit procedures for group reporting purposes on specific items of financial information.

We performed audit procedures ourselves at group level in respect of areas such as the annual goodwill impairment tests, other (in)tangible asset impairments, accounting for joint ventures, valuation of deferred tax assets, acquisitions and treasury.

The group audit team provided detailed instructions to all component auditors who were part of the group audit, covering the significant audit areas, including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. The group audit team visited entity locations in the United States of America and Thailand. During these visits and telephone conferences with all component auditors, the audit approach, the findings and observations reported to the group audit team were discussed in more detail. Also file reviews were performed for the entities in the United States of America and in Thailand.

This resulted in an audit coverage of 90% (2017: 90%) of total net sales and 95% (2017: 96%) of total assets.

For the remaining entities, we performed amongst others analytical procedures at (business) group level to validate our assessment that there are no significant risks of material misstatement within these entities.

By performing the procedures mentioned above at group components, 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 procedures as described above can be summarized as follows:

Total net sales

82%	8%	10%
Audit of the complete set of financial information	Audit of specific items	Central procedures remaining entities

Total assets

90%	5%	5%
Audit of the complete set of financial information	Audit of specific items	Central procedures remaining entities

Audit scope in relation to fraud and non-compliance with laws and regulations

In accordance with the Dutch Standards on Auditing we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. In determining the audit procedures we will make use of the evaluation of management in relation to fraud risk management (prevention, detections and response), including ethical standards to create a culture of honesty.

In our process of identifying fraud risks we assessed fraud risk factors. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. We also assessed factors related to the risk of non-compliance with laws and regulations which could have a direct or indirect impact on the financial statements. The Group is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting. Given the Company's industry, such factors also include environmental, health and (food) safety regulations.

Based on the auditing standards we addressed the two presumed fraud risks that were relevant to our audit, which we discussed with management and the Audit Committee and have been included in our audit plan:

— fraud risk in relation to recognition of revenue before the risks and rewards of the underlying products have been transferred to the customer; and

— fraud risk in relation to management override of controls

Based upon our analysis of fraud risk factors, we have not identified and evaluated any additional fraud risks.

Our audit procedures included an evaluation of the internal controls relevant to mitigate these risks. Supplementary we performed substantive audit procedures, including detailed testing of high risk journal entries directly recorded in revenue. Furthermore, we obtained supporting documentation, such as contracts and shipping documents, for sales transactions recorded to determine if risk and rewards were transferred, as well as credit notes issued after the year end date to determine whether revenue was recognised in the correct period

Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our procedures to address fraud risks did not result in findings to be included in this audit report.

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.

Valuation capitalized licenses not yet available for use

Description

The valuation of the capitalized intangible fixed assets, related to acquired licenses not yet available for use, are significant to our audit due to their size and judgement involved in the assessment of the recoverability of those licenses.

We refer to note 11 Intangible fixed assets in the consolidated financial statements.

Our response

Our audit procedures included an evaluation of the Company's policies and procedures and testing the design of controls over the impairment analysis.

We evaluated the presence of an impairment by comparing the value in use against the carrying amount of the underlying assets

We assessed the key assumptions used by management and the robustness of forecasts amongst others through comparing to market developments, historical analysis and cooperation agreements with third parties.

Furthermore we critically assessed the reasonability of the key inputs, such as the weighted average cost of capital and the projected cash flows.

As part of our audit procedures, we included KPMG valuation specialists in our team to analyse and evaluate the reasonability of the applied methodology, the mathematical accuracy of the valuation model and the key assumptions used by the Company by performing sensitivity analyses and sanity checks.

We have evaluated whether adequate disclosure of impairments was made in accordance with IAS 36.

Our observation

The results of our procedures regarding the valuation of capitalized licenses were satisfactory. We considered management's key assumptions to be within a reasonable range and disclosure in the financial statements to be appropriate.

Business combination – SB Renewable Oils

Description

On 4 June 2018, the Company announced that it had completed the acquisition of the remaining 49.9% of the shares of Solazyme Bunge Renewable Oils Coöperatief U.A. (“SB Renewable Oils”). When the Company obtained the remaining shares to gain control over SB Renewable Oils, the existing 50.1% investment in SB Renewable Oils was derecognized as if it was disposed of at fair value.

The Company recognised identifiable assets and liabilities acquired at fair value in accordance with IFRS 3 – Business Combinations. The measurement of the assets acquired at fair value is inherently judgemental. In particular, judgement was required in determining the fair value of Property, Plant and Equipment and the fair value of the earn-out provision. Due to the size and judgement, the accounting for the SB Renewable Oils business combination is significant to our audit.

We refer to note 23 Acquisitions and disposals in the consolidated financial statements.

Our response

Our audit procedures included an evaluation of the Company’s policies and procedures and testing the design of controls over the accounting for the SB Renewable Oils business combination.

We assessed the key assumptions used by management, amongst others through comparing to market developments and historical analysis.

Furthermore we critically assessed the reasonability of the key inputs, such as the discount rate and the projected cash flows.

As part of our audit procedures, we included KPMG valuation specialists in our team to analyse and evaluate the reasonability of the valuation approach, the mathematical accuracy of the valuation models, the reasonability of the key assumptions used by the Company and to assess the overall outcome of the purchase price allocation.

In addition to the above procedures we assessed the principles of the valuation model of the Property, Plant and Equipment acquired in the business combination, as this is the most significant asset acquired in this acquisition. As part of this we have assessed the results of the work of the valuation expert engaged by the Company as part our audit. We also assessed the appropriate measurement of the earn-out provision, agreed upon as part of the acquisition of the remaining 49.9% of the shares in SB Renewable Oils.

We have evaluated whether the disclosure was made in accordance with IFRS 3.

Our observation

The results of our procedures regarding the accounting for the SB Renewable Oils business combination were satisfactory. We considered management’s key assumptions used in the purchase price allocation of the SB Renewable Oils business combination to be within a reasonable range and disclosure in the financial statements to be appropriate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

— Corbion at a glance;

— Message from the CEO;

— Company highlights;

— Report of the Board of Management, as included on page 11 until 70;

— Report of the Supervisory Board;

— Sustainability statements;

— Other information, as included on page 158 until 174.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were re-engaged by the General Shareholders Meeting as auditor of Corbion N.V. on 15 May 2017 for the audit for the year 2018 and have operated as statutory auditor since the financial year 2016.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of 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. Furthermore, the Board of 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, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of 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 Supervisory Board 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 engagement 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 detect all material errors and fraud during our audit.

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.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: http://www.nba.nl/ENG_oob_01
This description forms part of our independent auditor's report.

Amstelveen, 5 March 2019

KPMG Accountants N.V.

J. te Nijenhuis RA

Assurance report of the independent auditor

To: the readers of the Corbion Annual Report

Our conclusion

We have reviewed the sustainability indicators in the Corbion Annual Report 2018 ('the sustainability indicators') for the year 2018 of Corbion N.V. ('Corbion') based in Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as included in the section 'Reporting criteria' of our assurance report.

The sustainability indicators are marked with '√' and are included on pages 4 to 80 and on page 148 of the Corbion Annual Report 2018 ('the Report').

Basis for our conclusion

We have performed our review on the sustainability indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)).

Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the sustainability indicators' section of our assurance report.

We are independent of Corbion N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Reporting criteria

The sustainability indicators need to be read and understood together with the reporting criteria. Corbion is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability indicators are the applied internal reporting criteria as disclosed in the section 'Reporting policy' on page 147 of the Report.

Scope of the review of the group

Corbion is the parent company of a group of entities. The sustainability indicators incorporate the consolidated indicators of this group of entities to the extent as specified in the section 'Reporting policy' on page 147 of the Report.

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated indicators. Furthermore, our selection of sites considered relevant reporting risks and geographical spread.

By performing our review procedures at site level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group's sustainability indicators to provide a conclusion about the sustainability indicators.

Responsibilities of the Board of Management and the Supervisory Board for the sustainability indicators

The Board of Management of Corbion is responsible for the preparation of the sustainability indicators in accordance with the reporting criteria as included in the section 'Reporting policy' on page 147 of the Report, including the identification of stakeholders and the definition of material matters.

The Board of Management is also responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the sustainability indicators that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of Corbion.

Our responsibilities for the review of the sustainability indicators

Our objective is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability indicators. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the ‘Nadere voorschriften kwaliteitssystemen’ (NVKS, Regulations on quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included amongst others, the following procedures:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of Corbion;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability indicators. This includes the evaluation of the results of the stakeholders’ dialogue and the reasonableness of estimates made by the management board.
- Obtaining an understanding of the reporting processes for the sustainability indicators, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability indicators responsive to this risk analysis. These procedures included among others:
  - interviewing management and relevant staff at corporate level responsible for the sustainability strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability indicators;
  - determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components and locations to visit. The visits to production sites in the USA and Brazil are aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures;
  - obtaining assurance information that the sustainability indicators reconcile with underlying records of Corbion;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of data and trends;

- evaluating the consistency of the sustainability indicators with the information in the Report which is not included in the scope of our review;
- evaluating the presentation, structure and content of the sustainability indicators;
- to consider whether the sustainability indicators as a whole, including the disclosures, reflect the purpose of the reporting criteria used.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 5 March 2019

KPMG Accountants N.V.

J. te Nijenhuis RA

Five years in figures

Millions of euros	2018	2017	2016	2015	2014
Continuing operations*					
Net sales	897	892	911	918	770
Operating result	88	122	127	109	13
EBITDA excluding one-off items 1)	132	164	170	150	110
Result after taxes	54	85	104	80	-18
Earnings per ordinary share in euros 2)	0.93	1.46	1.74	1.29	-0.34
Diluted earnings per ordinary share in euros 2)	0.92	1.44	1.72	1.28	-0.33
Cash flow from operating activities	100	118	123	110	67
Cash flow from operating activities per ordinary share, in euros 2)**	1.70	2.03	2.06	1.79	1.04
Depreciation/amortization fixed assets	42	45	50	46	44
Capital expenditure on fixed assets	58	49	51	68	63
EBITDA excluding one-off items margin % 3)	14.7	18.4	18.7	16.4	14.2
Result after taxes/net sales %	6.1	9.5	11.4	8.7	-2.4
Number of employees at closing date	2,040	1,794	1,684	1,673	1,860
Total operations					
Statement of financial position					
Non-current assets	616	498	467	470	433
Current assets	303	295	316	246	239
Non-interest-bearing current liabilities	140	129	147	135	130
Net debt position 4)	203	162	98	62	-6
Provisions	28	24	39	31	40
Equity	520	489	499	488	509
Key data per ordinary share					
Number of issued ordinary shares	59,242,792	59,242,792	57,862,037	59,904,209	62,041,761
Number of ordinary shares with dividend rights	58,764,635	58,620,564	57,365,098	59,420,763	61,557,106
Weighted average number of outstanding ordinary shares **	58,698,602	58,097,383	58,433,493	60,380,489	61,759,190
Price as at 31 December	24.46	27.00	25.43	22.32	13.82
Highest price in calendar year	29.74	29.39	25.65	22.91	17.27
Lowest price in calendar year	23.3	23.15	17.92	12.7	10.56
Market capitalization as at 31 December	1,437	1,583	1,459	1,326	851
Earnings in euros **	0.93	1.46	1.74	1.29	-0.34
Diluted earnings in euros **	0.92	1.44	1.72	1.28	-0.33
Other key data					
Cash flow from operating activities	100	118	123	110	67
Depreciation/amortization fixed assets	42	45	50	46	44
Capital expenditure on (in)tangible fixed assets	58	49	51	68	63
Number of employees at closing date ***	2,039	1,794	1,684	1,673	1,860
Number of issued financing preference shares			2,279,781	2,403,781	2,574,281
Equity per share in euros 5)	8.85	8.35	8.36	7.89	7.93
Regular dividend in euros per ordinary share (reporting year)	0.56	0.56	0.56	0.43	0.21
Additional dividend in euros per ordinary share (reporting year)			0.44	0.42	0.81
Ratios					
Net debt position/EBITDA (for covenant purposes) 6)	1.6	1.0	0.6	0.4	-0.1
Interest cover 7)	25.6	24.4	23.0	25.5	23.8
Balance sheet total: equity	1:0.5	1:0.6	1:0.6	1:0.6	1:0.6
Net debt position: equity	1:2.6	1:3	1:5.1	1:7.9	1:-87.7
Current assets: current liabilities	1:0.7	1:0.6	1:0.5	1:0.4	1:0.6

** The previous years have not been restated for discontinued operations later on.*
*** Only the preceding year has been restated for stock dividend.*
**** Starting 2015 number of employees based on FTE, before 2015 based on headcount.*
1) *EBITDA excluding one-off items is the operating result before depreciation, amortization, impairment of (in)tangible fixed assets and one-off items.*
2) *Per ordinary share in euros after deduction of dividend on financing preference shares.*
3) *EBITDA margin % is EBITDA excluding one-off items as defined in Note 1 divided by net sales x 100.*
4) *Net debt position comprises interest-bearing debts less cash and cash equivalents, including third-party guarantees which are required to be included under the debt covenants.*
5) *Equity per share is equity divided by the number of shares with dividend rights.*
6) *EBITDA (for covenant purposes) is Earnings Before Interest, Taxes, Depreciation, Amortization and impairment of (in)tangible fixed assets, excluding one-off items, increased by cash dividend of joint ventures received and annualization effect of newly acquired subsidiaries.*
7) *Interest cover is EBITDA as defined in Note 6 divided by net interest income and charges.*

Investor relations

Dividend

According to the Corbion Articles of Association, the Board of Management shall decide subject to the approval of the Supervisory Board which part of the profit is to be reserved. The remaining profit shall be at the disposal of the General Meeting of Shareholders. The General Meeting of Shareholders 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.

In terms of dividend policy, Corbion's ambition is to pay out annually a stable to gradually increasing absolute dividend amount per share (progressive regular dividend policy). For 2018, the dividend proposal is a regular dividend in cash of € 0.56 per ordinary share (2017: € 0.56).

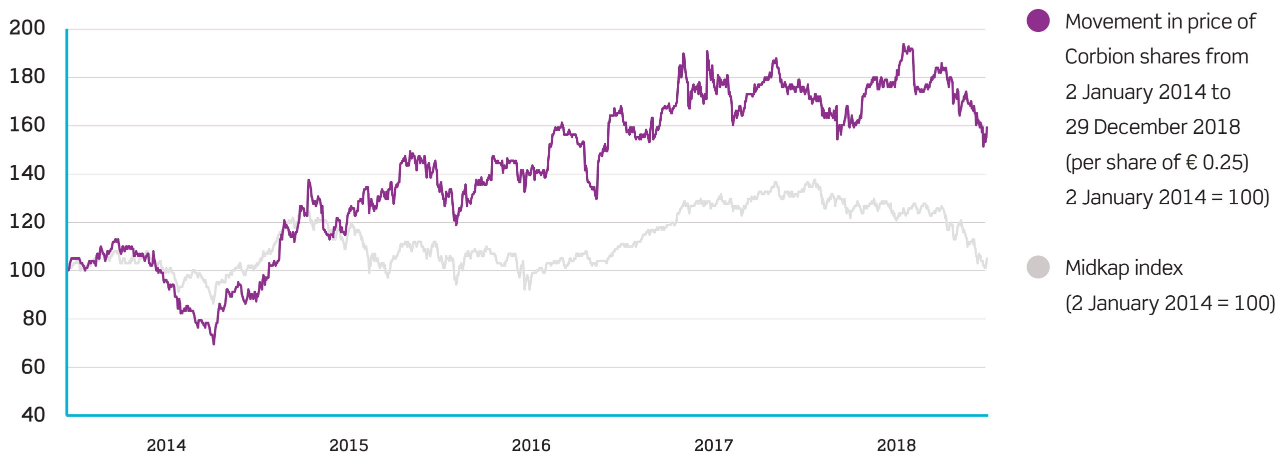
Proposed appropriation of profit

Millions of euros	2018	2017
Result after taxes	54.3	84.6
Proposed addition to the reserves	21.4	51.8
Available for cash dividend to holders of ordinary shares	32.9	32.8
Regular cash dividend of € 0.56 (2017: € 0.56) per ordinary share with a nominal value of € 0.25	32.9	32.8

Share information

	2018	2017	2016	2015	2014
Number of ordinary shares with dividend rights x 1,000 as at 31 December	58,765	58,621	57,365	59,421	61,557
Market capitalization in millions of euros as at 31 December	1,437	1,583	1,459	1,326	851
Highest share price	29.74	29.39	25.65	22.91	17.27
Lowest share price	23.30	23.15	17.92	12.70	10.56
Share price as at 31 December	24.46	27.00	25.43	22.32	13.82
Average daily turnover of shares	86,888	170,440	142,677	196,700	141,134

Trends in share price



Financial calendar*

26 April 2019	Publication of the interim management statement first quarter 2019
13 May 2019	Annual General Meeting of Shareholders
15 May 2019	Ex date
16 May 2019	Record date
20 May 2019	Dividend payable for 2018
7 August 2019	Publication of half-year figures 2019
1 November 2019	Publication of the interim management statement third quarter 2019
11 May 2020	Annual General Meeting of Shareholders

* subject to change

Contact information

The Investor Relations and Media sections of the company's website www.corbion.com contain up-to-date financial information about Corbion.

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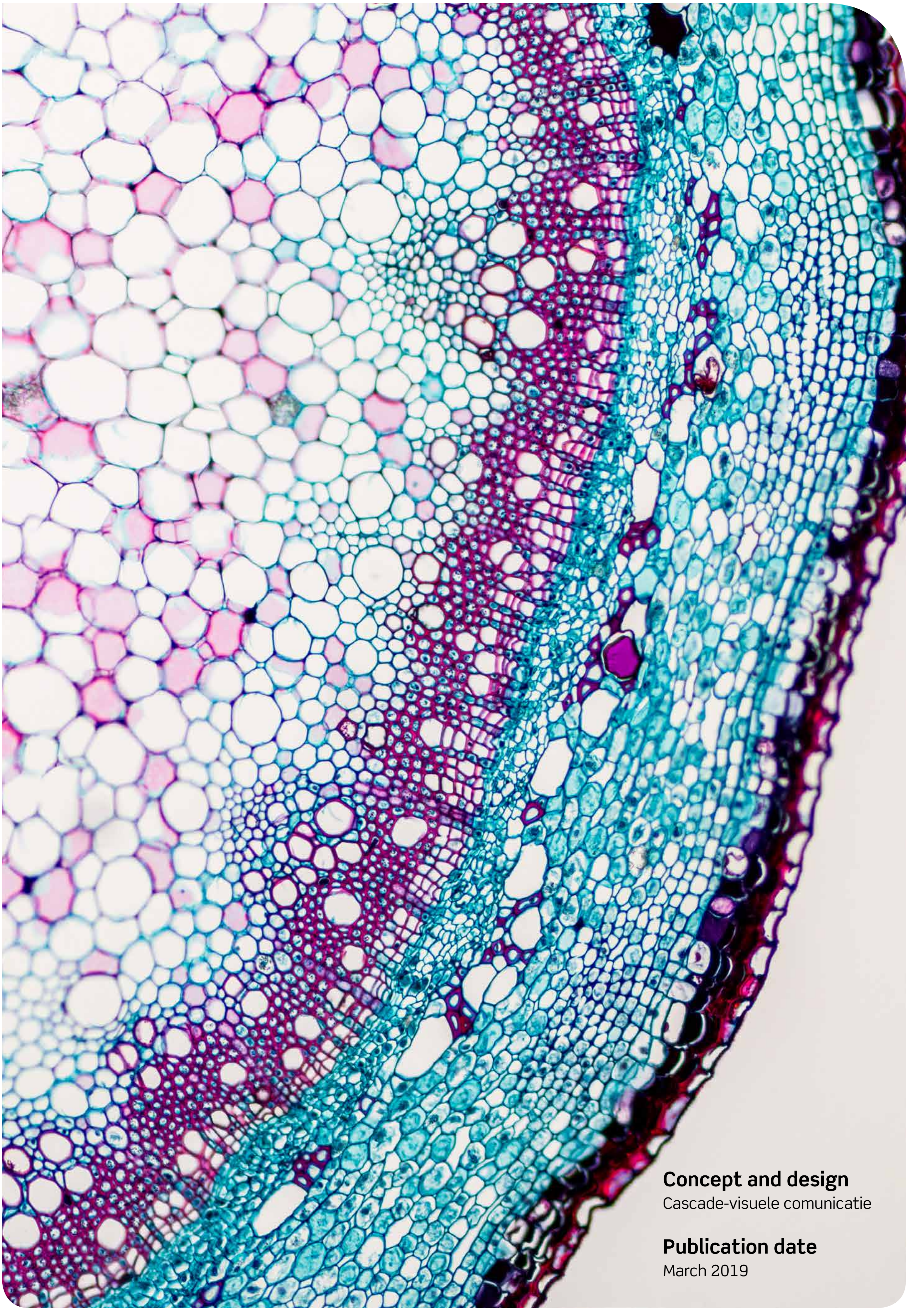

Concept and design
Cascade-visuele comunicatie

Publication date
March 2019