

CSM Remuneration report 2009

Roles and responsibilities

The Remuneration Committee (RemCo) is responsible for making proposals to the Supervisory Board on the remuneration policy for the Board of Management. The RemCo is also responsible for setting individual reward packages for the members of the Board of Management and for monitoring and approving all share-based incentive arrangements. The RemCo meets at least three times a year and during 2009 met on four occasions.

During 2009, Theo de Raad served as Chairman of the RemCo with Pieter Bouw and Werner Spinner being members of the RemCo.

Advice and assistance

The RemCo does not formally retain remuneration consultants. It seeks professional advice from internal and external advisers as and when required. The CSM HR Director attends all RemCo meetings.

Remuneration policy

CSM Board of Management remuneration policy table 2009

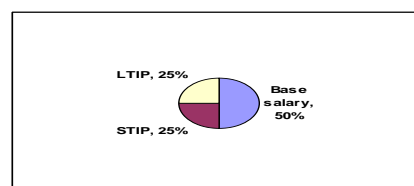
Element	Payment vehicle		Objectives/Key drivers
FIXED		Value determination	
Base salary	Cash	Market median	Attraction and retention of high performing executives
Pension	Cash	- Defined contribution pension arrangement on base salary - STIP not pensionable	Attraction and retention of high performing executives

VARIABLE		Indicative levels at face value as % of base pay	
Short-term incentive plan (STIP)	Cash	Target 50% (range 0-75%)	Delivery of stretching targets regarding EPS, Cash flow and Return on sales
Long-term incentive plan (LTIP)	Shares	Target 50% (range 0-75%)	Relative shareholder return versus a group of 10 competitors

The aim of the remuneration policy for the Board of Management is to create a total remuneration package and employment conditions which are competitive, with a strong emphasis on performance-related pay.

The total remuneration package for the Board of Management is benchmarked against companies in the Netherlands of similar size and complexity as CSM. This benchmark is set at the median level of this group of comparable executives based on various sources of market data regarding the remuneration of executives of companies in the Netherlands.

The remuneration is structured in such a way that there is a balance between the short-term and long-term goals of CSM. The policy for income is simple: half fixed and half variable; and for the variable part: half short-term and half long-term.





Base Salary

On the basis of the remuneration policy approved in 2005 the base salary was set at the 2005 median level of similar management positions. In accordance with the policy the base salary is adjusted annually on 1 May on the basis of the consumer price index for family expenditure as published by CBS in the Netherlands. The adjustment amounted to 2% as at 1 May 2009.

Short-term incentive plan (STIP)

Members of the Board of Management are entitled to a short-term “at target” incentive of 50% of their base salary if they realize their short-term targets. 80% of this STIP is determined by three financial targets: (ROS, cash flow from business operations and earnings per share), while 20% relates to personal targets. The extent to which these personal targets have been realized is determined by the Supervisory Board.

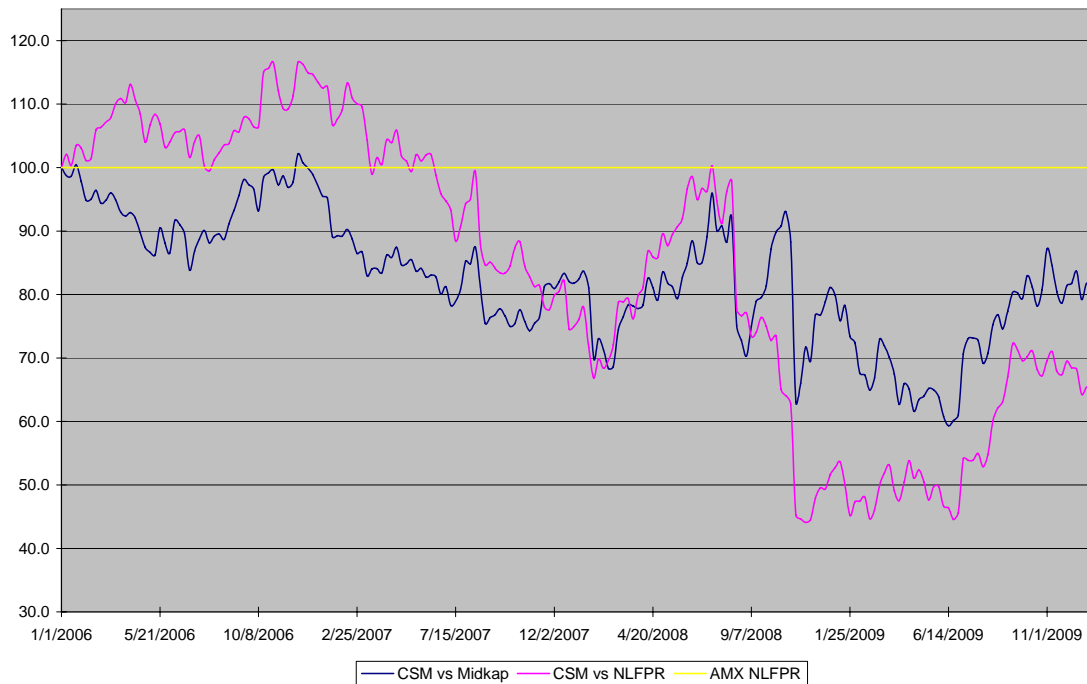
In case a target is exceeded the members of the Board of Management are entitled to a higher STIP than the “at target” incentive for that particular target. A maximum STIP of 75% of the base salary can be achieved in case all targets, financial and personal, are substantially exceeded (defined as 115% or more of each target). In case a target is not realized a smaller STIP than the “at target” incentive will be paid out, with the understanding that no STIP will be awarded for substantially lower performance than target (defined as 85% of the target).

The financial and personal targets for 2009 have for the larger part been realized and exceeded. As a result of the fact that most targets have been realized above the “at target” level the total incentive is higher than the “at target” level.

Long-Term Incentive Plan (LTIP)

The long-term incentive for the Board of Management consists of Long-term incentive plan (LTIP) linked to relative total shareholder return (TSR).

The graph below summarizes the indexed CSM share price performance in the context of the medium-size Dutch listed companies and Dutch food producers. Following the company's performance worries in 2006 and 2007, the graph demonstrates this significant progress made.



Each year members of the Board of Management are entitled to an “at target” conditional grant of CSM shares worth 50% of their base salary. The performance criterion for this long-term incentive is Total Shareholder Return (TSR) over a three-year performance period.

The TSR of CSM is compared within a peer group of ten more or less similar companies. Based on independent analysis the performance of CSM relative to this peer group is assessed at the end of the three-year performance period. Target performance has been set at position 5 or 6. If CSM delivers an outstanding performance (first or second in the peer group) the incentive amounts to 150% of the “at target” grant; if the performance is disappointing (ninth, tenth or eleventh in the peer group) the shares do not vest at all.

The CSM peer group currently consists of:

- Danisco (DK)
- Grupo Bimbo (SP)
- Ralcorp (US)
- Wessanen (NL)
- Kerry Group (IR)
- General Mills (US)
- Flowers food (US)
- Nutreco (NL)
- Aрызta (CH)
- Green core (US)

In case of changes to companies within the peer group for whatever reason, the Supervisory Board may decide to make one or more adjustments to the composition of the group.

In 2009, the conditional shares as awarded in 2006 vested. CSM ranked in 9th position, hence no shares were awarded.

Table: overview of share awards, over which the Board member has not yet full control (as per December 31, 2009)

Overview of share awards	At moment of grant					At moment of vesting				At end of lock-up period			
	Grant date	Status	Number	Fair value ¹	Total value ²	Vesting date	Number	Share price end FY ³	Total value ³	End of lock-up	#	Share price end FY ⁴	Value at end lock-up ⁵
G.J. Hoetmer	11/05/2006	LTIP	16,961	€24.32	€412,492	05/11/2009	0		-				n/a
	18/05/2007	LTIP	14,840	€28.13	€417,449	18/05/2010							
	28/05/2008	LTIP	17,960	€23.68	€425,293	28/05/2011							
	29/05/2009	LTIP	46,364	€9.35	€433,503	29/05/2012							
N.J.M. Kramer	11/05/2006	LTIP	11,719	€24.32	€285,006	05/11/2009	0		-				n/a
	18/05/2007	LTIP	10,132	€28.13	€285,013	18/05/2010							
	28/05/2008	LTIP	12,258	€23.68	€290,269	28/05/2011							
	29/05/2009	LTIP	31,684	€9.35	€296,245	29/05/2012							
R.P. Plantenberg	11/05/2006	LTIP	11,719	€24.32	€285,006	05/11/2009	0		-				n/a
	18/05/2007	LTIP	10,132	€28.13	€285,013	18/05/2010							
	28/05/2008	LTIP	12,258	€23.68	€290,269	28/05/2011							
	29/05/2009	LTIP	31,684	€9.35	€296,245	29/05/2012							

Commitment Award

In 2005 it was decided to introduce a commitment award for a defined group of executives in the Netherlands. All members of the Board of Management are contractually entitled to this commitment award. The commitment award is closed to new members.

The Commitment award annually provides CSM shares worth 10% of the base salary of each member of the Board of Management. The shares are blocked until the end of their employment with CSM with the understanding that they may sell as many shares as necessary to pay the related income tax. In 2009, as in previous years, none of the Board members have used this option to sell shares.

An overview of the Commitment Award shares can be found below:

The number of Commitment Award shares, which are blocked until the end of the employment of the member concerned is as follows:

	Number as at 12/31/2008	Awarded 2009	Released 2009	Number as at 12/31/2009
G.J. Hoetmer	7,692	3,392		11,084
N.J.M. Kramer	5,254	2,318		7,572
R.P. Plantenberg	5,254	2,318		7,572
Total	18,200	8,028	0	26,228

Pension

The pension plan for the members of the Board of Management is a defined contribution plan, the contributions being paid by CSM. The plan is within the fiscal boundaries (Table 2, Witteveen franchise) using 65 as the retirement age. The members of the Board of Management are also insured for a disability pension and death-in-service.

Other benefits and entitlements

Members of the Board of Management are provided with benefits similar to other senior managers in CSM (e.g. company car, tax-free basic expense allowance).

CSM does not grant loans to members of the Board of Management. Hence, there are no outstanding loans.

Employment Contract

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



Messrs Hoetmer and Kramer have an employment contract for an indefinite period of time which expires at the retirement age or earlier if terminated by either party. Mr. Plantenberg has a contract that expires in September 2011. The notice period for all members of the Board of Management is three months. CSM, being the employer, is required to give six months' notice.

A severance pay arrangement has been agreed with the members of the Board of Management. This severance pay deviates from provision II.2.8 of the Dutch corporate governance code. This deviation originates from the time of the appointment of Mr. Hoetmer in 2005, when there was a need to offer him a competitive package of employment conditions. The same severance pay arrangement was offered to the members of the Board of Management appointed shortly after Mr. Hoetmer. The agreed severance pay can amount to a maximum of 1.5 times the sum of the annual base salary and the most recently determined short-term incentive. In addition, contributions to the base pension plan and the Commitment Award will be paid for a further two years.

Future appointments to the Board of Management will be treated in accordance with the practice of good governance and regulations in force at the time of the appointment.

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

Currently, only Mr. Hoetmer has an external appointment with the Stichting "Spieren for Spieren" (www.spierenvoorspieren.nl), a charity organization active in the area of children suffering from muscular diseases.

Total Remuneration for the Board of Management

The following table provides details of the remuneration for the Board of Management:

Table: Total Remuneration

Total Remuneration	Financial Year	Fixed remuneration	Variable remuneration		Other emoluments ²	Pension	Total ³
		Base salary	STIP	LTIP ¹			
Gerard Hoetmer	2009	€ 586,000	€ 413,000	46,364	€ 105,000	€ 132,000	€ 1,236,000
	2008	€ 575,000	€ 87,000	17,960	€ 115,000	€ 128,000	€ 905,000
	2007	€ 564,000	€ 220,000	14,840	€ 114,000	€ 125,000	€ 1,023,000
Koos Kramer	2009	€ 400,000	€ 282,000	31,684	€ 76,000	€ 73,000	€ 831,000
	2008	€ 393,000	€ 69,000	12,258	€ 82,000	€ 70,000	€ 614,000
	2007	€ 385,000	€ 150,000	10,132	€ 85,000	€ 69,000	€ 689,000
Reinoud Plantenberg	2009	€ 400,000	€ 302,000	31,684	€ 74,000	€ 111,000	€ 887,000
	2008	€ 393,000	€ 69,000	12,258	€ 82,000	€ 107,000	€ 651,000
	2007	€ 385,000	€ 131,000	10,132	€ 81,000	€ 105,000	€ 702,000

Notes:

1. Conditional grant subject to performance conditions - reflected are the combined total number of shares that could be received if the maximum vesting of 150% occurs
2. Comprises of insurances (e.g. medical, disability, death-in-service), expenses of company car etc.
3. Excludes LTIP as it concerns a conditional grant



Attachment to the CSM Remuneration Report 2009

Extensive notes to Item 8 of the Agenda of the General Shareholders Meeting of 29 April 2010 - Proposal to adapt the remuneration policy of the CSM Board of Management

It is proposed that the remuneration policy for the Board of CSM will be adapted to reflect changes in the composition of the Board of Management and market circumstances. The proposal is presented to the General Shareholders Meeting for adoption. The General Shareholders Meeting is proposed to adopt the remuneration policy of the board in accordance with the proposal. The full proposal is outlined below.

Context

The current remuneration policy dates back to 2005. In the meanwhile a number of important changes to the business have taken place that should be reflected in the approach to remuneration. CSM has undertaken several important divestments and acquisitions that have made the business focus on its core business in bakery and green chemicals. As of May 2010, Mr. Plantenberg will step down from the Board of Management and the board will consist of two members going forward.

The Remuneration Committee aims to conduct a detailed review of the policy and arrangements at least every three years, and had originally planned to conduct this review during the second half of 2008. Considering the global economic crisis, the Committee recommended not to make any changes for 2009 and postpone such a review. The Supervisory Board accepted this recommendation. While the broad remuneration structure is intended to continue to apply in future years, for 2010 onwards a number of specific items are being proposed to further approach competitive remuneration levels.

The proposed remuneration policy 2010 aims to ensure further alignment with the CSM strategy and values, considering the interests of all stakeholders. In addition, a number of changes are made to comply with the Dutch corporate governance code and recent best practice in this area.

Remuneration policy principles

General

The total remuneration package for the Board of Management is benchmarked against companies in the Netherlands of similar size and complexity as CSM. This benchmark is set at the median level of this group of comparable executives based on various sources of market data regarding the remuneration of executives of companies in the Netherlands.

The aim of the remuneration policy for the Board of Management is to create a total remuneration package and employment conditions which are competitive, with a strong emphasis on performance-related pay (variable).

Remuneration policy summary table 2010

Element	Payment vehicle		Objectives/Key drivers
FIXED		Value determination	
Base salary	Cash	Market median	Attraction and retention of high performing executives
Pension	Cash	- Defined contribution pension arrangement on base salary - STIP not pensionable	Attraction and retention of high performing executives
VARIABLE		Indicative levels at face value as % of base pay	
Short-term incentive plan (STIP)	Cash	CEO - Target 60% (range 0-90%) CFO - Target 50% (range 0-75%)	Delivery of stretching targets regarding Ebita, Cash flow and Organic Growth
Long-term incentive plan (LTIP)	Shares	CEO - Target 60% CFO - Target 50%	Relative shareholder return versus a group of 10 competitors

Base Salary

The base salary for 2010 has been reviewed for both the CEO and CFO. Based on the changes in the management composition it is proposed to make no changes to the CEO salary and increase the CFO salary to € 450,000.

In accordance with the past policy, as of 2011 the base salary is adjusted annually on 1 May on the basis of the consumer price index for family expenditure as published by CBS in the Netherlands.

Short-term incentive plan (STIP)

Members of the Board of Management are entitled to a short-term "at target" incentive. 75% of this STIP is determined by three financial targets: (organic growth, cash flow and EBITA), while 25% relates to personal targets.

Payout on each measure varies between 0 and 150% and is directly linked to the achievement. The financial targets are measured on a linear scale, where achievement below 85% delivers no payout and achievement over 115% of respective financial target delivers the maximum payout of 150%. The extent to which these personal targets have been realized is determined by the Supervisory Board.

Long-term incentive plan (LTIP)

The Board of Management is entitled to a long-term incentive plan (LTIP) linked to relative total shareholder return (TSR) over a three-year performance period. Each year members of the Board of Management are entitled to an "at target" conditional grant of CSM shares worth 60% (CEO) and 50% (CFO) of their base salary.

The LTIP compares the performance of CSM with the performance of the shares of a peer group of ten more or less similar companies over time. For each company it combines the share price appreciation and the dividends paid to show the total return to the shareholder.

Scenario analysis is periodically carried out to assess the likelihood of outcomes and the target performance of CSM relative to this peer group. Target performance (100% vesting of the shares) has been set at position 5. For every place above position 5 the vesting increases by 25% with a maximum of 175%, i.e. when CSM is first or second in the peer group, the shares vest at 175% of the number of



shares at grant. At position 6 only 50% of the shares vest and if the performance is disappointing (below sixth in the peer group) the shares do not vest at all.

The CSM peer group remains unchanged and currently consists of:

- Danisco (DK)
- Grupo Bimbo (SP)
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In case of changes to companies within the peer group for whatever reason, the Supervisory Board may decide to make one or more adjustments to the composition of the group.

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Future appointments to the Board of Management will be treated in accordance with the practice of good governance and regulations in force at the time of the appointment.

In 2010, a "claw-back" clause has been added to the employment contracts of Mr. Hoetmer and Mr. Kramer.

As new legislation regarding the employment of board members is currently being prepared by the Dutch government, CSM will apply this new legislation once it enters into force.

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