

**UMICORE**

Limited Company ("Naamloze Vennootschap" / "Société Anonyme")  
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**STATUTORY ANNUAL REPORT – FISCAL YEAR 2017**

To the shareholders,

In accordance with legal and statutory obligations, we hereby report to you on the execution of our appointment for the year ended 31 December 2017 and submit the annual accounts for your approval.

**1. RESULT AND POSITION OF THE COMPANY**

**1.1. PROFIT AND LOSS STATEMENT**

**1.1.1. SUMMARY**

For the full year 2017, the statutory accounts of Umicore (or the "Company") show a net profit after taxes of 149,816 KEUR versus a profit of 148,537 KEUR in the comparable period 2016. This means an increase of 1,279 KEUR, broken down as follows:

<b>Profit &amp; loss statement</b>	<b>31/12/2017</b>	<b>31/12/2016</b>	<b>Delta</b>
Operating result - recurring	59 774	37 661	22 113
Operating result - non recurring	0	-34 625	34 625
<b>Operating result</b>	<b>59 774</b>	<b>3 036</b>	<b>56 738</b>
Financial result - recurring	97 919	184 949	-87 030
Financial result - non recurring	-6 603	-40 125	33 522
<b>Financial result</b>	<b>91 316</b>	<b>144 824</b>	<b>-53 508</b>
<b>Profit before taxes</b>	<b>151 090</b>	<b>147 860</b>	<b>3 230</b>
Income taxes	-1 274	677	-1 951
<b>Net profit of the year</b>	<b>149 816</b>	<b>148 537</b>	<b>1 279</b>

**1.1.2. OPERATING RESULT**

The increase in results in 2017 vs 2016 is mostly attributable to a better performance in the Energy & Surface Technology units on the back of their growth and the overall better market conditions. No non-recurring operating results in 2017 are reported versus the -34,625 KEUR in 2016 which related to the part of the BU Building Products fine directly paid by Umicore to the French Competition Authority.

### 1.1.3. ECONOMIC CONTEXT BY ACTIVITY

#### A. RECYCLING

Revenues for **Precious Metals Refining** were stable year on year, with volume growth and a more supportive metal price environment offset by somewhat lower commercial terms in the second half of the year.

The ramp-up of the additional capacity in Hoboken over the course of the year resulted in an increased throughput rate and higher processed volumes compared to the previous year. The regular maintenance shutdown of the smelter in the last quarter was completed successfully and operations restarted smoothly thereafter.

While the availability of industrial byproducts and end-of-life materials was supportive of the capacity ramp-up, the commercial terms were negatively impacted by increasing competition in some segments.

In the beginning of 2017 Umicore announced a series of projects with a view to further enhancing the Hoboken plant's environmental performance. In this respect, the revamping of the lead refinery, which will further reduce the risk of emissions, is progressing well.

#### B. ENERGY & SURFACE TECHNOLOGIES

Revenues and volumes for **Rechargeable Battery Materials** were significantly higher year on year, driven by strong demand for Umicore's cathode materials used in Li-ion batteries across the main applications (transportation, portables and energy storage). The fast ramp-up of additional production capacity in China and Korea supported this rapid growth over the year and allowed for an acceleration in the second half of the year.

The main driver for the continued strong demand for Umicore's cathode materials was the increase in demand for electrified cars with sales of full electric and plug-in hybrid cars growing 65% to some 1.3 million units in 2017.

Global demand for Li-ion rechargeable batteries used in electrified vehicles will continue to grow fast as automotive OEM's roll out their electrification strategy. Further strengthening of emission targets, particularly in China and Europe, is pushing OEM's to put more electrified models with longer driving ranges on the road. NMC is the chemistry of choice for batteries used in plug-in hybrid and full electric vehicles and demand for this chemistry is growing rapidly. Umicore is benefiting disproportionately from this trend due to its competitive offer of a wide range of high-quality transportation grade NMC-products, a unique ability to scale up fast, and the early qualification with a large number of cell manufacturers and automotive OEM's.

Revenues for **Cobalt & Specialty Materials** were significantly higher year on year driven by volume growth and favorable market conditions across activities, in particular in refining, recycling and distribution. Demand for nickel chemicals, precursors for battery applications and metal carboxylates was also strong.

Construction work to upgrade and expand the cobalt and nickel refinery in Olen is well underway and the facility is expected to be commissioned in the second half of 2018.

Revenues from **Electro-Optics Materials** were stable compared to the previous year, with higher revenues for finished infrared optics and substrates offset by a smaller contribution from the refining and recycling activities. Revenues for germanium tetrachloride remained stable.

## C. DISCONTINUED OPERATIONS

Umicore completed the sale of **Building Products**, including its Belgian operations, to Fedrus International effective 29 September 2017. These Belgian activities were already lodged in a separate legal entity since 2015.

## D. CORPORATE

Overall corporate costs have increased compared to 2016 explained amongst others by one-off project costs related to acquisitions and divestitures.

### 1.1.4. FINANCIAL RESULT

The dividend income amounted to 152,495 KEUR YTD December 2017, compared to 239,746 KEUR for YTD December 2016, or a decrease of 87,251 KEUR. The most important dividends during 2017 were intercompany dividends received from Umicore International (145,000 KEUR in 2017 versus 230,000 KEUR in 2016). Dividends were also received from Umicore Korea (2,861 KEUR) and Umicore Specialty Materials Brugge (4,400 KEUR).

Interest charges further decreased compared to last year (46,130 KEUR versus 54,627 KEUR in 2016) and are linked to the long and short term debts, both externally and within the group.

The non-recurring financial result improved significantly from 40,125 KEUR loss in 2016 to a loss of 6,603 KEUR in 2017 or an improvement of 33,522 KEUR. The 2017 results include mainly impairments on the participation in Umicore Argentina (2,698 KEUR) and on the Nyrstar shares for an amount of 3,052 KEUR, (closing rate at 31 December 2017 amounts to 6.71 EUR/share vs 7.80 EUR/share at year-end 2016 or a decrease of 1.09 EUR/share).

In 2017, the non-recurring financial result was largely driven by the impairments on the participations in Umicore France (-34,622 KEUR), Umicore Finance Norway (-6,698 KEUR), Umicore Argentina (-3,387 KEUR) and on the Nyrstar shares (-6,166 KEUR), partly offset by the realized gain (12,172 KEUR) on the sale of the zinc activities in Belgium.

### 1.1.5. INCOME TAXES

The negative tax result of 1,274 KEUR in 2017 consists mainly of foreign withholding taxes. In 2016 the positive tax result came mainly from R&D tax credits, compensated partially by foreign withholding taxes.

### 1.1.6. APPROPRIATION OF THE RESULT

The total result available for appropriation at end December 2017 stands at 505,280 KEUR. This takes into account the profit of the year 2017 of 149,816 KEUR, the profit carried forward for an amount of 418,904 KEUR and the release from the unavailable reserve related to the movements in the own shares for a total amount of 7,862 KEUR. It also includes the allocation of the interim dividend over 2017 paid in August 2017 amounting to 71,302 KEUR.

## 1.2. BALANCE SHEET

### 1.2.1. MOVEMENTS OF THE CAPITAL AND SHARE PREMIUM

On 16 October 2017, each Umicore share was split into two new shares. Therefore, the share capital as at 31 December 2017 was composed of 224,000,000 shares. This split had no impact on the outstanding capital nor the share premiums. There were no other movements on the capital and share premiums in 2017.

### 1.2.2. OWN SHARES

The own shares value decreased from 89,616 KEUR on 31 December 2016 to 81,754 KEUR on 31 December 2017. The variance of 7,862 KEUR is detailed below:

<b>Own Shares</b>	<b>Number</b>	<b>KEUR</b>
Balance per 01/01/2017	2 673 150	89 616
Acquisitions	414 865	21 806
Exercises of options and use of free shares 01/17 -15/10/17	-790 294	-28 057
Split of the shares 16/10/2017	2 297 721	0
Exercises of options and use of free shares 16/10/17 -12/17	-89 875	-1 611
<b>Balance per 31/12/2017</b>	<b>4 505 567</b>	<b>81 754</b>

This balance represents 2.01% of the total shares outstanding.

### 1.2.3. INVESTMENTS IN INTANGIBLE FIXED ASSETS

The net intangible fixed assets decreased from 117,183 KEUR at the end of December 2016 to 110,018 KEUR at year-end 2017 or a decrease of 7,165 KEUR.

For 2017, investments in intangible assets were recorded for a total amount of 31,059 KEUR. Investments relate mainly to the acquisition of patents (4,385 KEUR), capitalized R&D projects (22,491 KEUR), capitalized IS costs (1,514 KEUR) and CO<sub>2</sub>-emission rights (1,748 KEUR).

### 1.2.4. INVESTMENTS IN TANGIBLE FIXED ASSETS

The net tangible fixed assets increased from 365,507 KEUR at year-end 2016 to 398,464 KEUR at year-end 2017 or an increase of 32,957 KEUR.

New investments in tangible assets in 2017 amounted to a total of 90,635 KEUR. The main investments were made at the Hoboken (56,345 KEUR) and the Olen (30,876 KEUR) sites.

At year end 2017, the tangible fixed assets includes an amount of 3,066 KEUR related to a financial leasing set-up for an investment at the Olen site.

The investments in the Hoboken facility related mainly to the capacity expansion program, that was initiated in 2014. Next to that, Umicore made substantial investments to further reduce metal emissions and to revamp the current asset base mainly at the lead refinery.

In the CSM plant in Olen, main investments relate to the construction of the new building and process equipment for the cobalt refinery which is expected to be commissioned in the second half of 2018, as well as the construction of a new site restaurant that was inaugurated in January 2018

In Olen's EOM plant, High Purity Chemicals successfully completed the upgrade of the facility.

The renovation of the Metallurgy building and administrative offices was initiated at the end of 2017 and is foreseen to be finalized by 2021-

#### 1.2.5. FINANCIAL FIXED ASSETS

The financial fixed assets increased by 244,191 KEUR to 3,609,219 KEUR

Main movements are linked to capital increases in Umicore International (+250,000 KEUR) and Umicore Argentina (+3,202 KEUR) and the sale of the participation in Umicore Building Products Poland (-3,017 KEUR) and value adjustments on the participations of Umicore Argentina (-2,698 KEUR), Umicore Finance Norway (- 711 KEUR) and Nyrstar (-3,052 KEUR). – see also § 1.1.4 here above.

#### 1.2.6. INVENTORIES

Overall inventory levels remained stable with only a small decrease of 12,380 KEUR from 351,864 KEUR at 31 December 2016 to 339,484 KEUR at the end of 2017.

The decrease is mainly explained by increased inventory of raw materials (+ 9,969 KEUR) and advance payments (+5,567 KEUR) compensated by decreases in work in progress (-11,281 KEUR) and finished goods (-16,636 KEUR). The combined impact of metal price and volume variations at the different business units resulted in this limited change in inventory value overall.

#### 1.2.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

The amounts receivable within one year increased by 165,528 KEUR compared to last year, mainly due to increased trade receivables (+131,850 KEUR), largely explained by the impact of higher metal prices and volumes in the Energy & Surface Technology business units.

#### 1.2.8. TREASURY INVESTMENTS

The investment in own shares decreased from 89,616 KEUR to 81,754 KEUR: see 1.2.2. "Own shares".

#### 1.2.9. PROVISIONS FOR LIABILITIES AND CHARGES

The provisions for liabilities and charges increased by 5,651 KEUR, which is mainly explained by an increase related to higher expected stock option settlement costs (+ 11,261 KEUR) partly offset by a decrease in pension liabilities (- 4,087 KEUR). The remaining differences are explained by movements in the litigations and the environmental provisions.

#### 1.2.10. FINANCIAL DEBT (long term and short term)

Total financial debt compared to 31 December 2016 increased by 366,209 KEUR.

Long term bank loans increased with 690,000 KEUR, representing the proceeds of the Schuldschein loan and the US Private Placement offerings.

On the other hand, a long-term loan of 978,000 KEUR towards Umicore Long Term Finance was transferred to short term debt as it will be reimbursed in 2018.

The short-term loans increased by 654,333 KEUR, which is mainly explained by the transfer of the current portion of the long-term loans falling due in 2018 (+978,000 KEUR) as well as a decrease of the intra group short term loan position, mainly with Umicore Financial Services,

amounting to -273,667 KEUR and the reimbursement of the current portion of some long-term loans in the course of 2017 (-50,000 KEUR).

### **1.3. PERSONNEL (social balance)**

The approach and policy on social management are determined at group level. For a more detailed analysis of the social engagement we refer to the Umicore website <http://annualreport.umicore.com/management-review/group-review/management-approach/social/Approach/> and the annual report on the consolidated accounts.

#### Workforce

The total number of employees (full time equivalents) on Umicore's payroll in Belgium at year-end slightly increased from 2,661 in 2016 towards 2,731 in 2017. On average Umicore employed 2,683 FTE's during the year 2017.

#### People development

Training and development are considered as a key investment in competence building. Umicore expects people to drive their career including taking initiatives to continue to develop their own competencies. The total number of formal and informal training hours remains at a high level (129,416 hours in 2017 versus 135,531 hours in 2016).

#### Preferred employer

Umicore strives to be a preferred employer for both current and potential employees. In 2017 Umicore was once more recognized as top employer by the Top Employer Institute.

#### Occupational health and safety

In 2017, Umicore recorded a total of 29 lost time accidents compared to 34 in 2016. In total 1,053 days were lost, down from 1,662 in 2016. While the Company relentlessly searches for a safety breakthrough, this performance falls still short of Umicore's accident-free workplace objective. Twenty-three of these accidents occurred at the site in Hoboken (Recycling). The site management has launched a comprehensive safety campaign based upon passion for safety, caring and teamwork with the aim to install and maintain a safety culture where all take care for their safety and the safety of their fellow workers.

The group-wide process safety project made further progress by finalizing the standards and guidance notes related to 'integrity of design', 'technical integrity' and 'operational integrity'. With their publication, the process safety documentation for the group has been completed.

## **2. SUBSEQUENT EVENTS AND CONTINGENT LIABILITIES**

On 12 February 2018 the Company's share capital was increased by 50,000,000 EUR through the issuance of 22,400,000 new shares. The new shares were fully subscribed and paid-up for a total gross amount of 891,520,000 EUR (issuance premium included). This capital increase took place in the framework of the authorized capital and was realized by way of a private placement to institutional investors through an accelerated bookbuilding procedure. The preferential subscription right of the existing shareholders was disapplied with respect to this capital increase

The proceeds will be used to fund growth investments, particularly in cathode materials and will provide more financial flexibility to pursue potential acquisitions and partnerships that would further strengthen Umicore's offering in clean mobility materials and recycling.

The new shares from the capital increase will be entitled to a dividend payment of 0.375 EUR corresponding to the balance of the gross annual dividend for 2017, subject to shareholders' approval of a full year dividend of 0.70 EUR per share.

### **3. DEVELOPMENT OF THE COMPANY.**

The process to divest the zinc activities came to an end with the sale of the Building Products activity to Fedrus International, effective end of September 2017.

We refer as well to the previous point regarding the capital increase and its foreseen impact on the development of the Company.

A more elaborate description of the Company's global development and the key underlying trends, opportunities and risks can be found in Umicore's annual report.

### **4. RESEARCH AND DEVELOPMENT**

For a more detailed analysis of the research and development activities, we refer to the annual report on the consolidated annual accounts.

### **5. CORPORATE GOVERNANCE STATEMENT**

#### **5.1. CORPORATE GOVERNANCE CODE**

Umicore has adopted the 2009 Belgian Code on Corporate Governance as its reference code. The English, Dutch and French versions of the Code can be found on the website of the Belgian Corporate Governance Committee ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

The Corporate Governance Charter describes in detail the governance structure of the Company, as well as the policies and procedures of the Umicore group. The Charter is available on the Umicore website (<http://www.umicore.com/en/governance/corporate-governance-charter/>) and may be obtained on request from Umicore's group Communications Department. Umicore has articulated its mission, values and basic organizational philosophy in a document called "*The Umicore Way*". This document spells out how Umicore views its relationship with its customers, shareholders, employees and society. It is supplemented by detailed company codes and policies, the most significant of which is the Code of Conduct.

In terms of organizational philosophy, Umicore believes in decentralization and in entrusting a large degree of autonomy to each of its business units. The business units in turn are accountable for their contribution to the group's value creation and for their adherence to group strategies, policies, standards and sustainable development approach.

In this context, Umicore is convinced that a sound corporate governance structure constitutes a necessary condition to ensure its long term success. This implies an effective decision-making process based on a clear allocation of responsibilities. This approach must ensure an optimal balance between a culture of entrepreneurship at the level of the business units and effective steering and oversight processes. The Corporate Governance Charter deals in more detail with the responsibilities of the shareholders, the board of directors, the CEO and the executive committee and also the specific role of the audit committee and of the nomination & remuneration committee. The present statements provide information on governance issues which relate primarily to the financial year 2017.

#### **5.2. CORPORATE STRUCTURE**

The board of directors is the ultimate decision-making body of Umicore, subject to all matters specifically reserved to the shareholders' meeting by the Belgian Companies Code or Umicore's articles of association. The board is assisted in its role by an audit committee and a nomination

& remuneration committee. The day-to-day management of Umicore has been delegated to the CEO, who also chairs the executive committee. The executive committee is responsible for devising the overall strategy of Umicore and for submitting it to the board for review and approval. It is also entrusted with the implementation of this strategy and with the effective oversight of the business units and corporate functions. The executive committee is furthermore responsible for screening the various risks and opportunities that Umicore may encounter in the short, medium or longer term (see Risk Management section) and for ensuring that adequate systems are in place in order to address these. The executive committee is responsible for defining and applying Umicore's approach to sustainable development.

Umicore is organized in business groups which in turn comprise business units that share common characteristics in terms of products, technologies and end-user markets. Some business units are further subdivided into market-focused business lines. In order to provide a group-wide support structure, Umicore has regional management platforms in China, North America, Japan and South America. Umicore's corporate headquarters are based in Belgium. This centre provides a number of corporate and support functions in the areas of finance, human resources, internal audit, legal and tax, as well as public and investor relations.

### **5.3. SHAREHOLDERS**

#### **5.3.1. ISSUED SHARES – CAPITAL STRUCTURE**

On 31 December 2017 there were 224,000,000 Umicore shares in issue, compared to 112,000,000 on 31 December 2016. This increase resulted from the share split approved by the extraordinary shareholders' meeting held on 7 September 2017, whereby each old share was split into two new shares effective as from 16 October 2017. All the below numbers of shares are mentioned on a post-share split basis.

The following shareholders had declared a participation of 3% or more on 31 December 2017 (the below participations are the participations declared by said shareholders in their transparency declarations):

- Family Trust Desmarais, Albert Frère and Groupe Bruxelles Lambert SA/NV:	33,605,672 shares (15.00%)
- BlackRock Inc.:	10,876,681 shares (4.86%)
- Vanguard International Growth Fund:	6,775,231 shares (3.02%)
- Stichting Pensioenfonds ABP/APG Asset Management N.V.:	6,728,778 shares (3.00%)

Also on 31 December 2017 Umicore owned 4,505,567 of its own shares representing 2.01% of its capital. Information concerning the shareholders' authorization for Umicore to buy back its own shares and the status of such buy-backs can be consulted in the Corporate Governance Charter and on Umicore's website.

During the year 1,597,551 own shares were used in the context of the exercise of employee stock options and 71,912 shares were used for share grants, of which 10,312 to the board members, 54,800 to the executive committee members and 6,800 following a partial conversion into shares of the bonus of the CEO.

#### **5.3.2. DIVIDEND POLICY AND PAYMENT**

Umicore's policy is to pay a stable or gradually increasing dividend. There is no fixed pay-out ratio. The dividend is proposed by the board at the ordinary (or annual) shareholders' meeting. No dividend will be paid which would endanger the financial stability of Umicore.

In 2017 Umicore paid a gross dividend of 1.30 EUR (0.65 EUR on a post-share split basis) per share relating to the financial year 2016. This was an increase by 0.10 EUR (0.05 EUR on a



post-share split basis) compared to the gross dividend paid in 2016 in respect of the financial year 2015.

In July 2017 the board, in line with the Umicore dividend policy, decided to pay an interim dividend, equalling 50% of the total dividend declared for the previous financial year. Therefore a gross interim dividend of 0.65 EUR (0.325 EUR on a post-share split basis) per share was paid on 29 August 2017.

### 5.3.3. SHAREHOLDERS' MEETINGS 2017

The annual shareholders' meeting was held on 25 April 2017. On this occasion, the shareholders approved the standard resolutions regarding the annual accounts, the appropriation of the results and the discharges to the directors and to the statutory auditor regarding their respective 2016 mandates. At the same general meeting, the shareholders appointed Mrs Liat Ben-Zur and Mr Gérard Lamarche respectively as new, independent director and as new director, both for a period of three years. Furthermore, the mandate of Mrs Ines Kolmsee as independent director was renewed for three years. The annual shareholders' meeting also approved the remuneration of the board for 2017. Details of the fees paid to the directors in 2017 are disclosed in the remuneration report.

Also on 25 April 2017 an extraordinary shareholders' meeting renewed the authorization conferred to the Company and its direct subsidiaries to acquire Umicore shares on a regulated market within a limit of 10% of the subscribed capital, at a price per share between 2 EUR and 37.50 EUR (amounts adapted on a post-share split basis). This authorization is valid until 31 May 2021 (included).

Finally, a special and an extraordinary shareholders' meeting were held on 7 September 2017, which approved two change of control clauses and the split of each then existing share into two new shares effective as from 16 October 2017, as well as the cancellation of a temporary provision in the bylaws on fraction of shares and a modification to the date of the annual shareholders' meeting.

## **5.4. BOARD OF DIRECTORS**

### 5.4.1. COMPOSITION

The board of directors, whose members are appointed by the shareholders' meeting resolving by a simple majority of votes without any attendance requirement, is composed of at least six members. The directors' term of office may not exceed four years. In practice, directors are elected for a (renewable) period of three years.

Directors can be dismissed at any time following a resolution of a shareholders' meeting deciding by a simple majority of the votes cast. There are no attendance requirements for the dismissal of directors. The articles of association provide for the possibility for the board to appoint directors in the event of a vacancy. The next general meeting must decide on the definitive appointment of the above director. The new director completes the term of office of his or her predecessor.

On 31 December 2017, the board of directors was composed of ten members: nine non-executive directors and one executive director.

On the same date six directors were independent in accordance with the criteria laid down in Article 526ter of the Belgian Companies Code and provision 2.3 of the 2009 Belgian Code on Corporate Governance.

Three of the ten board members in office on 31 December 2017 are women. As a result, Umicore fully meets the minimum representation threshold of one-third, as imposed by the Belgian Companies Code.

The directors on the board possess a diversity of skills, backgrounds and experience that help ensure that it is an effective governance body for Umicore.

In terms of gender and cultural diversity, the board counts three women and six different nationalities among its 10 members. Diversity also arises from the board's members educational backgrounds that includes engineering, law, economics, finance and applied languages. The board's cumulative industry experience is broad, covering automotive, electronics, chemicals, metals, energy, finance and jewellery sectors. It also includes people experienced in the public and private sector and members with experience in the different regions in which Umicore is active. Collectively the board possesses strong experience of managing industrial operations and counts nine active or former Chief Executive Officers in its ranks. The board also has collective experience in disciplines that are specifically relevant to Umicore's non-financial Horizon 2020 goals such as health and safety, talent attraction and retention and supply chain sustainability.

The composition of the board of directors underwent the following changes in 2017:

- Mrs Liat Ben-Zur was appointed independent director for a period of three years at the annual shareholders' meeting held on 25 April 2017;
- Mr Gérard Lamarche was appointed director for a period of three years at the above annual shareholders' meeting;
- The mandate of Mr Jonathan Oppenheimer as director expired on 25 April 2017;
- The mandate of Mrs Barbara Kux as independent director expired on 25 April 2017;
- Mr Ian Gallienne resigned as director with effective date 25 April 2017.

#### 5.4.2. MEETINGS AND TOPICS

The board of directors held seven regular meetings in 2017, two of which were held via conference call. On one occasion, the board also took decisions by unanimous written consent.

During 2017 the matters reviewed by the board included:

- financial performance of the Umicore group;
- approval of the annual and half-year financial statements;
- adoption of the statutory and consolidated annual accounts and approval of the statutory and consolidated annual reports;
- approval of the agenda of the ordinary, special and extraordinary shareholders' meetings and calling of these meetings;
- investment and divestment projects;
- funding mandates;
- EHS review, including sustainable development;
- audit committee reports;
- strategic opportunities and operational challenges;
- business reviews and market updates;
- mergers & acquisitions projects;
- annual performance review of the CEO and the other members of the executive committee;
- succession planning at the level of the board and the executive committee;
- litigation updates;
- interim dividend distribution.

The board also visited the Umicore Automotive Catalyst site in Onsan (South Korea) and the Rechargeable Battery Materials plant in Cheonan (South Korea).

#### 5.4.3. PERFORMANCE REVIEW OF THE BOARD AND ITS COMMITTEES

The chairman regularly conducts a performance review of the board and its committees.

The next performance review will take place in the first half of 2018 on the basis of assessment forms and/or board discussions.

#### 5.4.4. AUDIT COMMITTEE

The audit committee's composition and the qualifications of its members are fully in line with the requirements of Article 526bis of the Belgian Companies Code and the 2009 Belgian Code on Corporate Governance.

The audit committee is composed of three non-executive directors, two of them being independent. It is chaired by Mrs Ines Kolmsee.

The composition of the audit committee underwent one change in 2017: Mr Mark Garrett was replaced by Mr Colin Hall with effective date 29 July 2017.

All the members of the Audit committee have extensive experience in accounting and audit matters as demonstrated by their curriculum.

The committee met four times in 2017. Apart from the review of the 2016 full year and the 2017 half year accounts, the audit committee discussed matters related to internal audit, risk management, internal controls, IT strategy and non-audit services provided by the Company's statutory auditor. The 2018 internal audit plan was validated. Finally, the audit committee also reviewed the proposed audit plan 2017-2019 of the renewed statutory auditor mandate assignment.

#### 5.4.5. NOMINATION AND REMUNERATION COMMITTEE

The nomination & remuneration committee is composed of three members who are all non-executive directors, two of them being independent. It is chaired by the chairman of the board. The composition of the nomination & remuneration committee underwent one change in 2017: Mrs Barbara Kux was replaced by Mr Mark Garrett with effective date 25 April 2017.

Two nomination & remuneration committee meetings were held in 2017. During the same period, the committee discussed the remuneration policy for the board members, the board committee members and executive committee members, and the rules of the stock grant and option plans offered in 2017. The committee also discussed the succession planning at the level of the board and the executive committee.

### **5.5. EXECUTIVE COMMITTEE**

#### 5.5.1. COMPOSITION

The executive committee has the form of a "*comité de direction*" / *directiecomité*" as defined under Article 524bis of the Belgian Companies Code.

The executive committee is composed of at least four members. It is chaired by the CEO, who is appointed by the board of directors. The members of the executive committee are appointed by the board of directors upon proposal by the CEO and upon recommendation of the nomination & remuneration committee.

The composition of the executive committee remained unchanged in 2017.

On 31 December 2017, the executive committee was composed of seven members including the CEO.

#### 5.5.2. PERFORMANCE REVIEW

A review of the performance of each executive committee member is conducted annually by the CEO and discussed with the nomination & remuneration committee. The results are presented and discussed to/by the board of directors.

The board of directors also meets annually in a non-executive session (i.e. without the CEO being present) in order to discuss and review the performance of the CEO.

The above performance reviews took place on 9 February 2017.

### **5.6. RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID**

#### 5.6.1. RESTRICTIONS ON TRANSFERRING SECURITIES

Umicore's articles of association do not impose any restriction on the transfer of shares or other securities.

The Company is furthermore not aware of any restrictions imposed by law except in the context of the market abuse legislation and of the lock-up requirements imposed on some share grants by the Belgian Companies Code.

The options on Umicore shares as granted to the CEO, to the members of the executive committee and to designated Umicore employees in execution of various Umicore incentive programs may not be transferred *inter vivos*.

#### 5.6.2. HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS

There are no such holders.

#### 5.6.3. VOTING RIGHT RESTRICTIONS

Umicore's articles of association do not contain any restriction on the exercise of voting rights by shareholders, providing the shareholders concerned are admitted to the shareholders' meeting and their rights are not suspended. The admission rules to shareholders' meetings are articulated in Article 17 of the articles of association. According to Article 7 of the articles of association the rights attached to shares held by several owners are suspended until one person is appointed as owner vis-à-vis the Company.

To the board's best knowledge none of the voting rights attached to the shares issued by the Company were suspended by law on 31 December 2017, save for the 4,505,567 shares held by the Company itself on that date (Article 622 §1 of the Belgian Companies Code).

#### 5.6.4. EMPLOYEE STOCK PLANS WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

The Company has not issued such employee stock plans.

#### 5.6.5. SHAREHOLDERS' AGREEMENTS

To the board's best knowledge there are no shareholders' agreements which may result in restrictions on the transfer of securities and/or the exercise of voting rights.

#### 5.6.6. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Save for capital increases decided by the board of directors within the limits of the authorized capital, only an extraordinary shareholders' meeting is authorized to amend Umicore's articles of association. A shareholders' meeting may only deliberate on amendments to the articles of association – including capital increases or reductions, as well as mergers, de-mergers and a winding-up – if at least 50% of the subscribed capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will deliberate regardless of the portion of the subscribed capital represented. As a general rule amendments to the articles of association are only adopted if approved by 75% of the votes cast. The Belgian Companies Code provides for more stringent majority requirements in specific instances, such as the modification of the corporate object or the company form.

The Company's articles of association were amended once in 2017, following the extraordinary shareholders' meeting held on 7 September 2017, which approved a share split, the cancellation of a temporary provision on fraction of shares and a modification to the date of the annual shareholders' meeting.

#### 5.6.7. AUTHORIZED CAPITAL – BUY-BACK OF SHARES

The Company's share capital may be increased following a decision of the board within the limits of the so-called "authorized capital". The authorization must be granted by an extraordinary shareholders' meeting; it is limited in time and amount and is subject to specific justification and purpose requirements. The extraordinary shareholders' meeting held on 26 April 2016 (resolutions published on 13 May 2016) has renewed the authorization granted to the board to increase the Company's share capital in one or more times by a maximum amount of 50,000,000 EUR. Up until 31 December 2017 this authorization had not been used. It will lapse on 12 May 2021.

Following a resolution of the extraordinary shareholders' meeting held on 25 April 2017 the Company is authorized to buy back own shares on a regulated market within a limit of 10% of the subscribed capital, at a price per share comprised between 2.00 EUR and 37.50 EUR (amounts adapted following the share split approved on 7 September 2017) and until 31 May 2021 (included). The same authorization was also granted to the Company's direct subsidiaries. The Company acquired 828,730 own shares in 2017 in implementation of the above authorization.

#### 5.6.8. AGREEMENTS BETWEEN THE COMPANY AND ITS BOARD MEMBERS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN, OR ARE MADE REDUNDANT WITHOUT VALID REASON, OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKE-OVER-BID

All the senior vice-presidents of the Umicore group are entitled to a compensation equivalent to 36 months base salary in the event of a dismissal within twelve months after a change of control of the Company. As far as the members of the executive committee are concerned, reference is made to the remuneration report.

## **5.7. STATUTORY AUDITOR**

At the annual shareholders' meeting held on 25 April 2017 the statutory auditor's mandate of PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL was renewed for a period of three years. The statutory auditor is represented by Mr Kurt Cappoen for the exercise of this mandate.

Following the new applicable legislation on auditing services, the mandate of the current statutory auditor, who was initially appointed in 1993, will only be renewable once, i.e. in 2020 (the latter provided it occurs before 17 June 2020).

The Umicore policy detailing the independence criteria for the statutory auditor may be requested from Umicore.

## **5.8. CODE OF CONDUCT**

Umicore operates a Code of Conduct for all its employees, representatives and board members. This Code of Conduct is fundamental to the task of creating and maintaining a relation of trust and professionalism with its main stakeholders namely its employees, commercial partners, shareholders, government authorities and the public.

The main purpose of Umicore's Code of Conduct is to ensure that all persons acting on behalf of Umicore carry out their activities in an ethical way and in accordance with the laws and regulations and with the standards Umicore sets through its present and future policies, guidelines and rules. The Code of Conduct contains a specific section on complaints and expressions of concern by employees and "whistle-blower" protection.

The Code of Conduct is published in Appendix 4 to Umicore's Corporate Governance Charter.

## **5.9. MARKET MANIPULATION AND INSIDER TRADING**

Umicore's policy related to market abuse including insider trading is spelled out in the Umicore Dealing Code, which can be found under Appendix 5 to the Corporate Governance Charter.

## **5.10. COMPLIANCE WITH THE 2009 BELGIAN CODE ON CORPORATE GOVERNANCE**

Umicore's corporate governance systems and procedures are in line with the 2009 Belgian Code on Corporate Governance.

## **5.11. REMUNERATION REPORT**

### **5.11.1. BOARD OF DIRECTORS' REMUNERATION**

#### **5.11.1.1. Remuneration policy for the board of directors**

As a principle, the remuneration of the non-executive members of the board should be sufficient to attract, retain and motivate individuals who have the profile determined by the board. The remuneration level should take into account the responsibilities and the commitment of the board members as well as prevailing international market conditions. On the basis of the recommendation made by the nomination & remuneration committee as to the form and structure of remuneration, the board of directors adopts the policy for remuneration of the non-executive directors. The nomination & remuneration committee bases its proposals on a review

of prevailing market conditions for quoted companies which are part of the BEL20 index as well as other European companies of similar size operating in the Chemicals, Metals and Materials sectors. The results of the survey are discussed within the nomination & remuneration committee and the board determines the remuneration for non-executive directors and board committee's members to be proposed to the annual shareholders' meeting.

#### 5.11.1.2. Non-executive directors' remuneration

In order to determine adequate remuneration levels for its non-executive directors Umicore conducted end 2016 a survey of director's fees of Umicore against those of quoted companies on the BEL20 index as well as other European companies of similar size operating in the Chemicals, Metals and Materials sectors. The results of the survey were reviewed by the nomination & remuneration committee of 20 January 2017.

Based on the review of the overall compensation of the board members and of each element of the compensation, the nomination & remuneration committee concluded that the annual fixed fee required adjustment. The nomination & remuneration committee proposed to the board an increase of the annual fixed fee by 7,000 EUR, the annual fixed fee of the chairman of the board remaining unchanged.

The board of directors of 9 February 2017 followed this recommendation and the annual shareholders' meeting of 25 April 2017 approved the non-executive directors' remuneration.

The remuneration of the non-executive board members was as follows in 2017:

- **Chairman:** annual fixed fee: 40,000 EUR + 5,000 EUR per meeting attended + 2,000 Umicore shares (after the split of each share into 2 new shares on 16 October 2017);
- **Director:** annual fixed fee: 27,000 EUR + 2,500 EUR per meeting attended + 1,000 EUR per meeting attended for foreign-based board members + 1,000 Umicore shares (after the split of each share into 2 new shares on 16 October 2017).

The remuneration of the board committee members was as follows in 2017:

##### ***Audit committee***

- **Chairman:** annual fixed fee: 10,000 EUR + 5,000 EUR per meeting attended;
- **Member:** annual fixed fee: 5,000 EUR + 3,000 EUR per meeting attended.

##### ***Nomination and remuneration committee***

- **Chairman:** 5,000 EUR per meeting attended;
- **Member:** 3,000 EUR per meeting attended.

#### 5.11.1.3. 2017 Board remuneration overview

		(In €)	Meetings attended
Thomas Leysen (Chairman) (non-executive director)	<b>Board</b>		
	Fixed annual fee	40,000	
	Fee per attended meeting	5,000	7/7
	Value of 2,000 granted shares	62,540	
	<b>Nomination and Remuneration Committee</b>		
	Fee per attended meeting	5,000	2/2
	<b>Total remuneration</b>	<b>147,540</b>	
	Benefits in kind company car	2,767	
Marc Grynberg (executive director)	<b>Board</b>		
	No remuneration as a director (see hereafter 2017 CEO remuneration)		7/7
Liat Ben-Zur (independent, non-executive director) Appointed by the AGM of 25 April 2017	<b>Board</b>		
	Fixed annual fee	18,567	
	Fee per attended meeting	3,500	4/4
	Value of 688 granted shares	21,514	
	<b>Total remuneration</b>	<b>54,081</b>	
Françoise Chombar (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	27,000	
	Fee per attended meeting	2,500	7/7
	Value of 1,000 granted shares	31,270	
	<b>Total remuneration</b>	<b>75,770</b>	
Ian Gallienne (non-executive director) End of mandate: 25 April 2017	<b>Board</b>		
	Fixed annual fee	8,433	
	Fee per attended meeting	2,500	2/3
	Value of 312 granted shares retroceded to GBL	9,756	
	<b>Total remuneration</b>	<b>23,189</b>	
Mark Garrett (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	27,000	
	Fee per attended meeting	3,500	6/7
	Value of 1,000 granted shares	31,270	
	<b>Audit Committee</b>		
	Fixed annual fee	5,000	
	Fee per attended meeting	3,000	3/3
	<b>Nomination and Remuneration Committee</b>		
Fee per attended meeting	3,000	1/1	
	<b>Total remuneration</b>	<b>96,270</b>	
Colin Hall (non-executive director)	<b>Board</b>		
	Fixed annual fee	27,000	
	Fee per attended meeting	3,500	7/7
	Value of 1,000 granted shares retroceded to GBL	31,270	
	<b>Audit Committee</b>		
	Fixed annual fee	5,000	
Fee per attended meeting	3,000	1/1	
	<b>Total remuneration</b>	<b>90,770</b>	
Ines Kolmsee (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	27,000	
	Fee per attended meeting	3,500	7/7
	Value of 1,000 granted shares	31,270	
	<b>Audit Committee</b>		
	Fixed annual fee	10,000	
Fee per attended meeting	5,000	4/4	
	<b>Total remuneration</b>	<b>112,770</b>	
Barbara Kux (independent, non-executive director) End of mandate: 25 April 2017	<b>Board</b>		
	Fixed annual fee	8,433	
	Fee per attended meeting	3,500	3/3
	Value of 312 granted shares	9,756	
	<b>Nomination and Remuneration Committee</b>		
	Fee per attended meeting	3,000	1/1
	<b>Total remuneration</b>	<b>31,689</b>	
Gérard Lamarche (non-executive director) Appointed by the AGM of 25 April 2017	<b>Board</b>		
	Fixed annual fee	18,567	
	Fee per attended meeting	3,500	4/4
	Value of 688 granted shares retroceded to GBL	21,514	
	<b>Total remuneration</b>	<b>54,081</b>	
Eric Meurice (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	27,000	
	Fee per attended meeting	3,500	7/7
	Value of 1,000 granted shares	31,270	
	<b>Total remuneration</b>	<b>82,770</b>	
Jonathan Oppenheimer (non-executive director) End of mandate: 25 April 2017	<b>Board</b>		
	Fixed annual fee	8,433	
	Fee per attended meeting	3,500	1/3
	Value of 312 granted shares	9,756	
	<b>Total remuneration</b>	<b>21,689</b>	
Rudi Thomaes (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	27,000	
	Fee per attended meeting	2,500	6/7
	Value of 1,000 granted shares	31,270	
	<b>Audit Committee</b>		
	Fixed annual fee	5,000	
	Fee per attended meeting	3,000	4/4
	<b>Nomination and Remuneration Committee</b>		
Fee per attended meeting	3,000	2/2	
	<b>Total remuneration</b>	<b>96,270</b>	



## 5.11.2. CEO AND EXECUTIVE COMMITTEE REMUNERATION

### 5.11.2.1. Remuneration policy for the CEO and the executive committee

The nomination & remuneration committee defines the remuneration policy principles for the CEO and the executive committee members and submits them to the board of directors for approval. It strives to have a fixed remuneration to reflect the level of responsibility and in line with market practices, as well as an attractive variable remuneration to reward the performance of the Company against financial and sustainability criteria.

The compensation & benefits package for the CEO and executive committee members includes the following components: fixed remuneration, variable remuneration, share based incentives (share grant and incentive stock option plans) subject to a three year lock-up period, pension plans and other benefits.

The inclusion of Umicore shares and stock options as part of the remuneration of the CEO and the executive committee members reflects the commitment of the Company to create shareholder value. Shares are granted each year to the CEO and executive committee members in respect of the prior year and are subject to a three year lock up period. As stock options are irrevocably taxable upon grant according to Belgian law, they vest at the time of granting and are therefore not linked to individual or business performance criteria. As a result, the share based incentives should not be considered as a variable remuneration as meant under the Belgian Corporate Governance law of 6 April 2010 and are vested upon grant.

The remuneration of the CEO and executive committee members is reviewed on an annual basis by the nomination & remuneration committee. A survey is conducted every year to assess the competitiveness of the remuneration packages. Umicore benchmarks the total remuneration of the CEO and the executive committee members against BEL20 companies and European peer companies.

In line with the Belgian law of 6 April 2010 on Corporate Governance, the payment of half of the variable remuneration is deferred and subject to multi-year targets or criteria.

#### Synthetic summary of the remuneration of the CEO and the executive committee members

<b>Time to cash conversion</b>		
Current year	Fixed	Annual review based on market practices BEL 20 and European peer companies
15 months	Undeferred variable 50%	Fixed discretionary based on individual objectives
27 months	Deferred variable 25%	Based on the two year average Group ROCE and Group EBIT growth (y, y-1)
39 months	Deferred variable 25%	Based on the three year average Group ROCE and Group EBIT growth (y, y-1, y-2)
3 years	Shares	Grant in recognition of services rendered in the ref year - not linked to individual or business performance criteria - subject to a 3 year lock-up
3 to 7 years	Stock options	Upfront grant for the ref year - not linked to individual or business performance criteria - subject to a 3 year lock-up

The above remuneration components are defined and / or assessed by the nomination & remuneration committee subject to board approval. This table is applicable until the year of reference 2016. See below "*CEO & executive committee members' deferred variable remuneration*" for changes as of the year of reference 2017.

#### 5.11.2.2. CEO's remuneration

##### Fixed remuneration

The fixed remuneration of the CEO is reviewed on an annual basis by the nomination & remuneration committee.

##### Variable cash remuneration scheme and evaluation criteria

The CEO's annual variable cash remuneration potential currently amounts to 540,000 EUR, half of which involves an undeferred pay-out based on the individual performance including the annual overall financial performance of the group, the progress achieved against group strategic and sustainable development objectives, and adherence to the values of the group. Financial criteria include ROCE, EBIT and EBITDA with budget and year-on-year progress being used as reference. Strategic and sustainable development objectives are tied to Horizon 2020 covering economic performance, value chain and society, eco-efficiency and great place to work.

On proposal of the nomination & remuneration committee, the board of directors of 9 February 2017 approved a new concept of the deferred variable remuneration applicable as of pay-outs in 2018. The new concept intends to reward for the quality of the results (group ROCE criterion) and provide an incentive for growth (group EBIT growth criterion).

It was agreed that the current group ROCE criterion for the deferred variable will remain in place and that an upward adjustment or additional variable will be considered based on group EBIT growth criterion.

The deferred variable remuneration i.e. the other half of the annual variable cash remuneration potential, is based on the Umicore group profitability criterion, i.e. the Return on Capital Employed (ROCE), as published in the annual report. The deferred pay-out is assessed over a multi-year timespan, with half of it paid after a period of two years based on the two-year average ROCE. The other half is paid after a period of three years using as a reference the three-year average ROCE. The ROCE range is set between 7.5% (= pay-out of 0%) and a maximum of 17.5% (= pay-out of 100%). When the achieved ROCE percentage falls between the minimum threshold and the maximum target, the pay-out will be pro-rated.

The additional variable, based on the target of the deferred variable remuneration i.e. for the CEO 270,000 EUR (target of 135,000 EUR after a period of two years and target of 135,000 EUR after a period of three years), will be determined by adding to the target a percentage equal to twice the average Group EBIT growth percentage over the last 2 years, respectively 3 years. A threshold of 2% average group EBIT growth will be applied i.e. no adjustments for EBIT growth below 2%.

In case of any relevant structural change, the nomination & remuneration committee reserves the right to review and adjust the variable remuneration as appropriate.

At the beginning of every reference year, the individual objectives of the CEO are discussed during a session of the nomination & remuneration committee. During a board session, they are presented by the chairman, discussed and approved by the board.

The annual performance of the CEO is assessed by the nomination & remuneration committee and the results of this assessment are presented by the chairman and discussed during a board session where the CEO is not present.

The variable cash remuneration may be converted partly or totally into Umicore shares at the discretion of the CEO. There are no provisions allowing the Company to reclaim any variable remuneration paid to the CEO.

#### Share based incentives (share grant and stock options)

Umicore shares are granted to the CEO at the discretion of the board of directors in recognition of services rendered in the previous year. The number of shares granted to the CEO in respect of the year 2017 was 10,400 (after the split of each share into 2 new shares on 16 October 2017). The shares are subject to a three-year lock-up and are not subject to forfeiture conditions.

Stock options are granted to the CEO as part of the annual Umicore Incentive Stock Option Plan approved by the board of directors. The number of stock options granted to the CEO amounted in 2017 to 150,000 (after the split of each share into 2 new shares on 16 October 2017). There is no vesting period and the options are subject to a three-year lock-up. Stock options allow the beneficiary to acquire a specific number of Umicore shares at a fixed price (the exercise price) within a specific period of time.

#### Pension and other benefits

Pensions include both defined contribution plans and the service cost of a defined benefit plan. Other benefits are representation allowance, benefits in kind (company car), and insurance benefits.

### 5.11.2.3. Executive committee member's remuneration

#### Fixed remuneration

The fixed remuneration of the executive committee members is reviewed on an annual basis by the nomination & remuneration committee. The fixed remuneration can be different for each executive committee member and depends on criteria such as experience and responsibilities.

#### Variable cash remuneration scheme and evaluation criteria

Umicore has adopted a variable cash remuneration scheme which aims to ensure that all executive committee members are rewarded in line with their annual individual performance as well as the overall performance of the Umicore group. All the members of the executive committee are eligible for the same annual variable cash remuneration potential currently amounting to 300,000 EUR, half of which involves an undeferred pay-out based on the annual individual performance (including adherence to the values of the group, environmental and social performance).

On proposal of the nomination & remuneration committee, the board of directors of 9 February 2017 approved a new concept of the deferred variable remuneration applicable as of pay-outs in 2018. The new concept intends to reward for the quality of the results (group ROCE criterion) and provide an incentive for growth (group EBIT growth criterion).

It was agreed that the current group ROCE criterion for the deferred variable will remain in place and that an upward adjustment or additional variable will be considered based on group EBIT growth criterion. The deferred variable plan including the additional variable will be measured collectively for the executive committee members.

The deferred variable remuneration i.e. the other half of the annual variable cash remuneration potential, is based on the Umicore group profitability criterion, i.e. the Return on Capital Employed (ROCE), as published in the annual report. The deferred pay-out is assessed over a

multi-year timespan, with half of it paid after a period of two years based on the two-year average ROCE. The other half is paid after a period of three years using as a reference the three-year average ROCE. The ROCE range is set between 7.5% (= pay-out of 0%) and a maximum of 17.5% (= pay-out of 100%). When the achieved ROCE percentage falls between the minimum threshold and the maximum target, the pay-out will be pro-rated.

The additional variable, based on the target of the deferred variable remuneration i.e. for the executive committee members 150,000 EUR (target of 75,000 EUR after a period of two years and target of 75,000 EUR after a period of three years), will be determined by adding to the target a percentage equal to twice the average group EBIT growth percentage over the last 2 years, respectively 3 years. A threshold of 2% average group EBIT growth will be applied i.e. no adjustments for EBIT growth below 2%.

In case of any relevant structural change the nomination & remuneration committee reserves the right to review and adjust the variable remuneration as appropriate.

At the beginning of every reference year, the annual individual objectives of each executive committee member are fixed by the CEO on basis of their areas of responsibility. The annual individual objectives are specific, measurable, agreed, realistic, time bound and take into account the financial performance, the progress achieved against group strategic and sustainable development objectives, and adherence to the values of the group. Financial criteria include ROCE, EBIT and EBITDA with budget and year-on-year progress being used as reference. Strategic and sustainable development objectives are tied to Horizon 2020 covering economic performance, value chain and society, eco-efficiency and great place to work.

The annual performance of each executive committee member is initially assessed by the CEO. The results of the assessments and the individual variable cash remuneration proposals are presented by the CEO to the nomination & remuneration committee before approval by the board.

There are no provisions allowing the Company to reclaim any variable remuneration paid to the executive committee members.

#### Share based incentives (share grant and stock options)

Umicore shares are granted to the executive committee members at the discretion of the board of directors in recognition of services rendered in the previous year. The number of shares granted to each member of the executive committee in respect of the year 2017 was 7,400 (after the split of each share into 2 new shares on 16 October 2017). The shares are subject to a three-year lock-up and are not subject to forfeiture conditions.

Stock options are granted to the executive committee members as part of the annual Umicore Incentive Stock Option Plan approved by the board of directors. The number of stock options granted to each executive committee member currently amounted in 2017 to 35,000 (after the split of each share into 2 new shares on 16 October 2017). There is no vesting period and the options are subject to a three-year lock-up. Stock options allow the beneficiary to acquire a specific number of Umicore shares at a fixed price (the exercise price) within a specific period of time.

#### Pension and other benefits

Pensions include both defined contribution plans and the service cost of a defined benefit plan. Other benefits include representation allowances, company cars and insurance benefits.

#### 5.11.2.4. Total CEO and executive committee remuneration for 2017

All components of the remuneration earned by the CEO and the executive committee members for the reported year are detailed in the table below:

(in €)		CEO	Executive Committee (in aggregate)
Status		Self-employed	
<b>Time to cash conversion</b>			
Current year	Fixed	680,000	2,435,000
15 months	Undeferred Variable 50% (ref year 2017)	220,000	790,000
27 months	Deferred Variable 25% (ref year 2016)	130,950	436,500
39 months	Deferred Variable 25% (ref year 2015)	133,650	408,375
3 years	Shares	425,360	1,815,960
3 to 7 years	Stock options	583,500	816,900
	Defined contribution plan	47,600	139,919
Pension	Defined benefits plan (service cost)	123,808	595,018
	Representation allowance, benefit in kind company car, insurance benefits	46,223	141,735
Others benefits			
<b>Total</b>		<b>2,391,091</b>	<b>7,579,407</b>

#### 5.11.3. SHARE AND SHARE OPTION OWNERSHIP AND TRANSACTIONS 2017

##### Executive committee share option ownership and transactions 2017

Name	Options at 31 Dec 2016	Options granted in 2017	Number of options exercised in 2017	Average exercise price (in €)	Year of grant of options exercised	Number of options forfeited	Options at 31 Dec 2017*
Marc Grynberg	930,000	150,000	330,000	18.410	2011 / 2012	0	750,000
Stephan Csoma	105,000	35,000	0	-	-	0	140,000
Denis Goffaux	140,000	35,000	35,000	18.187	2013	0	140,000
Géraldine Nolens	71,000	35,000	12,000	18.187	2013	0	94,000
Filip Platteeuw	105,000	35,000	12,000	16.143	2014	0	128,000
Pascal Reymondet	105,000	35,000	35,000	16.143	2014	0	105,000
Marc Van Sande	140,000	35,000	70,000	17.165	2013 / 2014	0	105,000

The number of options and the exercise price take into account the share split on 16 October 2017.  
 \* These options can be exercised at strike prices between € 19.035 and € 25.500 (value after the share split on 16 October 2017)

\* Details of all options exercised and other share-related transactions of executive committee or board members can be found on [www.fsma.be](http://www.fsma.be).

##### Executive committee share ownership 2017

	Shares owned at 31/12/2016	Shares owned at 31/12/2017
Marc Grynberg	630 400	767 600
Stephan Csoma	21 800	29 200
Denis Goffaux	37 800	42 200
Géraldine Nolens	4 700	12 100
Filip Platteeuw	22 800	30 200
Pascal Reymondet	50 300	57 700
Marc Van Sande	38 800	46 200
<b>Total</b>	<b>806 600</b>	<b>985 200</b>

#### Board of directors share ownership 2017

	Shares owned at 31/12/2016	Shares owned at 31/12/2017
Thomas Leysen	909,840	883,960
Liat Ben-Zur	-	688
Françoise Chombar	6,684	1,684
Mark Garrett	1,666	2,666
Colin Hall	-	-
Ines Kolmsee	4,610	5,610
Gérard Lamarche	-	3,000
Eric Meurice	1,666	2,666
Rudi Thomaes	5,410	4,400
<b>Total</b>	<b>929,876</b>	<b>904,674</b>

#### 5.11.4. CONTRACTUAL RELATIONSHIPS

##### Contract between Umicore and Marc Grynberg, Chief Executive Officer

Taking into account Marc Grynberg's seniority in the Umicore group, the board resolved as follows in 2008:

- In case of termination of the contract by Umicore, a total compensation equivalent to 18 months of his annual base salary will be paid.
- A total compensation of three years of annual base salary as minimum indemnity will be paid to the Chief Executive Officer if his employment as Chief Executive Officer would be terminated within a 12 month period following a change of control due to a takeover bid (not cumulative with the previous provision).
- It is at the board of directors' discretion to determine whether the variable cash remuneration would form part of any final indemnity.

##### Contracts between Umicore and executive committee members

Following a board decision taken in 2007, in case the employment of an executive committee member should be terminated within twelve months of a change of control of the Company, that member would stand to receive a total compensation equivalent to 36 months' base salary. This only applies for Pascal Reymondet and Marc Van Sande who were executive committee members at the date of this board decision.

##### Individual arrangements in case of termination of the contract by Umicore

Denis Goffaux was appointed Chief Technology Officer on 1 July 2010. Taking into account Denis Goffaux's seniority in the Umicore group a total compensation equivalent to 18 months of his annual base salary will be paid in case of contract termination. In line with the Belgian corporate governance law of 6 April 2010, the nomination & remuneration committee recommended this arrangement and this was approved by the board of directors on 1 June 2010.

Stephan Csoma and Filip Platteeuw were appointed executive committee members on 1 November 2012. Taking into account their seniority in the Umicore group a total compensation equivalent to 18 months of their annual base salary will be paid in case of contract termination. In line with the Belgian corporate governance law of 6 April 2010, these arrangements were approved by the nomination & remuneration committee of 18 September 2012 subject to the absence of any objections of the board, which were not formulated.

Géraldine Nolens was appointed executive committee member on 1 July 2015. Taking into account Géraldine Nolens' seniority in the Umicore group, a total compensation equivalent to

18 months of her annual base salary will be paid in case of contract termination. In line with the Belgian corporate governance law of 6 April 2010, the nomination & remuneration committee recommended this arrangement and this was approved by the board of directors on 28 April 2015.

For all prior mentioned executive committee members, it is at the board of directors' discretion as to whether the variable cash remuneration would form part of any final indemnity.

The contract of Marc Van Sande was signed before the Belgian corporate governance law of 6 April 2010 came into force. In case of termination the compensation is based on age, seniority in the Umicore group and the total compensation and benefits.

Pascal Reymondet has a German employment agreement signed on 1 March 1989. There is no contractual arrangement in case of termination and German law will be applicable.

#### 5.11.5. CHANGES TO THE REMUNERATION SINCE THE END OF 2017

##### Non-executive directors' remuneration

Based on the review of the overall compensation of the board members and of each element of the compensation, the nomination & remuneration committee concluded that the compensation is appropriate with the exception of the fix fee of the chairman of the board, which is far below market compared to European peer companies. The nomination & remuneration committee proposed to the board an adjustment of the fix fee of the chairman with 20,000 EUR to a total fix fee of 60,000 EUR.

The board of directors of 8 February 2018 followed this recommendation and decided to submit this increase to the approval of the shareholders.

##### CEO's remuneration

On 7 February 2018, the nomination & remuneration committee reviewed the remuneration of the CEO and the executive committee members based on a comparison survey with European peer companies and BEL20 index companies.

On proposal of the nomination & remuneration committee, the board of directors of 8 February 2018 decided to increase the fixed remuneration of the CEO with 20,000 EUR to 700,000 EUR as of 1 January 2018.

##### Executive committee members' remuneration

The nomination & remuneration committee of 7 February 2018 reviewed the remuneration of the executive committee members. On proposal of the nomination & remuneration committee, the board of directors of 8 February 2018 decided to adjust the annual fixed remuneration of the executive committee members slightly for four members with a more significant salary adjustment for two, the total adjustment being 5.5% of the salary mass.

##### CEO and executive committee members' deferred variable remuneration

The nomination & remuneration committee reviewed the modalities for the deferred variable remuneration of the CEO and executive committee members. Upon proposal by the nomination & remuneration committee, the board of directors of 8 February 2018 decided to apply a minimum deferment of 3 years, applicable as of reference year 2017. There will therefore be one deferred variable based on a 3-year period instead of the former practice with 50% paid out after 2 years and 50% paid out after 3 years.

The board also decided to maintain the additional variable based on average EBIT growth but applying as of reference year 2017 a threshold of 10% minimum average EBIT growth instead of 2%. There will therefore be no additional deferred variable for 3-year average EBIT growth below 10%.

## **5.12. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

### **5.12.1. MANAGING RISK EFFECTIVELY**

The Company takes a balanced approach to managing risk and seizing opportunities. This gives it the best means of delivering on its strategic goals.

The aim of the Company's risk management system is to enable the Company to identify risks in a proactive and dynamic way, and to manage or mitigate risks to an acceptable level wherever possible.

Each business unit operates in an environment which carries specific growth expectations and differing degrees of market and technological uncertainty that could impact strategic objectives. As such, the primary source of risk and opportunity identification lies within the business units.

Similarly, each business unit is responsible for mitigation of its own risks. Mitigating actions are systematically reported corresponding to the respective strategic objectives and identified risks. Specific corporate departments are also tasked with managing and mitigating certain risks under the auspices of the executive committee. These risks cover group-wide elements that extend beyond the purview of individual business units including environmental, financial and other risks.

#### Umicore's internal risk system

Internal control mechanisms exist throughout Umicore to provide management with reasonable assurance of the Company's ability to achieve our objectives. They cover:

- Effectiveness and efficiency of operations
- Reliability of financial processes and reporting
- Compliance with laws and regulations, and
- Mitigation of errors and fraud risks

Umicore adopted the COSO framework for its enterprise risk management and has adapted its various controls constituents within its organization and processes. "*The Umicore Way*" and the "*Code of Conduct*" are the cornerstones of the internal control environment, together with the concept of management by objectives and through the setting of clear roles and responsibilities they establish the operating framework for the Company.

Specific internal control mechanisms have been developed by business units at their level of operations, while shared operational functions and corporate services provide guidance and set controls for cross-organizational activities. These give rise to specific policies, procedures and charters covering areas such as supply chain management, human resources, information systems, environment, health and safety, legal, corporate security and research and development.

Umicore operates a system of minimum internal control requirements (MICR) to specifically address the mitigation of financial risks and to enhance the reliability of financial reporting. Umicore's MICR framework requires all group entities to comply with a uniform set of internal controls in 12 processes. Within the internal control framework, specific attention is paid to the segregation of duties and the definition of clear roles and responsibilities. MICR compliance is



monitored by means of self-assessments to be signed off by senior management. The outcome is reported to the executive committee and the audit committee.

Out of the 12 control cycles, 3 cycles (order to cash, treasury and fixed assets) were assessed during 2017 by the 92 control entities currently in scope. Risk assessments and actions taken by local management to mitigate potential internal control weaknesses identified through prior assessments are monitored continuously. The internal audit department reviews the compliance assessments during its missions.

#### 5.12.2. KEY RISKS AND OPPORTUNITIES

Umicore understands that key risks to its business might also offer unique opportunities for it to grow and create value.

##### 5.12.2.1. Regulatory and legal context

###### Strategic focus areas

- Economic performance
- Value chain and society
- Eco-efficiency

###### Change in risk profile

Increase

###### Change in opportunity profile

Increase

###### Potential impact

Umicore is exposed to the evolution of the regulatory environment in the countries or regions in which it operates.

Umicore's businesses stand to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles, low carbon mobility and enforced recycling of end-of-life products.

Some regulations, such as environmental or product-related laws, can present operational challenges, higher costs and a potentially uneven competitive environment.

Active management and remediation of risks that have resulted from historical operations is an integral part of the Umicore Way.

The growth in technology driven businesses results in an even greater importance of IP and IP protection-related matters.

###### Change in context

Worldwide, changes to existing product-related legislation and the introduction of new legislation might impact Umicore's business. Although the European REACH regulation is still the most relevant one for Umicore, the South Korean-REACH is gaining importance.

The trend towards more stringent emission legislation and targets continued, while new measures on vehicle emissions push industry to innovate in emission control system design, including catalysts and catalytic filters.

In terms of legal risk please refer to the contingencies section in the consolidated annual accounts (note F36). This relates primarily to cases brought against Umicore in the domain of cathode materials for rechargeable battery materials.

#### Measures taken by Umicore

- Umicore manages its historical environmental legacy, ensuring adequate financial provisions that are reviewed twice a year;
- To ensure ongoing compliance with environmental legislation at our industrial sites, Umicore has a well-established EHS compliance audit program and constantly monitors changes in legal requirements where it operates;
- Umicore continues to play an active role in informing European legislators of various emission control technologies for both diesel and gasoline powered vehicles, to help legislators make informed decisions about future emission and testing norms;
- In 2017, Umicore took steps to ensure its ability to meet the surging demand for cathode materials for rechargeable batteries used in electrified transportation. This involves continued investment on production capacity of cathode materials in China and South Korea;
- In 2017, as part of regular maintenance, 14 REACH dossiers were updated for reasons that included increasing the tonnage band, replying to ECHA requests and including new information on composition, uses or Chemical Safety Reports. In preparation of the third phase of the EU REACH regulation, 115 new registrations were submitted;
- The patent case brought by BASF and Argonne National Laboratory in the United States ended following a business resolution reached to the satisfaction of all parties.

#### 5.12.2.2. Sustainable and ethical supply

##### Strategic focus area

- Economic performance
- Value chain and society

##### Change in risk profile

Increase

##### Change in opportunity profile

Increase

##### Potential impact

Umicore requires certain metals or metal-containing raw materials to manufacture its products and feed its recycling activities. Some of these raw materials are comparatively scarce and require very specific sourcing strategies. Obtaining adequate supplies of these materials is important for the ongoing success and growth of its business.

Some metals are also found in regions facing social challenges. Trading in precious metals and minerals can be used to finance armed conflict, cause human rights abuses, draw upon forced or child labour and support corruption and money laundering. It is important that Umicore ensures that the procurement of 'conflict minerals' is in line with Umicore's values, while providing an advantage to its customers.

Given scarcity of resources, treating complex materials from above-ground sources, such as industrial residues and "End-of-life" materials, is increasingly important. Umicore's facility in Hoboken is the world's largest and most complex precious metals recycling operation, processing over 200 types of raw material and recovering over 20 different metals.

##### Change in context

Adopted in 2017, the European Union's Conflict Minerals Regulation will come into full force on 1 January 2021. This regulation aims to drive responsible sourcing of tin, tantalum, tungsten

and gold, which are sometimes extracted from conflict regions or mined under abusive conditions, in order to meet international responsible sourcing standards as set by the OECD in the '*Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas*'. The conditions in the US Dodd-Frank Wall Street Reform and Consumer Act of 2010 legislation, which covers the same four minerals, will also be met by this new regulation.

#### Measures taken by Umicore

Umicore has implemented policies and measures covering human rights, the right for workers to organize and collective bargaining, equal opportunities and non-discrimination, banning of child labour, banning of forced labour, consistent with International Labour Organisation (ILO) standards. These commitments are supported through a Global Framework Agreement on Sustainable Development with IndustriALL Global Union.

In addition to existing policies and charters such as the Umicore Code of Conduct, Human Rights Policy and Sustainable Procurement Charter, Umicore also has a specific policy for "*Responsible global supply chain of minerals from conflict-affected and high-risk areas*"

Umicore's Sustainable Procurement Framework for Cobalt, which covers Umicore's cobalt purchases worldwide, was adapted in 2017 to be fully aligned with the OECD '*Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas*'.

Umicore is growing its capacity to cater to rising recycling demand. Umicore's recycling not only offers environmental and ethical sourcing benefits, but also increased resource security.

Increasingly Umicore customers request a guarantee and the necessary documentation to assure the conflict-free status of its products. The Umicore internal '*Metals and Minerals*' working group, which includes procurement and raw material experts, streamlines and optimizes the efforts required for this growing customer demand by sharing best practices.

#### 5.12.2.3. Technology and substitution

##### Strategic focus area

- economic performance
- value chain and society
- eco-efficiency

##### Change in risk profile

No change

##### Change in opportunity profile

Increase

##### Potential impact

Umicore is a materials technology group with a strong focus on the development of innovative materials and processes. The choice and development of these technologies represents the single biggest opportunity and risk for Umicore.

Achieving the best cost-performance balance for materials is a priority for Umicore and its customers. There is always a risk that customers will seek alternative materials for their products should those of Umicore not provide this optimum balance. The risk is especially present in businesses producing materials containing expensive metals (especially those with historically volatile pricing characteristics).

##### Change in context

Trends in rechargeable battery materials for automotive applications have underscored that NMC materials with increasing Nickel content are the technology of choice for customers in

current and upcoming electrified vehicle platforms.

In vehicle emission control, regulatory debates have reinforced the need to have a broad spectrum of technologies available for both gasoline and diesel applications.

#### Measures taken by Umicore

Every year, the executive committee identifies innovation projects ("*Top 10*") which are key to achieving Horizon 2020 (and beyond) growth ambitions and cover product and process developments. A selection of these projects is reviewed during the year either through dedicated technology reviews or as part of strategic business reviews.

Previous years' R&D investments have brought great success and created a space to shift R&D positioning. Umicore invested selectively in new fields relevant to core activities in 2017. Overall spend was equivalent to 6% of revenues.

Umicore patents disruptive technologies. In 2017, Umicore registered 48 new patent families.

#### 5.12.2.4. Market

##### Strategic focus area

- Economic performance
- Value chain and society

##### Change in risk profile

The risk profile of Umicore reflects a growing exposure to the automotive industry and, from a geographical point of view, to Asia, in both cases driven by the fast growing sales of cathode materials for use in electrified vehicles. Following the divestment of its Building Products business, Umicore is no longer materially exposed to the construction industry.

##### Change in opportunity profile

The early positioning of Umicore in the market of cathode materials for rechargeable batteries and qualification for several automotive platforms mean that Umicore should benefit from the accelerating demand for electrified cars. This trend may be amplified by the decreasing sales of diesel-engine passenger cars.

##### Potential impact

The main end markets served by Umicore are automotive (for clean mobility products) and non-ferrous metal mining and refining industries (recycling activities). Umicore is sensitive to any major growth or global reduction in activity levels in these sectors.

Activity levels in other areas of the economy such as consumer electronics are also relevant to Umicore as are the levels of activity in specific industries or with specific customers where Umicore provides closed-loop recycling services.

In the longer term, market disruptions such as new models of consumption have the possibility to significantly alter the landscape of the markets that Umicore serves, posing risks as well as creating new opportunities.

##### Change in context

Overall, the global economic outlook remained stable in 2017. Market forecasts continue to point to a supportive economy with global growth expected to be driven by Asian markets, in particular China.

The automotive industry performed well with higher levels of demand in several regions and a remarkable acceleration in demand for electrified vehicles.

In all important markets, more stringent vehicle emission legislation has come into force or has been announced for the coming years.

#### Measures taken by Umicore

Umicore's increasing presence in fast-growing market segments that are driven by global megatrends meant that its economic performance in 2017 again far outstripped that of the economy in general and that of most of its competitors.

The executive committee undertook a review of potentially disruptive market and technology trends in automotive and discussed its findings with the board of directors.

#### 5.12.2.5. Metal price

##### Strategic focus area

- Economic performance

##### Change in risk profile

No change

##### Change in opportunity profile

No change

##### Potential impact

Umicore's earnings are exposed to risks relating to the prices of the metals which it processes or recycles. The structural metal price risk relates mainly to the impact that metal prices have on the surplus metals recovered from materials supplied for recycling. It concerns platinum, palladium, rhodium, gold and silver as well as a wide range of base and specialty metals. For some metals quoted on futures markets, Umicore hedges a proportion of its forward metal exposure to cover part of the future price risks.

##### Change in context

Prices for some precious metals strengthened in 2017. Prices for gold, palladium and rhodium increased, while silver and platinum prices faced a volatile environment in which gains were often completely offset by subsequent losses, leaving a small increase over the full year cycle. While pricing for specialty metals posted diverging trends, the cobalt price in specific increased substantially in 2017.

#### Measures taken by Umicore

Over the course of 2017, Umicore entered into forward contracts securing a portion of its structural price exposure for certain precious metals and base metals in 2018 and 2019, thereby somewhat increasing earnings predictability.

#### 5.12.2.6. Talent attraction and retention

##### Strategic focus area

- Great place to work

##### Change in risk profile

Increase

##### Change in opportunity profile

Increase

#### Potential impact

The attraction and retention of skilled people are important factors in enabling Umicore to fulfil its strategic ambitions and to build further expertise, knowledge and capabilities in the business. Being unable to do so would compromise Umicore's ability to deliver on its goals.

Horizon 2020 is predicated on disproportionate growth for Umicore in Asia – a region characterized by highly competitive and fluid labour markets. Umicore's challenge is to attract and retain talent in the region on a sufficient scale and at an appropriate pace.

#### Change in context

Our accelerated expansion combined with competitive labour markets have created even greater recruitment needs.

#### Measures taken by Umicore

To enhance its recruitment pool, Umicore developed a global employer brand with a special focus on challenging labour markets in Europe and Asia. This branding supports Umicore's specific recruitment initiatives.

In 2017, Umicore developed a group policy on diversity to support an inclusive work culture that offers equal opportunities, leading to a high level of employee engagement for all employees, irrespective of their diverse backgrounds.

### **6. BRANCHES**

The Company has no branches.

### **7. CONTINUITY**

The Company has no losses carried forward. Article 96.6° of the Companies Code is not applicable.

### **8. IMPORTANT EVENTS**

We refer to §2. "Subsequent events" and §3. "Development of the Company".

### **9. CONFLICTS OF INTERESTS**

On 9 February 2017, prior to the board discussing or taking any decision, Marc Grynberg declared that he had a direct conflicting interest of a proprietary nature in the implementation of the decisions taken by the board relating to his performance assessment and to his remuneration (including the grant of shares and options). In accordance with Article 523 of the Belgian Companies Code, Marc Grynberg did not take part in the board's discussions concerning this decision and he did not take part in the voting.

The above decisions had/will have the following financial consequences:

#### **9.1. CASH REMUNERATION**

The CEO received a fixed gross remuneration of 680,000 EUR in 2017. Also in 2017, he received a gross variable cash remuneration totalling 210,000 EUR as non-deferred part of his variable cash remuneration for the reference year 2016.

Furthermore he received in 2017 a gross amount of 90,450 EUR as first half of the deferred payment of his variable cash remuneration for the reference year 2015 based on (1) the two-year average Umicore group profitability criterion, i.e. the average return on capital employed (ROCE) for the reference years 2015 and 2016 (i.e. 14.2% giving rise to a percentage pay-out of 67%) and (2) the degree of meeting the plan performance, as approved by the board, for the same reference years 2015 and 2016 (no adjustment applied based on the degree of meeting the plan performance at group level). Also in 2017 he received a gross amount of 81,000 EUR as the second half of the deferred payment of his variable cash remuneration for the reference year 2014 based on (1) the three-year average Umicore group ROCE for the reference years 2014, 2015 and 2016 (i.e. 13.5% giving rise to a percentage pay-out of 60%) and (2) the degree of meeting the plan performance, as approved by the board, for the same reference years 2014, 2015 and 2016 (no adjustment applied based on the degree of meeting the plan performance at group level).

In 2018, he will receive the first half of the deferred payment of his annual variable cash remuneration for the reference year 2016 based on (1) the two-year average Umicore group ROCE for the reference years 2016 and 2017 and (2) the two-year average Umicore EBIT growth for the same reference years 2016 and 2017. Also in 2018, he will receive the second half of the deferred payment of his annual variable cash remuneration for the reference year 2015 based on (1) the three-year average Umicore group ROCE for the reference years 2015, 2016 and 2017 and (2) the three-year average Umicore EBIT growth for the same reference years 2015, 2016 and 2017. The ROCE and EBIT-based deferred payments will be applicable for pay-outs from 2018 onwards.

The ROCE range is set between 7.5% (= pay-out of 0%) and a maximum of 17.5% (= pay-out of 100% at plan performance). When the achieved ROCE percentage falls between the above targets, the pay-out will be pro-rated. The impact of the EBIT growth is calculated by multiplying the average percentage of the EBIT growth for the reference years by two.

## **9.2. GRANT OF SHARES AND STOCK OPTIONS**

The financial consequences for Umicore consist of: either 1) as long as Umicore decides to keep the shares it holds today: the financing and opportunity cost of maintaining such shares in its portfolio until the delivery date of the shares granted or the option's exercise date, or 2) if and to the extent that Umicore sells such shares at a later date: the difference on the date of exercise of the options between the exercise price and the market value of the shares that Umicore would have to buy on that date.

During 2017, no specific transactions or contractual commitments occurred between a member of the board or of the executive committee on the one hand, and Umicore or one of its affiliated companies on the other hand.

## **10. NON-FINANCIAL INFORMATION**

The non-financial information, as defined under 96 §4 of the Companies Code, has been duly taken into account and can be found in the annual report on the consolidated accounts (as attached hereto).

**11. DISCHARGE**

In accordance with legal and statutory requirements, we hereby request to discharge the Directors and statutory auditor for the exercise of their mandate for the accounting year 2017.

The Board of Directors  
Brussels, 9 March 2018.



Marc Grynberg  
Chief Executive Officer



Thomas Leysen  
Chairman