

## IMCD Annual General Meeting 2016

Type of meeting	AGM
Company:	IMCD N.V.
Date	10:30 AM, 12 May 2016
Location	Nieuwe Luxor Theater, Posthumalaan 1, Rotterdam
Speaker	Cristina Cedillo (Robeco)
Opt-in members	
Attendance AGM	82.67% of stock of outstanding stock represented

	Agenda items	Vote	Result		
			F	A	W
1	Opening				
2	Annual Report for the financial year 2015				
3	Financial statements 2015, result and dividend.				
	a. Implementation of the remuneration policy in the financial year 2015				
	b. Adoption of the financial statements 2015 (voting point)	F	99%		
	c. Adoption of the dividend proposal (voting point)	F	100%		
4	Discharge				
	a. Discharge from liability of members of the Management Board for the performance of their duties in 2015 (voting point)	F	99%		
	b. Discharge from liability of members of the Supervisory Board for the performance of their duties in 2015 (voting point)	F	99%		
5	Appointment of the external auditor for the financial year 2016 (voting point)	F	100%		
6	Appointment as Supervisory Board member of:	F	100%		
	a. Mrs. J. (Julia) van Nauta Lemke-Pears (voting point)				
	b. Mr. J. (Janus) Smalbraak (voting point)	F	99%		
7	Designation of the Management Board as the body authorized:				
	a. To issue shares (voting point)	F	72%		
	b. To restrict or exclude the pre-emptive rights on shares as described under 7.a. (voting point)	F	66%		
8	Authorization of the Management Board to acquire shares in the company on behalf of the company (voting point)	F	100%		

## 2. Annual Report for the Financial Year 2015

Good morning, I am Cristina Cedillo from Robeco.

Firstly we would like to congratulate you for the strong company's performance over the last year. IMCD maintained optimal cash flow and increased gross profit and operational EBITDA.

We also recognize IMCD's efforts to comply with the best practices of the Dutch Corporate Governance Code. We note the nomination of two additional independent members of the supervisory board. We believe their industry knowledge and management expertise will add value to the board. We applaud the swiftness with which you are implementing best practice in corporate governance.

Today I have some remarks and questions on two topics, the first one is risk management, and the second relates to communication to the investment community.

Part of IMCD's strategy is growing by mergers and acquisitions. My questions on risk management inquire about how such transactions are evaluated. For investors it is important that transactions are carefully assessed through an independent due diligence process.

My questions are:

1. Could you explain whether IMCD has an external due diligence process in place? If yes, what does it consist of?
2. Could you also elaborate on differences in the role of the external accountant and of the internal control and risk management function?

My second point relates to IMCD's communication towards the investment community about planned transactions, sustainability performance and business activities in general.

*The CEO, Mr. van der Slikke explains the role of the external advisors in this process. For all M&A activity IMCD consults with external advisors for due diligences purposes on 1) legal matters, 2) a financial assessment and 3) tax issues. Only on the commercial viability IMCD does not use an opinion from external party.*

*On an earlier question, the chairman of the audit committee already elaborated on the internal audit function, stating that even though IMCD doesn't have a dedicated internal control department all functions are available within the organization.*

When communicating planned transactions, it is important that investors understand their rationale and have access to adequate financial information. We encourage IMCD to increase disclosure on the financial details provided on planned

transactions. For example, on the acquisition of MF Cachat of last year we would have appreciated if IMCD had reached out to investors at an earlier stage prior to the closing date to explain how the acquisition would create synergies to the existing portfolio and the type of return profile expected with that deal. Furthermore we encourage you to better disclose key financial metrics such as revenue, EBITDA, and cash flow on a regional or country basis.

We appreciate that IMCD currently dedicates a section to its sustainability approach in the annual report. Investment processes are increasingly integrating companies' performance data on Environmental Social and Governance issues (or so-called ESG issues) to inform their investment decisions. This process relies on publicly disclosed information.

We believe that identifying, measuring and disclosing performance on material ESG risks is important. As a next step we encourage you to adopt integrated reporting via the IIRC framework. My question regarding this point is:

- Are there currently any plans to disclose more information on ESG performance?

*During the meeting various sustainability initiatives are mentioned. At this AGM, IMCD doesn't commit to specific reporting.*

Finally, the Investor Relations department plays an important role in facilitating communication between IMCD and investors.

- When can we expect the IR department to become operational again?

*The CFO, Mr. Kooijmans mentions that most investors want to speak with CEO and CFO. Together they are currently the most important point of communication to investors and that the IR function therefore is operational. Indeed, until late 2015 there was a dedicated support staff for investor relations, this position is currently open. IMCD is in the process of recruiting.*

### **3a. Annual Report for the Financial Year 2015**

*(In case of a presentation: Thank you for the presentation)*

I would like to start by praising the increased disclosure on the metrics used in the executive compensation plan. It provides us a basic understanding of the structure of the remuneration.

However, I also have questions on the plan.

My first question is:

- Could you explain the focus on EBITDA in the Short Term Incentive Plan and the use of Total Shareholder Return on the Long Term Incentive Plan? In our view Free Cash Flow and Return On Invested Capital are better performance indicators as they are less influenced by accounting measures or external influences.

*The chairman of the remuneration committee agrees the importance of Cash Flow as an internal metrics and mentions that they have debated the use of EDITDA versus Cash Flow. For the Short Term Incentive plan the committee has chosen for EBITDA as EBITDA multiples are very conventional in the market and facilitates comparisons between IMCD's performance with peers. Also, IMCD hardly ever has any adjustments to EBITDA, making Cash Flow a good proxy. For the Long Term Incentive Plan TSR was also chosen because of convention and for the sake of comparability.*

My second question relates to the performance targets of the short-term incentive plan. We understand that forward looking targets can be market-sensitive. Still, it is market practice to explain retroactively how performance of the relevant metrics have added to the incentive plan.

- Could you explain the target setting process for the annual bonus for 2015?

*It is mentioned that during the IPO some long term targets where set for IMCD and that growth rates of approximately 6%-7% can be expected. This is used as base scenario, which the remuneration committee then reviews based on expected conditions for the coming year.*

- Finally, could you elaborate on any discretion used by the remuneration committee? How was this discretion used?

*During the presentation the use of discretion was already addressed. Therefore we suggested to report the consideration under a section in the annual remuneration report going forward.*

*During the presentation, it was also mentioned that new non-financial metrics will be used in the annual bonus of 2016 and we asked for further explanation on what they will consist of. The Chairman of the remuneration committee said that the new metrics will be in line with a trend to include qualitative metrics to the remuneration policy, where issues such as organizational development and talent attraction will be included.*