Corporate Governance Statement Annual Report 2011

This corporate governance statement contains the information regarding corporate governance pursuant to the Dutch governmental decree of 23 December 2004 establishing further instructions concerning the content of the annual report (Besluit 23 december 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van het jaarverslag, Staatsblad 2004, 747) as amended in April 2009 (Staatsblad 2009, 154) and in December 2009 (Staatsblad 2009, 545). This statement is deemed to form part of the CSM Annual Report 2011.

The information included in this corporate governance statement pursuant to articles 3, 3a and 3b of the abovementioned decree can be found, where applicable, in the Annual Report, in the Remuneration Report or in the Articles of Association, all of which are published on the CSM website (www.csmglobal.com).

I. Compliance with the Corporate Governance Code.

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

Compliance with the Code
In accordance with the Code, CSM's Annual Report contains a section describing the main features of its corporate governance structure and compliance with the Code. Any departures from the best practices are explained. Important changes in the corporate governance structure are presented to the General Shareholders Meeting for discussion. Our corporate governance policy, including the relevant regulations and reports, can be viewed on the CSM website.
With the exception of the deviations outlined in the paragraphs below CSM endorses and adheres to the principles and best practices of the Code.

Deviations from the Code
CSM departs from the provisions of the Code with regard to (a) the severance arrangements in the event of non-voluntary resignation by members of the Board of Management and (b) the possible financing of income tax on vested shares under the share plan by selling part of the vested shares.

Regarding its composition the Supervisory Board always tries to strike the right balance between expertise and experience. A certain degree of age and gender variation may be instrumental in achieving the desired balance in the composition of the Board, but diversity on the basis of age and gender is not a goal as such. In this respect, the profile of CSM's Supervisory Board deviates from the best practice provision III.3.1 of the Code, as it does not pursue specific diversity related objectives. The required expertise and experience as well as the availability of the right candidates is decisive when proposing candidates for (re)appointment.

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 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.

There are two other aspects in which CSM departs from the Code.
The members of the Supervisory Board and the Board of Management are appointed by the General Shareholders Meeting on the basis of nominations by the Supervisory Board. The CSM Articles of Association state that the General Shareholders Meeting can overrule any such nomination by an absolute majority of the votes cast, provided the said majority represents at least 1/3 of the issued capital. In contrast with the Code, no second meeting will be convened if there is no quorum, as a second meeting is not required by law.
The General Shareholders Meeting may decide to suspend or dismiss a member of the Board of Management or the Supervisory Board by an absolute majority of the votes cast, provided the said majority represents at least 1/3 of the issued capital. This quorum requirement does not apply if the proposal for suspension or dismissal is submitted by the Supervisory Board. In contrast with the Code, no second meeting will be convened if there is no quorum, as a second meeting is not required by law.

II. Risk management and control systems

Risk Management Approach

Our approach to risk management is aligned with the Enterprise Risk Management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO – ERM), which aims to achieve a reasonable level of assurance. This approach aims to embed risk awareness and risk management at all levels of CSM to ensure risk decisions are taken and evaluated consciously and properly. Our risk management approach covers Strategic/Market, Operational and Financial/Compliance risks and can be illustrated as follows:

Risk management workshops are held bi-annually to identify the critical risks for all Business Units. Action plans to mitigate the risks are and will be developed and the progress of risk mitigation actions will be followed periodically. Risks are being discussed on an ongoing basis during quarterly meetings between the Business Units and the Board of Management.

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. Our governance model identifies clear reporting and accountability structures in line with the corporate governance code.

Key risk areas
The following table describes the main risks that have been identified, their impact and the mitigation measures taken to offset them.

Type of risk	Possible impact	Mitigation
Strategic and market risks	This area can also be affected by legal and regulatory changes made by governments, which could severely impact our business but cannot be influenced by us	
Impact of the economic environment	Global economic conditions impact our bakery business as demand for our products fluctuates in line with GDP development. At the same time, demand for lactic acid products is impacted by the cyclical market conditions that affect some of our customers.	We cannot neutralize the overall effect of an economic downturn, but we can offset some of the impact by reducing costs and adjusting our product offering to meet changing demand. We have built a degree of flexibility into our production costs by hiring temporary staff. We are also able to adjust our product offering with relative ease because of our extensive Research & Development and procurement experience.
Inability to manage market and structural changes	Ongoing strategic reorganization and volatile market conditions inevitably put a strain on management's ability to deal with all changes successfully. Failure to respond adequately or in a	We continuously review the effectiveness of our organizational structure and the quality of our management. We aim to find the right people for the right

	timely manner could severely damage CSM's financial position and its future growth prospects. The availability of good management and systems is vital.	position and to align our systems and structures to market developments.
Not meeting the needs of customers and end consumers	It is essential to continuously innovate and revitalize our product range in line with today's market trends in order to maintain market leadership and avoid a narrowing margin on our products.	Bakery Supplies has established eight Innovation Centers across Europe and North America. At the same time, Purac has established a core Innovation & Competence center with four regional application labs. Our innovation and competence organization focuses on the successful development of products that meet the needs of customers and end users Significant investments have also been made in monitoring market trends and consumer needs.
PLA Bioplastic developments not meeting customer needs	Lactic acid is one of the sources for manufacturing bio-plastics and other technologies are or will be developed to target this promising market. The attractiveness of the bio-plastics market is driven by growing consumer demand for degradable plastics made from renewable sources. Demand may increase or decrease with its relative cost compared to conventional oil-based plastics.	Purac keeps a close eye on competing technologies and is maintaining its competitiveness by continuously refining its offering from a product specification and cost perspective. Early 2010 we began the construction of a Purac lactide plant in Thailand to produce components for bio-plastics, increasing our investment in this technology. At the end of 2011 total spend amounted to € 45 million and the investment has become operational in Q1 2012.
Losing our competitive position	We operate in a highly competitive market in which it is essential to	Our Research & Development efforts are not only geared to

	keep cost and service levels at least on par with those of our competitors. Failing to achieve this could lead to market share erosion by competitors or customers substituting our products with alternatives.	product introductions but also to production improvements. Improving our cost competitiveness has long been a top priority. To this end, we have restructured our manufacturing footprint, enhanced production specialization and optimized logistics. Continuous IT investments are being made to support our business requirements and achieve cost efficiencies as well as to improve customer responsiveness and service levels.
Attractive Bakery Supplies acquisition targets not being available	Growth by acquisitions plays and important part in our Bakery Supplies strategy. The execution of our growth strategy is hampered if there are no candidates available to deliver the value required by our financial standards, which could potentially weaken our position if the competition is also pursuing acquisitions.	With an average market share of approximately 10% in our major markets in the US and Europe, we believe acquisition opportunities do exist. In recent years, we have changed our structure in such a way as to be able to easily integrate new acquisitions into our organization. This will result in stronger synergies through the elimination of costs and/or the realization of faster sales growth. It also enhances our ability to offer competitive market prices and meets our value creation requirements.
Operational risks		
Business continuity	Serious disruption of our supply chain as a result of calamities such as fire, flood or earthquakes, or due to contamination, strikes or major system breakdowns, could have a major impact on our profitability. The closure and specialization of factories for	Our risk management approach aims to detect and prioritize the most serious risks areas, leading to a discontinuation of our supply chain. We are working to develop appropriate back-up measures and where possible,

	efficiency reasons have increased this risk.	these measures are tested for effectiveness. Based on best practices and experiences, we continuously review and improve manuals and guidelines at our operations to support employees in preventing and limiting risk calamities and mitigating their effects
Raw material & energy price volatility and availability	As we have seen in 2011 and previous years, sudden increases or decreases in the price of raw materials can seriously impact the margins of our products sold. Scarceness of raw materials due to excessive demand or production interruption at suppliers can also impact our results because of sales declines and due to the additional costs incurred to satisfy our raw materials needs.	We continuously invest in the relationship with our customers, advising on changes in product assortment, technology and changes in consumer behavior. We believe a relationship based on transparency and trust, in which true value is added, supports our ability to (partly) pass on increased costs via price increases or redevelop products with lower cost ingredients in collaboration with our customers. Our procurement department, globally organized with dedicated finance support has developed adequate measures to secure contract positions to minimize or delay exposure to cost fluctuations of raw materials that could negatively impact our margins. These measures include early warnings of possible impact to our organization and our customers. Furthermore, we have implemented a multiple-supplier sourcing policy for our most critical raw materials.
IT risks	IT systems are the heart of our supply chain and customer	We run a continuous IT program supporting our

	fulfillment processes. Major disruptions to IT systems can have a serious impact; one of the most critical moments is the implementation of new systems.	strategic and operational business objectives. In recent years we have implemented various new systems. We are confident we have a good understanding of how to execute implementations and take the necessary safety measures to avoid failures. Where possible, we try to limit the potential impact of system failures by avoiding "big bang" implementations. However, these cannot be avoided in every situation.
Integration of acquisitions	The presumed value of an acquisition can be seriously impacted if it is not properly integrated. This could lead to the loss of major customers, the loss of important employees or the loss of proprietary knowledge and disruption in the supply chain, quality complaints or impacted service levels.	CSM has adopted a structured approach towards the integration. During the acquisition process, significant time is spent on planning post-acquisition measures for a successful integration into the organization.
Loss of large customers	The loss of a large customer could have a disproportionate impact on the profitability of the company due to the effect on the utilization of factories. CSM has a large customer base in which the five largest customers account for approximately 10% of our sales.	An intimate relationship based on a profound knowledge of customers' needs and those of their end consumers; continuous development of new products, where possible developed jointly with our customers; and excellent service and cost levels should limit the risk of large customers leaving. CSM's strategy is very much focused on improving these fundamental elements in the relationship with customers. Substantial investments have been and will continue to be made towards further improvements.

Financial and compliance risks

Legal and regulatory compliance	The company's business is subject to regulations by international, national and local governmental agencies. Non-compliance with local laws, food safety regulations, human health, safety and many other regulations could pose a serious threat. CSM could be exposed to substantial claims from various parties or permits could be cancelled.	Our corporate Code of Conduct, policies and procedures are properly maintained and made available to all staff via the CSM intranet and are frequently communicated. Compliance is enforced by the local companies supported by the Group.
Volatility in the exchange rate of various currencies	As CSM operates in various non-euro countries we have to deal with volatility of exchange rates of a number of currencies versus the euro. This impact can be seen in the translation of the results and equity of foreign entities into euros and in the results of transactions when there is a difference between the currency of the production costs and the currency in which the sale of the product is being made.	CSM has a hedging policy in place to limit the impact of volatility of foreign exchange rates. Hedging the impact of the foreign currency translation risk is partly and indirectly effectuated through increasing CSM's liabilities in foreign currencies. Of the total external debt of CSM approximately 70% is denominated in US dollars, which partly offsets the large equity translation exposure CSM has against the US dollar. The exposure to transaction risks is hedged by offsetting the long or short term currency position through a system of gradually selling and/or respectively buying this currency to mitigate the impact of sudden movements in currencies. A sensitivity analysis of interest rate changes can be found in Note 25 of the financial statements.
Insufficient liquidity to finance operations	As CSM is financed through a mix of equity and interest-bearing loans, a sudden increase in its liquidity needs or a decrease in	In order to avoid unexpected increases in its liquidity needs, CSM has a planning & control system in place that manages

	available credit might pose a threat to the continuity of the financing of the company.	the working capital needs of the company and gives an early warning in case of a sudden increase taking place. In the event of an increase in its liquidity needs CSM has sufficient committed loan facilities of approximately € 700 million at its disposal. At the end of 2011 CSM had used approx. € 460 million of these facilities. The facilities can be used up to a maximum allowable net debt to EBITDA ratio of 3.5x. At the end of 2011 this ratio was 2.8x.
Pension risks	Pension risks mainly relate to the funding risk of our defined benefit plans. The most important effects are attributable to economic factors such as interest rates, equity risk, inflation risk and foreign exchange risk. Adverse stock market developments negatively affect the assets of CSM's pension funds, while falling interest rates lead to lower discount rates and higher pension liabilities.	CSM gives considerable attention and assigns considerable resources towards ensuring disclosure, awareness and control of pension exposure and related financial risks. CSM's pension landscape is diverse. In Europe, CSM has a few defined benefit plans, covering a substantial number of its employees in the Netherlands, the UK, Germany and Belgium. Outside Europe the pension risk is considered not material, as CSM has mainly defined contribution plans in place or pension arrangements with local insurance companies. The investment strategy of the pension funds and the associated tactical asset allocation are based on asset, region and currency diversification to offset funding risks. The funding position 2011 has deteriorated due to the decline of the interest rate

		although no substantial cash payments by CSM are required in the short term.
Financial reporting	Non-compliance with International Financial Reporting Standards (IFRS) can pose a serious threat. Not informing our shareholders and other stakeholders in conformity with IFRS could lead to a lack of trust, reputation damage, a declining share price, and potential legal claims.	Our financial reporting systems and processes are geared towards our business requirements and support business reviews. For group reporting we deploy a standard consolidation tool. Our corporate accounting policies and procedures are properly maintained and made available to all our staff via the CSM intranet and are communicated frequently to our finance community. A monthly review of finance reports is performed by corporate and business unit teams. Our global control framework should warrant adherence to IFRS. The finance community has been trained in 2011 in view of the latest IFRS developments and in the area of commodity hedge accounting.
Tax	CSM operates in many countries and has to manage compliance with a wide variety of tax laws.	We have an adequate quarterly reporting system in place, hold regular tax meetings, and visit our operating companies to monitor compliance. In addition, our global tax control framework should also warrant compliance. A transfer pricing policy and documentation are in place as well. Furthermore, we work with external tax experts who support our tax planning and returns and advise us in compliance matters.
Interest rate increases	To a large extent, CSM is	In order to mitigate fluctuations

financed via interest-bearing loans, with variable interest rates, which at the end of 2011 amounted to approx. € 700 million in total.

in the interest rate paid, CSM has agreed to long-term interest rates with its financial partners. A sensitivity analysis of interest rate changes can be found in Note 25 of the financial statements.

Control measures
In order to prevent risks from occurring and to mitigate the effect of risks if they occur, CSM has a number of control measures in place, the details of which are explained below.

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

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

Fraud prevention & Code of Conduct
CSM has a continuous focus on fraud prevention, which is supported by the distribution of the "Good to know on fraud!" booklet to management throughout the Group. The booklet is also available on our intranet to all employees. This publication, comprising the Code of Conduct, creates awareness and provides examples of how to identify and respond to fraud. The Code of Conduct can be found on our website.

Whistleblower procedure
A Whistleblower Policy and reporting system are in place to enable our employees to report potential integrity issues or violations of our Code of Conduct. In 2011, 3 cases were reported. Each of these cases has been followed up by CIAS (Corporate Internal Audit Services) and where necessary, appropriate measures and or actions have been taken by management. The whistleblower cases, including follow up actions taken, are reported to the Audit Committee.

Letter of representation
Every six months, Managing Directors and Finance Directors of each reporting entity and, where applicable, other senior staff, provide a Letter of Representation to the Board of Management. This letter represents compliance with financial reporting and internal controls.

Financial control framework
As CSM operates worldwide, it is committed to maintaining high-quality, reliable financial reporting and a sound control environment.

All reporting entities assess operational effectiveness of their financial closing and reporting processes, at mid-year and end-of-year, confirming compliance with the relevant guidelines and IFRS. Together with the Letters of Representation, this ensures the integrity of our financial reporting. During 2011 our main entities performed an assessment of the operational effectiveness of their key financial process controls. The assessments have been audited by the internal and external auditors. The scope of our Information Security policy is fully aligned with the ISO 27002 standard and also meets our financial reporting requirements. All entities performed assessments with the guidance to prioritize their improvements actions on nine key risk areas ranging from information system continuity to disaster recovery, and from user management to adequate design of roles and responsibilities in our application systems. In 2011, we have further improved our control framework by introducing a risk based scoping approach enabling a more focused and dedicated set of controls for each reporting entity.

Monitoring and Audits

Business planning, budgeting & management review

Based on the CSM strategy and plans, divisional targets are set for the annual budget process. After determining the divisional budgets, targets are rolled out to the business units, operating companies and operational levels. Quarterly updated estimates are made based on a six-quarter rolling forecast. The divisions monitor business performance on a periodic basis using a defined set of critical performance indicators and periodic divisional reviews of actual results, and by visiting local entities frequently.

Operational management meets at least once a month to discuss the strategy and related risks, the actual performance versus budget, and other significant matters. The Board of Management has daily contact and meets once a month with the newly created Executive team. The Executive team consists of the division presidents and the global functional leaders. The Board of Management reviews the divisional businesses on a quarterly basis. Next to this, members of the Board of Management regularly visit our main local business operations.

Internal audit

Internal audit supports the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control and governance processes.

The objective of CIAS (Corporate Internal Audit services) is to provide a broad range of audit services designed to assist the Board of Management in controlling the Group business operations by providing independent, objective assurance and consulting services designed to add value to the organization's operations. CIAS evaluates risks and ensures that the controls in place are adequate to mitigate those risks. Next to the “assurance role”, an important role of CIAS is to provide value to the business through tailor-made operational audits, identifying best practices and indicating improvement opportunities to Management.

The focus of CIAS is evenly spread over the following areas:

• Compliance of the operating companies with the Financial Control Framework;
• Value-adding audits (focused on key business processes);
• Special projects (due diligence, post mortems, fraud prevention, review of business cases, quality assurance projects).

Internal audit at CSM is based on co-source: a small department in combination with external parties, providing specialized knowledge and flexibility. In 2011 45 audits were performed and reported.

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

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

Management representation
CSM's risk management and internal control system are designed to identify in a timely manner the risks inherent to our strategic, operational and financial business objectives and to determine appropriate risk responses as generally described above. Risk management and actions taken in the year under review were reported to and discussed by the Supervisory Board and Audit Committee.

Internal representations received from management, regular management reviews, reviews of the design and implementation of our risk management and internal control systems, and reviews of business and the Audit Committee are an integral part of the company's risk management approach.

III. Shareholders meeting

Structure
CSM nv is an international holding company as understood by Section 153, subsection 3 paragraph b, of Book 2 of the Dutch Civil Code. The "large company" regime therefore does not apply at the level of CSM nv.

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 of the Board of Management;
- approval of the remuneration of the Supervisory Board;
- the adoption of the annual financial statements and approval of dividends;
- release 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;
- amendments to the Articles of Association;
- decisions of the Board of Management that would entail a significant change in the identity or character of CSM or its business.

The annual General Shareholders Meeting is held within six months of the close of the financial year. At this meeting the Annual Report and Financial Statements drawn up by the Board of Management are presented for adoption, amongst other things.
If requests are received from shareholders who individually or collectively represent one percent (1%) of the issued capital or at least € 50 million of market capitalization, to place items on the General Shareholders Meeting agenda, these will be honored provided they are submitted to CSM at least 45 days prior to the date of the meeting, unless such items are deemed incompatible with important company interests.

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

Common shares in CSM are listed on NYSE Euronext Amsterdam. The financing preference shares are not listed. No restrictions apply for the transfer of shares. If a shareholder or group of shareholders acquires 30% or more of the share capital, the said shareholder or group of shareholders is required by law to make an offer for the entire outstanding capital.

Shareholders have voting rights in proportion to the number of shares held.

With the exception of cases in which a larger majority is required by law or the Articles of Association, decisions at the General Shareholders Meeting will be taken by an absolute majority of the votes cast.

The members of the Supervisory Board and the Board of Management are appointed by the General Shareholders Meeting on the basis of nominations by the Supervisory Board. The CSM Articles of Association state that the General Shareholders Meeting can overrule any such nomination by an absolute majority of the votes cast, provided the said majority represents at least 1/3 of the issued capital. In contrast with the Code, no second meeting will be convened if there is no quorum, as a second meeting is not required by law.
The General Shareholders Meeting may decide to suspend or dismiss a member of the Board of Management or the Supervisory Board by an absolute majority of the votes cast, provided the said majority represents at least 1/3 of the issued capital. This quorum requirement does not apply if the proposal for suspension or dismissal is submitted by the Supervisory Board.

Decisions to amend the Articles of Association and/or dissolve the company may only be taken at a General Shareholders Meeting in which at least 2/3 of the issued capital is represented and by a majority of at least 3/4 of the votes cast, unless the proposal has been submitted by all incumbent members of the Board of Management with the collective approval of all incumbent members of the Supervisory Board, in which case the decision may be taken by an absolute majority of votes, regardless of the represented capital.

General Shareholders Meeting held in 2011
On 3 May 2011 the Annual General Shareholders Meeting was held.
The agenda with explanatory notes and the 2010 annual report were sent free of charge to shareholders requesting so. They were also available at the offices of CSM and the Royal Bank of Scotland and on the website of CSM.
In accordance with the Articles of Association, a registration date for the exercise of voting rights was determined.

All shares, both common and financing preference shares carry equal voting rights at the General Meeting of Shareholders. Votes may be cast directly, through a proxy or by voting instructions via internet through the website of the Royal Bank of Scotland (www.rbs.com/evoting).
The Articles of Association do not provide the possibility to issue depository shares ("certificaten").
During the Shareholders Meeting of 3 May 2011, a total of 27,964,752 common shares and 2,983,794 financing preference shares were represented.
The attendance rate to this meeting was 40.5%.

The Dutch version of the minutes was available as a draft on the website within the requisite time of three months. No comments on the draft were received and the minutes were adopted.

The following resolutions were adopted by the Shareholders Meeting of 3 May 2011:

1. Adoption of the financial statements 2010.
2. Approval of the statutory dividend on financing preference shares.
   Approval of the dividend on common shares of € 0.90 per share. Shareholders were given the choice between a cash dividend and a stock dividend charged to the reserves.
3. Discharge of the members of the Board of Management in respect of their management duties.
4. Discharge of the members of the Supervisory Board in respect of their supervisory duties.
5. Appointment of Mr. J.P. de Kreij as member of the Supervisory Board for a four year term as of 3 May 2011.
6. Re-appointment of Mr. W. Spinner as member of the Supervisory Board for a four year term as of 3 May 2011.
7. Authorization of the Board of Management to issue shares:
   It was approved to
   A. extend the period during which the Board of Management is authorized to issue ordinary shares, which includes the granting of rights to take up ordinary shares as provided for in Article 5 of the Articles of Association, to a date 18 months from the date of this Shareholders Meeting (i.e. up to and including 3 November 2012) on the understanding that this authorization of the Board of Management – in conjunction with decision C – is limited to 10% of the total number of shares outstanding as at the date of the decision to issue shares. This percentage may be increased to 20% in the event of mergers and acquisitions.
   B. extend the period during which the Board of Management is authorized to restrict or exclude the statutory pre-emptive rights when issuing ordinary shares, including the granting of rights to take up ordinary shares as provided for in Article 5 of the Articles of Association, to a date 18 months from the date of this Shareholders Meeting (i.e. up to and including 3 November 2012).
   C. to extend the period during which the Board of Management is authorized to issue

cumulative financing preference shares as provided for in Article 5 of the Articles of Association, to a date 18 months from the date of this Shareholders Meeting (i.e. up to and including 3 November 2012) on the understanding that this authorization of the Board of Management – in conjunction with decision A – is limited to 10% of the total number of shares outstanding as at the date of the decision to issue shares. This percentage may be increased to 20% in the event of mergers and acquisitions.

8. Authorization of the Board of Management to acquire shares in the share capital of the Company on behalf of the Company.
   It was approved that the Board of Management is authorized for a period of 18 months, starting from 3 May 2011 and subject to the approval of the Supervisory Board to acquire on behalf of the Company, within the confines of the law and the Articles of Association:
   Paid-up ordinary shares in the Company at a price which is at least € 0.01 and which is not higher than the market price incremented by 10%. The market price will be the average of the highest price per share as published in the Official Stock Exchange List (the Officiële Prijscourant) of Euronext Amsterdam on each of the five trading days preceding the date of acquisition, and
   Paid-up cumulative financing preference shares in the Company at a price which is equal to the amount to be paid – in accordance with the Articles of Association at force.
9. Re-appointment of Deloitte Accountants B.V. as the Auditor responsible for auditing the financial statements of CSM nv.

IV. Board of Management

Composition of the Board of Management
The Board of Management consists of two or more members to be determined by the Supervisory Board.

The Board of Management currently consists of two persons:

G.J. Hoetmer (1956), Chief Executive Officer

Nationality	:	Dutch
Previous position	:	Senior Vice President Supply Chain Unilever Foods, member of Unilever Foods Executive, Leader of Unilever's global overheads and organization restructuring
Additional position	:	Chairman Spieren voor Spieren Foundation
First appointed in	:	May 2005
Current term of office	:	2009-2013

N.J.M. Kramer (1959), Chief Financial Officer

Nationality	:	Dutch
Previous position	:	CFO and member of the Executive Board Koninklijke Wessanen NV
First appointed in	:	April 2006
Current term of office	:	2010-2014

Members of the Board of Management are appointed for a term of maximum four years.
Mr. Gerard Hoetmer has been reappointed as member of the Board of Management by the General Shareholders Meeting of 22 April 2009. Mr. N.J.M. Kramer has been reappointed as member of the Board of Management by the General Shareholders Meeting of 29 April 2010.

Functioning Board of Management
The Board of Management develops the objectives and the strategy and implements the strategic and operational policy of the company. The independent Supervisory Board supervises and advises the Board of Management. For certain decisions the Board of Management requires the prior approval of the Supervisory Board as set forth in article 12 of the Articles of Association of the Company, which can be found on the Company's website.

The members of the Board of Management are collectively responsible for the management of the Company. Notwithstanding their collective responsibility within the Board of Management, certain tasks and responsibilities for business clusters, functional areas and regional responsibilities have been assigned to the individual members.

Remuneration Board of Management
The remuneration of the Board of Management is determined by the Supervisory Board on the basis of the remuneration policy approved by the General Meeting of Shareholders.
The remuneration policy is set out in the Section “Remuneration Policy” in the Annual Report.
The full remuneration report is published on the CSM website.

Conflicts of interest
As part of the terms of their employment contract, the members of the Board of Management have undertaken not to compete with the CSM activities. CSM’s Code of Conduct contains rules on the acceptance by employees, management and directors of gifts of commercial value for themselves or their relatives, on the granting of advantages to third parties to the detriment of CSM and on taking advantage of business opportunities to which CSM is entitled. None of the members of the Board of Management is supplier of goods or, except as is necessary for the performance of their job, of services to CSM or its subsidiaries. During the year under review, no conflicts of interest were reported between the members of the Board of Management and CSM or its subsidiaries.

V. Supervisory Board

Composition of the Supervisory Board:
The Supervisory Board consists of at least three members.
Members of the Supervisory Board are appointed for a maximum of three four-year terms.

The current members of the Supervisory Board are:

M.P.M. de Raad (1945), Chairman

Nationality	:	Dutch
Previous positions	:	Member Board of Management Koninklijke Ahold N.V.
		Member Board of Management Metro AG
		Chairman Board SHV Makro N.V.
		Member Board SHV Holdings N.V.
Supervisory directorships	:	HAL Holding N.V.
		Metro AG Düsseldorf
		Vion Holding N.V.
		Vollenhoven Olie Groep B.V.
		TiasNimbas Business School, University of Tilburg

		Chairman Supervisory Board Jeroen Bosch Hospital
First appointed in	:	2004
Current term of office	:	2008 - 2012

Mr. R.H.P. Markham (1946), Vice-Chairman

Nationality	:	British
Previous positions	:	Executive Director and Chief Finance Officer Unilever
Supervisory directorships	:	Non-Executive Director of Legal and General Plc (UK) Non-Executive Director of United Parcel Services Inc. (UK) Non-Executive Director of Astra Zeneca Plc (UK) Non-Executive Director of Standard Chartered Plc (UK)
Additional Positions	:	Member of the Board of the Financial Reporting Council (UK) Chairman of the Board of Moorfield Eye Hospital NHS Foundation Trust (UK)
First appointed in	:	2010
Current term of office	:	2011 - 2014

J.P. de Kreij

Nationality	:	Dutch
Position	:	Vice Chairman Executive Board & Chief Financial Officer of Royal Vopak N.V.
Supervisory Directorships	:	Member Supervisory Board Evides N.V.
Additional Postions	:	Member Advisory Council of the Listed Companies of NYSE Euronext
First appointed in	:	2011
Current term of office	:	2011-2015

R. Pieterse (1942)

Nationality	:	Dutch
Previous position	:	Chairman Board of Management Wolters Kluwer N.V.
Supervisory directorships	:	Chairman Koninklijke Grolsch N.V. Chairman Mercurius Groep B.V. Non-executive director board SABMiller plc (UK)
Additional positions	:	Board member of various Foundations
First appointed in	:	2004
Current term of office	:	2008 - 2012

W. Spinner (1948)

Nationality	:	German
Previous position	:	Member Board of Management Bayer AG
Supervisory directorships	:	Member Altana AG, Wesel (Germany) Chairman ROESER GmbH Bochum (Germany) Chairman CABB International GmbH, Sulzbach (Germany) Member The Zuellig Group International Hong Kong
First appointed in	:	2004
Current term of office	:	2011 - 2015

Conflicts of Interest
In the judgement of the Supervisory Board all its members are independent as understood by the Code.
The Supervisory Board rules contain provisions with regard to potential conflicts of interest. In the year under review no transactions with a potential conflict of interest were reported.

Functioning of the Supervisory Board
The duties of the Supervisory Board are to supervise the Board of Management, the effectiveness and integrity of the internal control and risk management systems and procedures put in place by the Board of Management and the general conduct of affairs within CSM and its businesses, and to assist the Board of Management with advice in accordance with the best practices of the Code.

In addition, certain (material) decisions of the Board of Management, as specified in the law, in the Articles of Association and in the Supervisory Board rules, are also subject to the prior agreement of the Supervisory Board. The rules of the Supervisory Board as basis for its own functioning and for its relationship with the Board of Management can be found on CSM's website.

Company Secretary
The Supervisory Board is supported by Mr. J.W.E. van der Klaauw, Company Secretary and Director Legal and General Affairs of CSM.

Committees of the Supervisory Board
Audit Committee
The members of the Audit Committee are Mr. R. Pieterse (Chairman), Mr. W. Spinner and Mr. J.P. de Kreij.
In 2011 the Audit Committee met seven times in the presence of the CFO, the external auditors, the Director Financial Accounting, the Director Internal Control and the Director Audit Services. The agenda at these meetings covered, amongst others, the annual and half-year figures, the interim management statements, accounting issues, the operation of the internal risk management and control systems, tax matters, the financing plan, treasury, information technology developments and organization, the reports of the internal and external auditors and the functioning of the external auditors.

Nomination Committee
Following the resignation of Mr. P. Bouw as member of the Supervisory Board at the annual shareholders meeting early May 2011, the nomination committee consists of Messrs. M.P.M de Raad (Chairman) and R. Markham (member). Until then Mr. P. Bouw had been Chairman and M.P.M. de Raad member.
The nomination committee met five times in 2011. The nomination committee discussed among other subjects the composition of and changes in the Supervisory Board. Together with the Board of Management attention was paid to the functioning of the CSM Executive and other senior managers and the impact of the Relevance restructuring program. Next to that it discussed the outcome of the annual talent management review.

Remuneration Committee
Following the resignation of Mr. P. Bouw as member of the Supervisory Board at the annual shareholders meeting early May 2011, the remuneration committee consists of Messrs.

R. Markham (chairman) and M.P.M de Raad (member). Until then Mr. M.P.M. de Raad had been chairman and Mr. P. Bouw member.
The remuneration committee met six times in 2011 and discussed among other subjects the level of achievement of the 2010 Short Term Incentive Plan (STIP) targets for the members of the Board of Management, the progress of the STIP 2011 targets and the target setting for STIP 2012. They confirmed the vesting at par level of the Long Term Incentive Plan (LTIP) 2008. After the acquisition of Danisco by DuPont, it was decided to replace Danisco by Novozymes in the CSM peer group for the purpose of the LTIP.

Remuneration of the Supervisory Board
The Supervisory Board members receive remuneration determined by the General Shareholders Meeting, which remuneration is not dependent on the results of CSM.
The remuneration policy is set out in the Section “Remuneration Policy” in the Annual Report.
A full remuneration report is published on the CSM website.

No loans or advance payments or any guarantees to that effect have been granted to the members of the Supervisory Board. None of the members of the Supervisory Board has shares in the company or any option rights relating thereto (as at 20 February 2012).

VI. Required information Article 10 Directive 2004/25

With regard to the information referred to in the Resolution of article 10 of the EU Directive pertaining to a takeover bid which is required to be provided according to Dutch law, the following can be reported:

The capital structure of the company
CSM nv is an international holding company as understood by Section 153, subsection 3 paragraph b, of Book 2 of the Dutch Civil Code. The “large company” regime does not apply at the level of CSM nv.
Common shares in CSM are listed on NYSE Euronext Amsterdam. The financing preference shares are not listed. No restrictions apply for the transfer of shares. If a shareholder or group of shareholders acquires 30% or more of the share capital, the said shareholder or group of shareholders is required by law to make an offer for the entire outstanding capital.
As at 31 December 2011 67,658,699 common shares of € 0.25 each and 2,983,794 financing preference shares of € 0.25 each had been issued, including 78,327 commons shares held by CSM.

There are no special statutory rights related to the shares of the Company with the understanding that regarding dividends, if possible, a dividend shall first be paid from the profit recorded in the adopted financial statements on each cumulative financing preference share in a specific series. This dividend shall be equal to a percentage calculated on the basis of the amount paid on the cumulative financing preference shares. If the profit is insufficient the dividend on the cumulative financing preference shares shall be paid from the company reserves, with the exception of the reserves which were formed as share premium reserve upon the issue of the cumulative financing preference shares. If the dividend cannot be paid from the company reserves, it shall be paid in arrear in the subsequent financial years.

Major Holdings
Under the Listed Companies Disclosure Act of 2006, the following notifications of capital interest in CSM as at 31 December 2011 had been reported:

▪ ASR Nederland N.V.	6.68%
▪ ING Groep N.V.	10.59%
▪ Lansdowne Partners Limited	10.15%

As at 20 February 2012 CSM nv has a capital interest of 0.1%.

Restrictions on the transfer of securities and on voting rights
Common shares in CSM are listed on NYSE Euronext Amsterdam. The financing preference shares are not listed. No restrictions apply for the transfer of shares.

There are no restrictions on the voting rights on the Company's shares.
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. When convening a General Meeting of Shareholders the Board of Management is entitled to determine a registration date in accordance with the relevant provisions of the Dutch law.

The rules governing the appointment and dismissal of Board members and the amendment of the Articles of Association
The members of the Board of Management and the Supervisory Board will be appointed by the General Shareholders Meeting on the basis of nominations by the Supervisory Board. The General Shareholders Meeting can reject the nominations by an absolute majority of votes, provided this majority represents at least 1/3 of the issued capital. Members of the Board of Management are appointed, suspended and dismissed by the Supervisory Board.

Resolutions to amend the provisions in the Articles of Association and to wind up the Company may be passed only by a General Shareholders Meeting at which at least two-thirds of the issued capital is represented and by a majority of at least three-quarters of the votes cast. If however a proposal for a resolution as referred to in the preceding sentence is made jointly by all the members of the Board of Management in office and if such proposal is put to the General Shareholders Meeting with the joint approval of all the Supervisory Board members in office, the said resolution may be passed by an absolute majority of the votes cast, irrespective of the capital represented.
When a proposal to amend the Articles of Association is made, such proposal must always be mentioned in the notice convening the General Shareholders Meeting; a copy of the proposal, containing the exact wording of the amendment(s), must be deposited for perusal by any holder of participation rights at the Company's office from the time of the convening of the meeting until the time of the end of the meeting, and a free copy of the said proposal must be obtainable by any holder of participation rights at the Company's office; mention must be made of such deposit in the notice convening the meeting.
Amendments to the Articles of Association that entail changes to the rights granted to the holders of financing preference shares from one or more specific series must first be approved by the meeting of holders of such series (whether one or more) of financing preference shares.

The rules on the issuance and repurchase of shares by the Company.
Significant agreements to which the Company is a party and which contain change of control rights except where their nature is such that their disclosure would be seriously prejudicial to the Company
The powers of the Board of Management relating to the issuance of shares of the Company and those relating to the acquisition by the Company of shares in its own capital are set out in article 5 of the Articles of Association.

CSM has two credit facilities. These facilities are described in the Financial Statements. The terms of the credit facilities include a "change of control" clause. Change of control means (1) the holding by a third party of more than half of the issued share capital or (2) "acting in concert" meaning a group of persons who, pursuant to an agreement, or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares, to obtain or consolidate control of CSM.
In case of such a "change of control" the lenders are entitled to demand immediate repayment of the loans.

Agreements between the Company and its Board members or employees providing for a "golden parachute"
CSM has no agreements with its Board members or employees providing for a “golden parachute”.

20 February 2012