

CSM Remuneration report 2010

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 2010 met on five occasions.

Theo de Raad is Chairman of the RemCo with Pieter Bouw being member 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 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 total 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 annual General Shareholders Meeting held in April 2010 approved a number of changes to the remuneration of the Board of Management. These changes reflected the new management composition and changed market conditions. Mr. R.P. Plantenberg stepped down per May 2010 as member of the Board of Management at the end of his four year term.

The slightly amended remuneration policy aims to ensure further alignment with the CSM strategy and values, considering the interests of all stakeholders. Next to that a few changes were made to comply with the Dutch corporate governance code and best practice in this area.



Base Salary

The base salary is set at the median level of similar management positions and adjusted annually on 1 May on the basis of the consumer price index for family expenditure as published by Statistics Netherlands ("CBS"). The adjustment as at 1 May 2010 amounted to 1%.

Short-term incentive plan (STIP)

Members of the Board of Management are entitled to a short-term "at target" incentive. The CEO is entitled to an "at target" bonus incentive of 60% of his base salary in case of realization of the short term targets. The CFO is entitled to an "at target" bonus incentive of 50% of his base salary in case of realization of the short term targets. Three financial targets Ebita, Cash Flow from business operations and Organic Growth, account for 75% of STIP, while 25% 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 members of the Board of Management are entitled to a higher STIP than the "at target" incentive for that particular target. For the CEO a maximum STIP of 90% of base salary may apply and for the CFO a maximum STIP of 75% of his base salary may apply. For both the CEO and the CFO the maximum bonus incentive 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 (defined as 85% or less of the target).

As a result of the fact that the financial and personal targets for 2010 for the larger part have been achieved, the total short term incentive is higher than the "at target" level and higher than the 2009 STIP award.

Long-Term Incentive Plan (LTIP)

The long-term incentive for the Board of Management is based on the Long-Term Incentive Plan (LTIP) linked to relative total shareholder return (TSR).

Each year members of the Board of Management are entitled to an "at target" conditional grant of CSM shares. The CEO is entitled to a share grant value of 60% of his base salary. The CFO is entitled to a share grant value of 50% of his base salary. The performance criterion for the LTIP is Total Shareholder Return over a three-year performance period.

CSM's TSR is compared with 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. According to the remuneration policy applicable starting 2010 target performance has been set at position 5 in the peer group based on detailed analyses. If CSM delivers an outstanding performance (first or second in the peer group) over the period 2010-2013 the LTIP will amount to 175% of the "at target" grant (according to the former policy applicable this would have been 150%); if the performance is below the threshold (below position 6 in the peer group) the shares do not vest at all (according to the former policy applicable this would apply for the ninth, tenth or eleventh position in the peer group).

The Remuneration Committee evaluates the performance of CSM in relation to the peer group, using data supplied by a leading bank in the Netherlands.



Upon vesting the members of the Board of Management will receive a gross amount which is equal to the gross dividend which would have been paid on the shares in the period of conditional allocation. At the time of vesting the members of the Board of Management may sell as many shares as necessary to pay the related income tax. The vested shares will be blocked for two years.

The Supervisory Board periodically determines the peer group.

The CSM peer group currently consists of:

- Danisco (DK) • General Mills (US) • Aryzta (CH) • Kerry Group (IR)
- Grupo Bimbo (SP) • Nutreco (NL) • Ralcorp (US) • Flower Food (US)
- Greencore (US) • Wessanen (NL)

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.

The at target and maximum number of conditionally granted shares for each member of the Board of Management and the movements in the number of conditionally granted shares are specified in below charts:

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

	Granted in	'At target' number outstanding as at 31.12.2010	Maximum number outstanding as at 31.12.2010	Year of vesting
G.J. Hoetmer	2008	11,973	17,960	2011
	2009	30,909	46,364	2012
	2010	16,040	28,070	2013
N.J.M. Kramer	2008	8,172	12,258	2011
	2009	21,123	31,684	2012
	2010	9,130	15,978	2013
R.P. Plantenberg	2008	8,172	12,258	2011
	2009	21,123	31,684	2012
Total as at 31-12-2010		126,642	196,256	

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

	Maximum number outstanding as at 31.12.2009	Maximum number granted in 2010	Expired in 2010	Vested in 2010	Maximum number outstanding as at 31.12.2010
G.J. Hoetmer	79,164	28,070	9,045	5,795	92,394
N.J.M. Kramer	54,074	15,978	6,176	3,956	59,920
R.P. Plantenberg	54,074		6,176	3,956	43,942
Total	187,312	44,048	21,397	13,707	196,256



In 2010, the shares conditionally granted in 2007 vested per May. As CSM ranked number 7 in the peer group, 20% of the conditionally granted shares have vested according to the LTIP –formula applicable at that time.

Commitment Award

The members of the Board of Management are entitled to an annual Commitment award in the form of CSM shares with a value of 10% of their respective base salary. The shares are blocked until the end of their employment with CSM with the understanding that as many shares as necessary may be sold to pay the related income tax. In 2010, as in previous years, the Board members have not used this option.

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 31.12.2009	Awarded in 2010	Number as at 31.12.2010
G.J. Hoetmer	11,084	2,747	13,831
N.J.M. Kramer	7,572	1,876	9,448
R.P. Plantenberg	7,572	1,876	9,448
Total	26,228	6,499	32,727

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 in line with benefits applicable to other senior managers in CSM (e.g. company car, 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.

Mr. G.J. Hoetmer and Mr. N.J.M. Kramer have an employment contract for an indefinite period of time which expires at the retirement age or earlier if terminated by either party.

The notice period for members of the Board of Management is three months. CSM, being the employer, is required to give six months' notice.



Mr. R.P. Plantenberg has a contract that expires in September 2011. He stepped down as Member of the Board per May 2010 at the end of his four year term.

A severance pay arrangement is part of the agreement 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, enabling CSM 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.

New 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 unpaid appointment with the Stichting "Spieren for Spieren" (www.spierenvoorspielen.nl), a charity organization active for the benefit of children suffering from muscular diseases.

Total Remuneration for the Board of Management

Total annual remuneration for the CSM Board of Management in 2010 amounted to €2.8 million (2009: €2.9 million). Due to the changes in the composition of the Board, the total remuneration reduced.

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

Total Remuneration

<i>thousands of euros</i>	Fixed Remuneration		Variable Remuneration		Variable Remuneration	
	Base salary		STIP		LTIP	
	2010	2009	2010	2009	2010	2009
G.J. Hoetmer	594	586	454	413	133	0
N.J.M. Kramer	434	400	297	282	91	0
R.P. Plantenberg (until 1 May 2010)	134	400	46	302	91	0
Total	1,162	1,386	797	997	315	0

<i>thousands of euros</i>	Other Emoluments		Pension		Total	
	2010	2009	2010	2009	2010	2009
	G.J. Hoetmer	97	83	134	132	1,412
N.J.M. Kramer	66	58	91	73	979	813
R.P. Plantenberg (until 1 May 2010)	51	56	37	111	359	869
Total	214	197	262	316	2,750	2,896