

**UMICORE**  
 Limited Company ("Naamloze Vennootschap" / "Société Anonyme")  
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 VAT BE 0401.574.852 – RLE Brussels

## **STATUTORY ANNUAL REPORT – FISCAL YEAR 2015**

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 2015 and submit the annual accounts for your approval.

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

#### Upfront note:

In the context of preparing the Zinc Chemicals and Building Product business units for divestment, the Belgian based activities of these units have been set-up into separate legal entities (Umicore Zinc Belgium and VMZinc Benelux & UK) via contributions in kind with shares in return. These contributions in kind have their impact as of 1 July 2015 and so they influence the variance analysis with previous year for the P&L and - mainly - for the balance sheet.

In line with our Horizon 2020 Growth strategy, our activities are as of 2015 organised in the following business groups: "Recycling" (in Belgium covering PMR in Hoboken), "Energy & Surface Technologies" (in Belgium covering CSM, EOM and RBM in Olen, Bruges and Brussels) and "Catalysis" (no presence in Belgium). Under the IFRS 2015 Group statements, the Zinc Chemicals (in Belgium in Angleur, Overpelt and Zolder) and Building Products (in Belgium in Vilvoorde) businesses are disclosed under "Discontinued Operations". Under "Corporate" a number of headquarters and service departments are covered (in Belgium in Brussels, Olen and Hoboken)

### **1.1. PROFIT AND LOSS STATEMENT**

#### 1.1.1. SUMMARY

For the past year 2015, the annual accounts of Umicore (also the "Company") show a net profit after taxes of 135,456 KEUR versus a profit of 131,238 KEUR in the comparable period 2014. This corresponds to an increase of 4,218 KEUR, broken down as follows:

<b>Profit</b>	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>Delta</b>
Operating profit	72,489	67,773	+4,716
Financial result	103,194	29,607	+73,587
<b>Result from ordinary activities</b>	<b>175,683</b>	<b>97,380</b>	<b>+78,303</b>

Exceptional result	-27,147	33,202	-60,349
<b>Profit before taxes</b>	<b>148,536</b>	<b>130,582</b>	<b>+17,954</b>
Income taxes	-13,080	656	-13,736
<b>Net profit of the year</b>	<b>135,456</b>	<b>131,238</b>	<b>+4,218</b>

### 1.1.2. OPERATING RESULT

The increase in 2015 vs 2014 is mostly attributable to a better performance at most BU's, even taking into account that the carved out BU's Zinc Chemicals and Building Products only contributed to the operating result for the first six months of the year.

### 1.1.3. ECONOMIC CONTEXT BY ACTIVITY

#### A. RECYCLING

Revenues and recurring EBIT for **Precious Metals Recycling** were stable year on year, despite declining metal prices.

An improved supply mix both for industrial by-products and end-of-life materials helped offset the impact of the lower metal prices on revenues. As anticipated, the processed volumes were in line with those of the previous year. A higher throughput was achieved in the fourth quarter following the expansion investments which allowed the Hoboken plant to make up for the lost volumes caused by the two extended shutdowns during which the investment work was carried out.

The supply of materials was solid across segments, both in terms of volumes and quality. Supplies of end-of-life materials tended to be of a higher grade while in industrial by-products more PGM-rich material and complex residues were received from the non-ferrous metal mining and smelting industries.

The metal price environment was unsupportive with declining prices for most metals in the second half of the year, associated with low demand for certain specialty metals. Umicore mitigated the impact of lower spot prices for precious metals through previously secured pricing. Prices for specialty metals however cannot be hedged and had a significant impact on earnings especially in the second half of the year.

The Hoboken capacity expansion programme is on track. Two major investment waves were successfully carried out during the year resulting in an increased throughput rate.

During 2016, further investments in auxiliary equipment will take place for which no prolonged downtime is anticipated.

#### B. ENERGY & SURFACE TECHNOLOGIES

Revenues for **Cobalt & Specialty Materials** were up year on year reflecting the increased sales volumes in several product groups. Earnings, however, were negatively impacted by lower nickel and cobalt prices as well as competitive price pressure in certain end markets.

Strong demand for metal carboxylates used in various catalytic applications and higher order levels for nickel sulphate used as precursors for cathodes further added to the growth.

Higher refining levels were recorded at the plant in Olen, Belgium.

Revenues and sales volumes in materials for tooling applications remained fairly stable in what is a highly competitive market.

Revenues for **Electro-Optic Materials** were up significantly reflecting a higher contribution from recycling and refining activities and increased sales volumes across product groups. Sales of substrates used in space photovoltaic (PV) applications were well up and the business unit successfully enhanced its position through a broadened product offering. Revenues in the infrared optics business benefited from the fast-growing demand for finished optics. Higher sales volumes of high purity chemicals for use in fibre optics further added to the positive revenue evolution.

The Li-Ion battery market continued to grow strongly and Umicore's sales volumes and revenues for **Rechargeable Battery Materials** were up substantially year on year.

Global shipments of high-end portable devices remained solid in 2015, although first signs of stagnation were observed towards the end of the year leading to stock adjustments across the supply chain. Umicore successfully maintained its strong position in this market segment due to its broad customer base and proprietary High Energy LCO (lithium cobaltite) product offering.

Demand for Li-Ion cathode materials used in the transportation segment accelerated with an increasing number of electrified vehicle models being introduced to the market. In addition, newly introduced models have on average a larger battery size to fulfill the market demand for a longer driving range. Umicore, with its diversified customer base, is benefiting from these trends and recorded strong growth in demand for its wide range of NMC (nickel manganese cobalt) cathode materials. Significant efforts continued to go into product qualification schemes resulting in successful qualification for new platforms to be launched in the coming years and covering all degrees of electrification (EV, pHEV and HEV).

#### C. DISCONTINUED OPERATIONS

The zinc business units showed a diverging performance with **Zinc Chemicals** performing well on the back of strong demand and a higher recycling margin while **Building Products** remains confronted with a lacklustre French construction market and aggressive competition.

As both business units are earmarked for divestment, the Belgian based activities of these units have been set-up into separate legal entities (Umicore Zinc Chemicals Belgium and VMZinc Benelux & UK).

These 2015 statutory accounts contain the contribution of these Belgian activities of these businesses for the first semester only. For the second semester their results are contained in the accounts of the above mentioned separate new legal entities.

#### D. CORPORATE

Overall corporate costs remained roughly at the same level as in 2014.

#### 1.1.4. FINANCIAL RESULT

The financial result amounted to 103,194 KEUR in 2015 versus 29,607 KEUR in 2014, or a variance of +73,587 KEUR.

This variance is explained by the following factors:

The dividend income amounted to 175,588 KEUR in 2015, compared to 109,129 KEUR in 2014, or an increase of 66,459 KEUR. The most important dividends during 2015 were received from Umicore International (160,000 KEUR in 2015 versus 90,000 KEUR in 2014). Dividends were also received from Umicore Korea (5,822 KEUR), Umicore Specialty Materials Brugge (4,000 KEUR), the German Holding companies (2,603 KEUR) and Umicore Shanghai (2,104 KEUR).

Interest charges decreased slightly compared to last year (73,805 KEUR compared to 77,126 KEUR in 2014) due to further decreasing interest rates on the short-term debts to Umicore Financial Services and on the refinanced long-term debts to Umicore Long Term Finance.

Other financial income and other financial charges balanced out into a net positive amount of 1,150 KEUR (2014: -2,714 KEUR or a variance of +3,864 KEUR). These results mainly relate to income from current assets, foreign exchange results, bank charges, financial discounts on sales and purchase invoices and mark-to-market impacts on the interest rate swaps, the latter explaining the main difference (1,210 KEUR in 2015 versus -1,522 KEUR in 2014 or a variance of 2,732 KEUR).

#### 1.1.5. EXCEPTIONAL RESULT

The exceptional result included in 2014 a positive mark-to-market adjustment of +15,167 KEUR on the Nyrstar shares. In 2015 a negative mark-to-market adjustment on Nyrstar of -20,918 KEUR was recognized (31 December 2015 closing rate: 1.60 EUR/share compared to 2.93 EUR/share at 31 December 2014).

The following adjustments were booked on the participations held: impairments on Umicore Argentina and beLife amounting to -9.666 KEUR (note that the beLife interest has been divested early 2016); while for Umicore Specialty Material Brugge a reversal of previous impairments was booked for +3,116 KEUR. In 2014, a total net impairment on the participations of - 10,976 KEUR was accounted for.

The 2014 exceptional result also included a positive amount of 28,206 KEUR related to the gain on the sale of the Todini shares to Umicore International.

#### 1.1.6. INCOME TAXES

The tax result of 13,080 KEUR includes current year tax as well as adjustments on previous years.

#### 1.1.7. APPROPRIATION OF THE RESULT

Taking into account the profit of the year 2015 of 135,456 KEUR, the profit carried forward for an amount of 375,609 KEUR, the allocations to and release from the unavailable reserve related to the movements in the own shares for a total amount of -8,482 KEUR and the interim dividend paid in September 2015 amounting to 54,251 KEUR, the result available for appropriation at end December 2015 stood at 448,333 KEUR.

## **1.2. BALANCE SHEET**

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

There were no movements on the capital and share premiums in 2015.

### **1.2.2. OWN SHARES**

The own shares value increased from 121,431 KEUR on 31 December 2014 to 129,913 KEUR on 31 December 2015. The variance of 8,482 KEUR is detailed below:

Own shares	Number	KEUR
Balance per 01/01/2015	3,914,272	121,431
Exercises of options and use of free shares	-906,738	-24,965
Purchases of own shares	+920,000	+33,447
Balance per 31/12/2015	3,927,534	129,913

This balance represents 3.51% of the total shares (112,000,000) outstanding.

### **1.2.3. INVESTMENTS IN INTANGIBLE FIXED ASSETS**

The net intangible fixed assets of the carved out Zinc activities at end 2014 amounted to 1,477 KEUR. These assets have been contributed in kind to newly set-up legal entities with accounting effect on 1 July 2015. The balance of new investments and depreciations on the non-carved out businesses amounted to a net increase.

For 2015, investments in intangible assets were recorded for a total amount of 27,520 KEUR. Investments relate mainly to capitalised R&D projects (21,850 KEUR), capitalized IS costs (4,184 KEUR) and CO<sub>2</sub>-emission rights (1,486 KEUR).

### **1.2.4. INVESTMENTS IN TANGIBLE FIXED ASSETS**

The net tangible fixed assets of the carved out Zinc activities at end 2014 amounted to 13,068 KEUR. These assets have been contributed in kind to newly set-up legal entities on 1 July 2015. The balance of new investments and depreciations on the non-carved out businesses amounted to a net increase.

New investments in tangible assets in 2015 amounted to a total 71,217 KEUR. The main investments were made at the Hoboken (53,147 KEUR) and the Olen sites (13,392 KEUR).

The substantial Hoboken investments related to the capacity expansion of the plant were successfully executed during two extended shutdowns. As part of the 100,000 KEUR envelope, there are still some auxiliary investments planned in 2016 that will be executed outside the regular shutdown.

Next to that, we continued our investment program to further improve the robustness and environmental performance of the Hoboken plant.

In the CSM plant in Olen the new furnace for the production of ultra-fine cobalt powders for the business line Tool Materials has been completed. Powder production was ramping up towards year end. In line with increasing emission requirements, a sedimentation basin was added to the waste treatment plant.

In Olen's EOM plant, the long-range investment plan for the refining activity was continued in 2015. The substrates machinery including the complete production line for 6" are upgraded, taking into account the decision taken at the end of 2015 regarding the consolidation of all substrates activities in Olen.

#### 1.2.5. FINANCIAL FIXED ASSETS

The financial fixed assets increased by 16,202 KEUR.

Main movements are linked to capital increases in Umicore Argentina (+12,789 KEUR) and beLife (+1,764 KEUR) and the acquisition of the participation in Umicore Autocat Canada from Umicore International (+12,100 KEUR).

The incorporation of the two new Zinc business legal entities increased the participations as follows: Umicore Zinc Chemicals Belgium for an amount of 19,299 KEUR and VMZinc Benelux & UK for an amount of 1,000 KEUR. The participation held in Rezinal was as well transferred to Umicore Zinc Chemicals Belgium as part of the latter's opening balance sheet, reducing the financial fixed assets (-3,341 KEUR).

The value of the Nyrstar shares was adjusted (- 20,918 KEUR – see also §1.1.5) and the participations in Umicore Argentina and beLife were impaired (-9,666 KEUR), partially offset by a reversal of impairments booked on Umicore Specialty Materials Brugge (+3,116 KEUR).

#### 1.2.6. INVENTORIES

Inventories decreased with -67,925 KEUR compared to 2014.

The inventories of the carved out Zinc activities at end 2014 amounted to 37,193 KEUR. These assets have been contributed in kind on 1 July 2015 to newly set-up legal entities.

The remaining decrease is mainly explained by decreased inventory values at PMR Hoboken (-29.998 KEUR).

#### 1.2.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

The amounts receivable within one year decreased from 258,740 KEUR at 31 December 2014 to 163,725 KEUR at the end of December 2015, or a variance of -95,015 KEUR.

The receivables of the carved out Zinc activities at end 2014 amounted to 40,696 KEUR. These assets have been contributed in kind on 1 July 2015 to newly set-up legal entities.

The remaining decrease mainly comes from lower trade receivables at most business units explained in general by the impact of lower metal prices and as well from decreased deposits with Umicore Financial Services (-34,182 KEUR).

#### 1.2.8. TREASURY INVESTMENTS

The investment in own shares increased from 121,431 KEUR to 129,913 KEUR: see 1.2.2. "Own shares".

#### 1.2.9. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions decreased from 115,233 KEUR at 31 December, 2014 to 109,685 KEUR at 31 December 2015, or a decrease of 5,548 KEUR.

The variance is mainly explained by the contribution of provisions to the carved out Zinc activities. At end of 2014 these provisions amounted to 6,958 KEUR.

The remaining difference comes from the increase of the provision for major repairs for an amount of 1,046 KEUR, mainly related to the shutdowns in Hoboken.

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

Compared to December 2014 the total financial debt decreased by 36,798 KEUR.

Compared to year-end 2014, the short term financial debt decreased by 86,798 KEUR, mainly due to the 73,233 KEUR decrease of the loans granted by Umicore Financial Services; the remaining decrease stems from the reimbursement of a supply chain financing for an amount of 13,565 KEUR.

The long term financial debts show the taking up of a 50,000 KEUR tranche of the syndicated loans.

### **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 of the Company 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 decreased from 2,885 in 2014 to 2,651 in 2015. On average Umicore employed 2,755 FTE's during the year 2015. This decrease is due to the creation of the zinc-related new legal entities (Umicore Zinc Chemicals Belgium and VMZinc Benelux & UK).

#### People development

Training and development are considered as a key investment in competence building. Umicore wants people to drive their career as well as to take initiatives to continue to develop their own competencies at Umicore. The total number of formal and informal training hours remains at a high level (135,138 hours in 2015).

#### Preferred employer

Umicore strives to be a preferred employer for both current and potential employees. In 2015 Umicore was once more recognized as top employer by the Top Employer Institute.

#### Occupational health and safety

During the course of 2015, although further safety initiatives were implemented at our production sites, Umicore still experienced 19 lost time accidents in Belgium, resulting in 1,285 lost days, still short of an accident-free workplace objective. The process safety project made further progress with the publication of Group-wide process safety standards and guidance notes focusing on ensuring control of risks.

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

On 20 February 2015, BASF Corp. and the University of Chicago Argonne (Argonne) filed two lawsuits against Umicore. One action was filed at the United States International Trade Commission (ITC), and the other was filed in federal district court in Wilmington, Delaware. The ITC action accuses Umicore of infringing two U.S. Patents owned by Argonne relating to lithium metal oxide positive electrodes for non-aqueous lithium cells and batteries. The Delaware action has subsequently been stayed as a mandatory part of the procedure. The ITC action was instituted in March 2015 and Umicore filed its initial response to the complaint on 24 April 2015. This response asserted that Umicore's products do not infringe, not least because Umicore's products have a different material structure than that claimed in the patents.

A trial on the merits was held from October 26 to October 29, 2015 and an initial determination was issued on February 29, 2016. The initial determination confirmed that Umicore did not directly infringe or induce infringement of the patents but did, however, find that Umicore contributed to the infringement of these patents with respect to certain activities in the United States.

As a next step, the case will be subject to review by the full ITC Commission, which is expected to issue a final determination in June 2016. In parallel to the ITC proceedings, Umicore is challenging the validity of the related patents at the U.S. Patent and Trademark Office (USPTO).

In the course of the first half of 2015 the French Competition Authority issued a statement of objections relating to the business practices of the company's Building Products business unit with respect to its distributors. Umicore strongly disputes the allegations contained in the statement of objections. With reference to existing case law of the European Commission and the Bundeskartellamt, Umicore disputes among others the narrow market definition of the French Authority and hence the assertion that Umicore would have a dominant position in the relevant market.

In addition to the above, the Company is the subject of a number of claims and legal proceedings incidental to the normal conduct of its business. The management does not believe that such claims and proceedings are likely to have a material adverse effect on the financial condition of Umicore.

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

The process which aims to divest the Zinc Chemicals and Building Products business units and assess strategic alliances in Thin Film Products is progressing well. A competitive auction process is currently underway for Zinc Chemicals. For Electro-Optic Materials no partnership scenario currently offers an attractive value creation potential and therefore Umicore will continue to develop the business unit as a full part of the Group.



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

For a 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.

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 believes that a good corporate governance structure is a necessary condition to ensure its long term success. This implies an effective decision-making process based on a clear allocation of responsibilities. It has to allow for an optimal balance between a culture of entrepreneurship at the level of its 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 Chief Executive Officer and the Executive Committee and also the specific role of the Audit Committee and of the Nomination and Remuneration Committee. The present statements provide information on governance issues which relate primarily to the financial year 2015.

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

The Board of Directors is the ultimate decision-making body of Umicore save for those matters reserved to the Shareholders' Meeting pursuant to the Belgian Companies Code or Umicore's articles of association. The Board is assisted in its role by an Audit Committee and a Nomination and Remuneration Committee. The day-to-day management of Umicore has been delegated to the Chief Executive Officer, who is also the chairman of the Executive Committee. The Executive Committee is responsible for elaborating the overall strategy of Umicore and for submitting it to the Board for review and approval. It is responsible for implementing such strategy and for ensuring the effective oversight of the business units and corporate functions. The Executive Committee is also responsible for screening the various risks and opportunities that the Company might encounter in the short, medium or longer term (see Risk Management section) and for ensuring that systems are in place to address these. The Executive Committee is jointly 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 South America, China, North America and Japan. 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 2015 there were 112,000,000 Umicore shares in issue. The following shareholders had declared a participation of 3% or more on 31 December 2015:

- Family Trust Desmarais, Albert Frère and Groupe Bruxelles Lambert SA/NV:	16,802,836 shares (15.00%)
- BlackRock Inc.:	5,638,752 shares (5.03%)
- Umicore (own shares – updated at 31 December 2015):	3,927,534 shares (3.51%)
- Capfi Delen Asset Management SA/NV:	3,453,000 shares (3.08%)
- Norges Bank:	3,431,306 shares (3.06%)

Also on 31 December 2015 Umicore owned 3,927,534 of its own shares representing 3.51% 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 respectively.

During the year 873,338 own shares were used in the context of the exercise of employee stock options and 33,400 shares were used for share grants, of which 4,500 to the Board members, 26,600 to the Executive Committee members and 2,300 following a partial conversion into shares of the bonus of the Chief Executive Officer.

#### **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) General Meeting of Shareholders. No dividend will be paid which would endanger the financial stability of the Company.

In 2015 Umicore paid a gross dividend of 1.00 EUR per share relating to the financial year 2014. This equalled the gross dividend in respect of the financial year 2013.

In July 2015 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 0.50 EUR per share was paid on 3 September 2015. On 4 February 2016 the Board decided to propose to shareholders a total gross dividend of 1.20 EUR per share relating to financial year 2015. If the profit appropriation proposed to shareholders is approved, the gross pay out of the dividend in May 2016 shall therefore amount to 0.70 EUR per share (i.e. the total dividend less the above interim payment).

The System Paying Agent designated for the payment of the 2015 dividend is:  
 KBC Bank  
 Havenlaan / Avenue du Port 2  
 1080 Brussels

### **5.3.3. SHAREHOLDERS' MEETINGS 2015**

The Annual Shareholders' Meeting took place on 28 April 2015. 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 2014 mandates. At the same General Meeting Thomas Leysen and Marc Grynberg were reappointed as directors for three years, and the mandate of Rudi Thomaes as independent director was also renewed for three years. Also at the Annual Shareholders' Meeting the shareholders appointed Mark Garrett and Eric Meurice as new, independent directors for a period of three years, and they appointed Ian Gallienne as new director, also for a period of three years.

Finally, the Annual Shareholders' Meeting approved the remuneration of the Board for 2015. Details of the fees paid to the directors in 2015 are disclosed in the Remuneration Report.

### **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 2015, the Board of Directors was composed of nine members: eight non-executive directors and one executive director.

On the same date five 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.

Two of the nine Board members in function on 31 December 2015 are women. Umicore therefore no longer meets the minimum representation threshold of one-third, as imposed by the Belgian Companies Code and the recommendations of the Belgian Corporate Governance Committee, which will become effective on 1 January 2017. This situation is only temporary. Both the Nomination and Remuneration Committee and the Board commit themselves in this respect to take into consideration the gender diversity requirement in order to comply again with the above deadline.

The composition of the Board of Directors underwent the following changes in 2015:

- The mandates of Uwe-Ernst Bufe and Arnoud de Pret expired at the Annual Shareholders' Meeting of 28 April 2015 due to the age limit imposed by the Corporate Governance Charter;
- Isabelle Bouillot resigned as director with effective date 28 April 2015;
- Mark Garrett and Eric Meurice were appointed independent directors for a period of three years at the Annual Shareholders' Meeting held on 28 April 2015;

- Ian Gallienne was appointed director for a period of three years at the above Annual Shareholders' Meeting.

#### **5.4.2. MEETINGS AND TOPICS**

The Board of Directors held five regular meetings in 2015. This is a decrease by two compared to the previous year. On two occasions the Board also took decisions by unanimous written consent.

During 2015 the matters reviewed by the Board included:

- financial performance of the Group;
- approval of the annual and half-year financial statements;
- adoption of the statutory and consolidated annual accounts as well as the statutory and consolidated annual reports;
- approval of the agenda of the Ordinary Shareholders' Meeting and calling of this Meeting;
- investment projects;
- EHS review, including sustainable development;
- business risk assessment;
- strategic opportunities and operational challenges;
- business reviews;
- mergers & acquisitions projects;
- human resources review;
- annual performance review of the Chief Executive Officer and the other members of the Executive Committee in respect of 2014;
- approval of draft terms of contribution of branches of activities in the context of the carve-out of the Zinc Chemicals and Building Products activities in Belgium;
- succession planning at the level of the Board and the Executive Committee;
- distribution of an interim dividend.

The Board also visited several sites in the PR China: the Cobalt Specialty Materials plants in Guangzhou, as well as the old and the new Zinc Chemicals plant in Fuhong and the Automotive Catalyst sites in Suzhou.

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

Every two to three years the Chairman conducts a performance review of the Board and its Committees.

The next performance review will take place early 2016 on the basis of an individual assessment form.

#### **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. Following the expiration of his Board mandate Arnoud de Pret, left the Audit Committee with effective date 28 April 2015. Mark Garrett was appointed member of the

Committee and Ines Kolmsee was appointed Chairman of the Committee, both also with effective date 28 April 2015.

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 2015. Apart from the review of the 2014 full year accounts and those of the first half of 2015, the Committee also discussed the following matters: treasury items, corporate security, group tax items, internal audit activity reports, the 2016 audit plan and a preliminary review of the audit charter.

Furthermore, the Audit Committee conducted a self-assessment, the outcome of which recognized that the Audit Committee is satisfactorily functioning.

#### **5.4.5. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and 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.

Three Nomination and Remuneration Committee meetings were held in 2015. During the same period the Committee discussed the remuneration policy for the Board members, the Board Committees members and Executive Committee members, and the rules of the stock grant and option plans offered in 2015. 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 meant under Article 524bis of the Belgian Companies Code.

The Executive Committee is composed of at least four members. It is chaired by the Chief Executive Officer, 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 Chief Executive Officer and recommendation of the Nomination and Remuneration Committee.

During 2015 the composition of the Executive Committee underwent the following changes:

- Géraldine Nolens was appointed Chief Counsel and member of the Executive Committee with effective date 1 July 2015;
- Hugo Morel retired and left the Executive Committee with effective date 1 October 2015.

On 31 December 2015 the Executive Committee was composed of seven members including the Chief Executive Officer.

#### **5.5.2. PERFORMANCE REVIEW**

A review of the performance of each Executive Committee member is conducted annually by the Chief Executive Officer and discussed with the Nomination and Remuneration Committee. The results are presented to the Board of Directors and discussed by the Board.

The Board also meets annually in a non-executive session (i.e. without the Chief Executive Officer being present) to discuss and review the performance of the Chief Executive Officer.

The above performance reviews took place on 5 February 2015.

## **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 market abuse regulations.

The options on Umicore shares as granted to the Chief Executive Officer, 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**

The Company'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 2015, save for the 3,927,534 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 not amended in 2015.

#### 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 2011 (resolutions published on 10 June 2011) has authorized 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 2015 this authorization had not been used. It will lapse on 9 June 2016.

Following a resolution of the Extraordinary Shareholders’ meeting held on 26 September 2014 the Board is authorized to acquire own Company shares on a regulated market within a limit of 10% of the subscribed capital, at a price per share comprised between 4.00 EUR and 75.00 EUR and until 31 May 2017 (included). The same authorization was also granted to the Company’s direct subsidiaries. A total of 920,000 own shares were purchased by the Company in implementation of the above authorization during 2015.

#### 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 Group are entitled to a compensation equivalent to 36 months base salary in the event of a dismissal within twelve months of 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 29 April 2014 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 BVBA/SPRL Marc Daelman, represented by Marc Daelman for the exercise of this mandate.

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

#### **5.8. CODE OF CONDUCT**

Umicore operates a Code of Conduct for all 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 can be found in 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 and 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 and Remuneration Committee bases its proposals on a review of prevailing market conditions for quoted companies which are part of the BEL 20 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 and 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 at the end of 2014 a survey of director's fees of Umicore against those of quoted companies on the BEL 20 index as well as other European companies of similar size operating in the Chemicals, Metals and Materials sectors. The results of the survey, which were reviewed by the Nomination and Remuneration Committee of 4 February 2015, demonstrated that non-executive Directors' remuneration is in line with the market practices. Therefore the Nomination and Remuneration Committee recommended to the Board to keep the remuneration at the same level for 2015 and to allow for an extra fee of 1,000 EUR per attended Board meeting for foreign base Board members.



The Board of Directors of 5 February 2015 followed this proposal and decided to submit this change to the approval of the shareholders. The annual shareholders' meeting of 28 April 2015 approved this change and the non-executive Directors' remuneration.

The annual fixed fees were maintained at the same level as in the prior year.

The remuneration of the non-executive Board members was as follows in 2015:

- **Chairman:** annual fixed fee: 40,000 EUR + 5,000 EUR per meeting attended + 1,000 Umicore shares.
- **Director:** annual fixed fee: 20,000 EUR + 2,500 EUR per meeting attended + 1,000 EUR per meeting attended for foreign based Board members + 500 Umicore shares.

The remuneration of the Board Committee members was as follows in 2015:

- **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. 2015 Board Remuneration overview.

Name		(in EUR)	Meetings attended
Thomas Leysen (Chairman) (non-executive director)	<b>Board</b>		
	Fixed annual fee	40,000	
	Fee per attended meeting	5,000	5/5
	Value of 1,000 granted shares	42,815	
	<b>Nomination and Remuneration Committee</b>		
	Fee per attended meeting	5,000	3/3
	<b>Total remuneration</b>	<b>122,815</b>	
	Benefits in kind company car	3,175	
Marc Grynberg (executive director)	<b>Board</b>		
	No remuneration as a director (see hereafter 2015 CEO remuneration)	-	5/5
Isabelle Bouillot (non-executive director) Resignation at AGM of 28 April 2015	<b>Board</b>		
	Fixed annual fee	6,667	
	Fee per attended meeting	3,500	2/2
	Value of 167 granted shares	7,150	
	<b>Total remuneration</b>	<b>20,817</b>	
Uwe-Ernst Bufe (independent, non-executive director) End of mandate at AGM of 28 April 2015	<b>Board</b>		
	Fixed annual fee	6,667	
	Fee per attended meeting	3,500	2/2
	Value of 167 granted shares	7,150	
	<b>Total remuneration</b>	<b>20,817</b>	
Arnoud de Pret (non-executive director)	<b>Board</b>		
	Fixed annual fee	6,667	
	Fee per attended meeting	2,500	2/2
	Value of 167 granted shares	7,150	

	<b>Audit Committee</b>		
	Fixed annual fee	3,333	
	Fee per attended meeting	5,000	2/2
	<b>Total remuneration</b>	<b>32,150</b>	
Ian Gallienne (non-executive director) Appointed by the AGM of 28 April 2015	<b>Board</b>		
	Fixed annual fee	13,333	
	Fee per attended meeting	2,500	2/3
	Value of 333 granted shares retroceded to GBL	14,257	
	<b>Total remuneration</b>	<b>32,590</b>	
Mark Garrett (independent, non-executive director) Appointed by the AGM of 28 April 2015	<b>Board</b>		
	Fixed annual fee	13,333	3/3
	Fee per attended meeting	3,500	
	Value of 333 granted shares	14,257	
	<b>Audit Committee</b>		
	Fixed annual fee	3,333	
	Fee per attended meeting	3,000	2/2
	<b>Total remuneration</b>	<b>47,423</b>	
Ines Kolmsee (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	20,000	
	Fee per attended meeting	3,500	5/5
	Value of 500 granted shares	21,408	
	<b>Audit Committee</b>		
	Fixed annual fee	8,333	
	Fee per attended meeting as member	3,000	2/2
	Fee per attended meeting as Chairman	5,000	2/2
	<b>Total remuneration</b>	<b>83,241</b>	
Barbara Kux (independent, non-executive director)			
	Fixed annual fee	20,000	
	Fee per attended meeting	3,500	5/5
	Value of 500 granted shares	21,408	
	<b>Nomination and Remuneration Committee</b>		
	Fee per attended meeting	3,000	3/3
	<b>Total remuneration</b>	<b>67,908</b>	
	Umicore contribution to the Swiss social security	2,892	
Eric Meurice (independent, non-executive director) Appointed by the AGM of 28 April 2015	<b>Board</b>		
	Fixed annual fee	13,333	3/3
	Fee per attended meeting	3,500	
	Value of 333 granted shares	14,257	
	<b>Total remuneration</b>	<b>38,090</b>	
Jonathan Oppenheimer (non-executive director)	<b>Board</b>		
	Fixed annual fee	20,000	
	Fee per attended meeting	3,500	4/5
	Value of 500 granted shares	21,408	
	<b>Total remuneration</b>	<b>55,408</b>	
Rudi Thomaes (independent, non-executive director)	<b>Board</b>		
	Fixed annual fee	20,000	
	Fee per attended meeting	2,500	5/5
	Value of 500 granted shares	21,408	

<b>Nomination and Remuneration Committee</b>		
Fee per attended meeting	3,000	3/3
<b>Audit Committee</b>		
Fixed annual fee	5,000	
Fee per attended meeting	3,000	4/4
<b>Total remuneration</b>	<b>79,908</b>	

## 5.11.2. CEO AND EXECUTIVE COMMITTEE REMUNERATION

### 5.11.2.1. Remuneration policy for the CEO and the Executive Committee

The Nomination and 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 Board to create shareholder value. Shares and stock options are 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 and 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 BEL 20 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

Time to cash conversion		
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 Group ROCE and performance against 2 years plan (y, y-1) for CEO / CFO / CTO / Corporate EVP; for EVP Performance against 2 years Business Group plan

39 months	Deferred variable 25%	Based on Group ROCE and performance against 3 years plan (y, y-1, y-2) for CEO / CFO / CTO / Corporate EVP; for EVP performance against 3 years Business Group plan
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 and Remuneration Committee subject to Board approval.

#### 5.11.2.2. CEO's remuneration

##### Fixed remuneration

The fixed remuneration of the CEO is reviewed on an annual basis by the Nomination and 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 relates to 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.

The other half of the variable remuneration, for which the pay-out is deferred, is based (1) on the Umicore Group profitability criterion, i.e. the Return on Capital Employed (ROCE), as published in the annual report and (2) the degree of meeting the plan performance, as approved by the Board. 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 and the plan performance as reference. The other half is paid after a period of three years using as a reference the three year average ROCE and the plan performance. 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 any of the above targets, the pay-out will be pro-rated. In addition, the deferred pay-outs will furthermore be adjusted upwards or downwards depending on the degree of meeting the plan approved by the Board.

In case of any relevant structural change the Nomination and 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 and 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 and 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 2015 was 5,200 shares. 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 currently amounts to 75,000. 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 and Remuneration Committee. The fixed remuneration can be different for each Executive Committee member and depends on criteria such as experience.

##### 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).

The other half, involving a deferred pay-out, is based (1) on the Umicore Group ROCE profitability criterion, i.e. the Return on Capital Employed (ROCE), as published in the annual report and (2) the degree of meeting the plan performance, as approved by the Board. For Executive Committee members with Group responsibility such as the Chief Financial Officer, the Chief Technology Officer and the Corporate Executive Vice-President the plan performance is on Group level, and for the Executive Vice-Presidents having full Business Group responsibility the plan performance is their respective Business Group plan performance. The deferred pay-out is assessed over a multi-year timespan, with half of it paid after a period of two years, using the two years average ROCE and the plan performance as reference. The other half is paid after a period of three years based on the three years average ROCE and the plan performance. 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 any of the above targets, the pay-out will be pro-rated. In addition, the deferred pay-outs will furthermore be adjusted upwards or downwards depending on the degree of meeting the plan approved by the Board.

In case of any relevant structural change the Nomination and 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 group's sustainability objectives.

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 and 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 2015 was 3,700 shares. 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 amounts to 17,500. 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 2015

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 EUR)		CEO	Executive Committee (in aggregate)
Status		Self-employed	
<b>Time to cash conversion</b>			
Current year	Fixed	660,000	2,471,250
15 months	Undeferred Variable 50% (ref year 2015)	220,000	690,000
27 months	Deferred Variable 25% (ref year 2014)	74,250	272,250
39 months	Deferred Variable 25% (ref year 2013)	76,950	256,500
3 years	Shares	172,978	773,527
3 to 7 years	Stock options	403,896	565,452
Pension	Defined contribution plan	201,630	201,409
	Defined benefits plan (service cost)	114,019	471,275
Others benefits	Representation allowance, benefit in kind company car, insurance benefits	47,388	334,146
<b>Total</b>		<b>1,971,111</b>	<b>6,035,809</b>

### 5.11.3. SHARE AND SHARE OPTION OWNERSHIP AND TRANSACTIONS 2015

#### Executive Committee share option ownership and transactions 2015

Name	Options at 31 Dec 2014	Options granted in 2015	Number of options exercised	Average exercise price (in EUR)	Year of grant of options exercised	Number of options forfeited	Options at 31 Dec 2015*
Marc Grynberg	540,000	75,000	112,000	18.19	2006/2008/2009	0	503,000
Stephan Csoma	31,000	17,500	7,500	38.07	2011	0	41,000
Denis Goffaux	77,500	17,500	10,000	38.07	2011	0	85,000
Géraldine Nolens	33,000	6,000	15,000	30.19	2010/2011		24,000
Filip Platteeuw	45,500	17,500	10,500	36.89	2011 / 2012	0	52,500
Pascal Reymondet	102,500	17,500	25,000	32.57	2008	0	95,000
Marc Van Sande	106,338	17,500	28,838	31.20	2008/2010	0	95,000

\* 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 2015

<b>Name</b>	<b>Shares owned at 31/12/2014</b>	<b>Shares owned at 31/12/2015</b>
Marc Grynberg	158,800	240,500
Stephan Csoma	3,500	7,200
Denis Goffaux	10,500	12,700
Géraldine Nolens	0	0
Filip Platteeuw	4,500	8,200
Pascal Reymondet	20,750	24,450
Marc Van Sande	12,000	15,700
<b>Total</b>	<b>210,050</b>	<b>308,750</b>

#### Board of Directors share ownership 2015

<b>Name</b>	<b>Shares owned at 31/12/2014</b>	<b>Shares owned at 31/12/2015</b>
Thomas Leysen	572,920	573,920
Ian Gallienne	0	0
Mark Garrett	0	333
Ines Kolmsee	1,305	1,805
Barbara Kux	500	1,000
Eric Meurice	0	333
Jonathan Oppenheimer	1,400	1,900
Rudi Thomaes	1,705	2,205
<b>Total</b>	<b>577,830</b>	<b>581,496</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 as to 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 to 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 and 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 and 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 and 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 2015

##### Non-executive directors' remuneration

At the request of the Nomination and Remuneration Committee, Umicore conducted in end 2015 a survey of director's fees of Umicore against those of quoted companies on the BEL 20 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 and Remuneration Committee of 34 February 2016. The Nomination and Remuneration Committee concluded that Umicore remains reasonably positioned against the benchmarks and therefore recommended to the Board not to change the fees, but to re-assess the fee structure next year.

The Board of Directors of 4 February 2016 followed this recommendation.

##### **CEO remuneration**

On 3 February 2016 the Nomination and Remuneration Committee reviewed the remuneration of the CEO and the Executive Committee members based on a comparison survey with European peer companies and BEL 20 index companies.

On proposal of the Nomination and Remuneration Committee, the Board of Directors of 4 February 2016 decided to leave the fixed gross remuneration of the CEO unchanged and to increase the number of Umicore shares granted from 4,400 to 5,200.

### **Executive Committee remuneration**

The Nomination and Remuneration Committee of 3 February 2016 reviewed the remuneration of the Executive Committee members. Upon proposal of the Nomination and Remuneration Committee and taking into account that no salary increase was granted in 2015, the Board of Directors of 4 February 2016 decided to slightly increase the annual fixed remuneration of the Executive Committee members.

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

### **5.12.1. RISK MANAGEMENT**

Taking calculated risks is an integral part of the development of any company. Umicore's Board of Directors is ultimately responsible for assessing the risk profile of the Company within the context of the Company strategy and external factors such as market conditions, competitor positioning, technology developments etc and ensuring that adequate processes are in place to manage these risks. Umicore's management is tasked with successfully exploiting business opportunities whilst at the same time limiting possible business losses. In order to achieve this, Umicore operates a comprehensive risk management system. The aim of this system is to enable the Company to identify risks in a proactive and dynamic way and to manage or mitigate these identified risks to an acceptable level wherever this is possible. Internal control mechanisms exist throughout Umicore to provide management with reasonable assurance of the Company's ability to achieve its objectives. These controls cover the effectiveness and efficiency of operations, the reliability of financial processes and reporting, the compliance with laws and regulations, and provide for the mitigation of errors and fraud risks.

#### **5.12.1.1. Risk management process**

Each of Umicore's business units operates in an environment which carries specific growth expectations and differing degrees of market and technological uncertainty. Therefore, the primary source of risk identification lies with the business units themselves.

The first step in the risk management process is to enable and channel the identification of the various material risks. Umicore has established a business risk assessment process to be undertaken by each business unit and corporate department. The process requires that all units carry out a risk scan in order to identify all significant risks (financial and non-financial) that might affect the ability of the business unit to meet its objectives as set out in its strategic plans. The process then requires that each of these risks be described in detail in a risk card. Besides the assessment of potential impact and likelihood, the risk card also contains information on the status of any management action or mitigation plan and the ownership thereof.

These risk cards are then fed back to the member of the Executive Committee responsible for that peculiar business area. A consolidated review takes place at the level of the Executive Committee, the outcome of which is presented to the Audit Committee and to the Board of Directors. The Audit Committee, on behalf of the Board of Directors, carries out an annual review of the Company's internal control and risk management systems and looks into specific aspects of internal control and risk management on an on-going basis.

Each business unit and corporate department is responsible for the mitigation of its own risks. The Executive Committee intervenes in cases where managing a certain risk is beyond the capacities of a particular business unit. The Executive Committee and the Chief Executive Officer are also responsible in a broader context for identifying and dealing with those risks that affect the broader group such as strategic positioning, funding or macroeconomic risks. A specific monitoring role is given to Umicore Internal Audit department in order to provide oversight for the risk management process.

#### 5.12.1.2. Internal control system

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" (<http://www.umicore.com/en/vision/values/>) 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 annual self-assessments to be signed off by the senior management. The outcome is reported to the Executive Committee and to the Audit Committee of the Board of Directors. Up till 2014 the control entities (in average 130 entities) aimed at reaching the established compliance threshold for each control activity. The Internal Audit department reviews the compliance assessments during its missions.

During 2015, the self-assessment process has been redesigned with the purpose to move from a judgemental to an objective methodology by using questionnaires. The first tests of the new self-assessment occurred successfully towards the end of 2015. In parallel the requirements are being reedited in order to simplify and to bring even more focus on segregation of incompatible tasks.

#### 5.12.2. RISK CATEGORIZATION

Umicore faces risks that in broad terms can be categorized as follows:

**Strategic:** including risks related to macro-economic and financial conditions, technological changes, corporate reputation, political and legislative environment.

**Operational:** including risks related to changing customer demand, supply of raw materials, distribution of products, credit, production, labour relations, human resources, IT infrastructure, occupational health and safety, emission control, impact of current or past activities on the environment, product safety, asset and data security, disaster recovery.

**Financial:** including risks related to treasury, tax, forecasting and budgeting, accuracy and timeliness of reporting, compliance with accounting standards, metal price and currency fluctuation, hedging.

Most industrial companies would normally expect to face a combination of the risks listed above. It is not the intention to provide exhaustive details on each risk posed to the Company in this report. However, the most noteworthy strategic and operational risks either in their relevance to Umicore and its strategic goals or in the Company's way of dealing with them have been highlighted below. Financial risks are discussed in greater detail in note F3 to the Consolidated Financial Statements.

### 5.12.3. RISK DESCRIPTIONS

#### 5.12.3.1. Strategic and operational risks

##### Market risk

Umicore has a diverse portfolio of activities serving a number of different market segments and in most of its business has a truly global presence. No one end-user market segment or industry accounts for more than 50% of Umicore's sales. In terms of overall exposure the main end markets served by Umicore are automotive, consumer electronics and construction. Umicore's business model also focuses on sourcing secondary or end-of-life materials for recycling. In many instances the availability of these materials is dependent on the levels of activity in specific industries or at specific customers where Umicore provides closed-loop recycling services. A diverse portfolio and wide geographical presence help to mitigate the risk of over-exposure to any one particular market.

**Comments on 2015:** Economic conditions improved in most of Umicore's end markets and revenues were slightly above those of 2014. Earnings were lower, primarily as a result of the effect of lower metals prices on the earnings of the Recycling business group.

##### Technology risk

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. In order to manage this risk and to enhance the effectiveness of technology screening and implementation processes Umicore has implemented a Group-wide Technology Innovation Management process and carries out technology reviews at Executive Committee level every year. All business units are also expected to carry out an annual technology review. The purpose of these technology reviews is to verify the suitability, potential and risks of those technologies that are screened and pursued and to ensure that they are in line with Umicore's strategic vision. In 2015, Umicore established an Innovation Excellence Board (IEB) composed of senior R&D managers and whose objective is to improve innovation management in the Group. The IEB identified specific self-assessment tools aimed at improving R&D efficiency and clarifying technology roadmaps. This system is primarily based on a self-assessment tool for the business units and Group R&D.

In terms of organization Umicore's R&D efforts comprise initiatives at both Group and business unit level. The position of Chief Technology Officer (CTO) was created in 2005 with the aim of stimulating the various R&D efforts through the Group, ensuring the alignment of the R&D roadmap with strategic priorities and achieving a balance between current technology needs and longer-term opportunities. Five R&D platforms provide a framework for those elements that have a high degree of relevance across the Group namely Functional Materials, Recycling

& Extraction Technology, Expert Services, Analytical Competence Centre and Support Functions. Efforts are also made to promote best practice in knowledge management, information sharing, training and networking throughout the R&D community at Umicore.

To the greatest extent possible, the financial support for the Group's R&D efforts is maintained irrespective of short-term fluctuations in the financial performance of the Group. With regard to intellectual property (IP) risk, a Group IP committee co-ordinates the protection of IP at Group level and promotes best practice in this regard at the level of the business units, which have their own IP committees.

**Comments on 2015:** In 2015 the Executive Committee undertook four dedicated technology reviews compared to five reviews in 2015. These reviews focus on the technology developments that will be key to achieving Horizon 2020 growth ambitions and cover product and process developments but also some support functions and the management of innovation at Group level.

#### Supply risk

Umicore is reliant on supplies of certain metals or metals-containing raw materials in order to manufacture its products. Some of these raw materials are comparatively rare. In order to mitigate the risk of supplies becoming difficult to source Umicore enters into longer-term contracts with its suppliers wherever possible. In some cases the Company holds strategic reserve stocks of certain key raw materials. The Company also attempts to source its materials from a geographically diverse range of locations. Umicore's focus on recycling also means that its supply needs are only partially dependent on supplies of virgin material from mines – a significant proportion of the Company's feed coming from secondary industrial sources or end-of-life materials. Where possible Umicore seeks to partner with customers in a "closed-loop" business model thereby integrating sales and the recycling of the customer's residues in one package. Umicore has developed a Sustainable Procurement Charter that has been designed to drive further improvements in the Company's approach to sustainable procurement and is being rolled out towards Umicore's suppliers.

**Comments on 2015:** Umicore demonstrated continued compliance with the Dodd Frank Act in the US. While Umicore does not source conflict minerals and is not itself subject to the Dodd Frank Act, the Company is proactively addressing the issue with a number of its customers and suppliers. In Precious Metals Refining the Hoboken and Guarulhos facilities were awarded the conflict-free smelter certification by the London Bullion Market Association (LBMA) following an audit of processes and supply streams. The Jewellery & Industrial Metals operations in Pforzheim, Vienna and Bangkok are certified as part of the Responsible Jewellery Council's (RJC) Chain of Custody programme. For more information see the consolidated annual report. To access Umicore's conflict minerals policy see <http://www.umicore.com/en/media/topicsofinterest/conflictMinerals/>. For general comments on the progress in implementing Umicore's Sustainable Procurement Charter please see the consolidated annual report.

#### Substitution risk

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 to integrate in their products should those of Umicore not provide this optimum balance. The risk is especially present in those businesses producing materials containing expensive metals (especially those with historically volatile pricing characteristics). Umicore actively seeks to pre-empt this search for substitute materials by developing such substitutes itself using less costly materials with

lower pricing volatility and where possible without impacting the performance provided for the customer's product.

**Comments on 2015:** No specific developments took place with regards to substitution risk during 2015.

#### Regulatory risk

Like all companies, Umicore is exposed to the evolution of the regulatory environment in the countries or regions within which it does business. It should be noted that Umicore's businesses stand to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles and enforced recycling of end-of-life products such as electronic goods.

However, some environmental legislation does present operational challenges. The REACH Directive came into force in the European Union in June 2007 and it introduced the need for new operational procedures regarding the registration, evaluation and authorization of chemical substances. Umicore has created an operational network of REACH managers from all of its business units, coordinated by a corporate REACH implementation manager.

Umicore monitors closely all changes in interpretation as well as guidance documents which might affect its REACH implementation strategy. Umicore is actively involved in industry association working groups to make sure a consistent approach is followed and that the metal specifics are understood by the regulators and the companies.

While the regulatory landscape may shift in the future, only a few of our substances feature today on the Candidate list for potential REACH authorization. In total, the products sold that contain these substances account for less than 0.5% of Umicore's revenues. The placing of a substance on the REACH "Candidate List" is designed as a first step in subjecting that substance to robust and detailed scientific evaluation of risk as a basis for its continued use or substitution if economically and technically feasible alternatives to that substance exist.

**Comments on 2015:** As part of regular maintenance, about 20 REACH dossiers have been updated in 2015 with new information on composition, uses, Chemical Safety Report. Four of them were updated in line with a request of ECHA, including additional study results. Also 6 new registrations were submitted.

#### 5.12.3.2. Financial risk

As indicated above, Umicore has implemented a specific series of Minimum Internal Control Requirements to mitigate financial risks. The 12 specific areas covered by MICR are: Internal Control Environment, Financial Closing & Reporting, Fixed Assets, Procure-To-Pay, Order-To-Cash, Inventory Management, Hedging, Treasury, Tax, Information Systems Management, Human Resources, Travel & Entertainment. An internal guide – the Umicore Financial Reporting Standard – provides the framework for common understanding of Umicore's accounting policies, application of IFRS, and general reporting practices. Below three of the most salient financial risks have been summarized. A full description of pure financial risks and their management can be found in note F3 to Consolidated Financial Statements.

### Debt and credit risk

Umicore aims to safeguard the business through sound financial management and by maintaining a strong balance sheet. Although there is no fixed target regarding debt levels the Company aims to maintain an investment grade status at all times. We also seek to maintain a healthy balance between short term and longer term debt and between debt secured at fixed and floating interest rates. Umicore has a monitoring process to screen banks for counterparty risk. Umicore is exposed to the risk of non-payment from any counterparty in relation to sales of goods or other commercial operations. Umicore manages this risk through application of a credit risk policy. Credit insurance is often used to reduce the overall level of risk but in certain businesses no insurance is used. This is primarily in those businesses with a significant level of customer concentration or those with a specific and close relationship with their customers and where the cost of insurance is not deemed justifiable in proportion to the risks involved. Business managers are also encouraged to pay particular attention to the evolution of trade receivables. This is done in the broader context of working capital management and Group efforts to reduce capital employed. A major part of the variable pay of managers is linked to return on capital employed (ROCE).

### Currency risk

Umicore is exposed to structural, transactional and translational currency risks. Structural currency risk exists where the Company generates more revenues in one currency compared to the costs incurred in that currency. The biggest sensitivity of this nature exists for the US dollar. Transactional currency exposure is hedged systematically while the Company sometimes engages in structural currency hedges that help secure future cash flows.

Umicore also faces translational currency risks where it consolidates the earnings of subsidiaries not using the Euro as their reporting currency. While Umicore does not systematically hedge its translational currency exposures, it may enter into ad hoc translational hedges.

### Metal price risk

Umicore is exposed to risks relating to the prices of the metals which it processes or recycles. The structural metals-related price risks relate mainly to the impact that metal prices have on surplus metals recovered from materials supplied for treatment. Transactional metals price risks are linked to the exposure to any fluctuations in price between the moment raw materials are purchased (i.e., when the metal is "priced in") and the moment the products are sold (i.e., when the metal is "priced out"). A risk also exists in the Company's permanently tied up metal inventories. This risk is related to the market metal price moving below the carrying value of these inventories. Transactional metal price exposure is hedged systematically to the maximum extent possible. In addition, the Company sometimes engages in structural metal price hedges that help secure future cash flows.

### Taxation

The tax charge included in the financial statements is the Group's best estimate of its tax. There is a degree of uncertainty regarding the final tax liability for the period until completion of tax audits by the authorities. The Group's policy is to submit tax returns within the statutory time limits and engage tax authorities to ensure that the Group's tax affairs are as current as possible and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible. Given the scale and the international nature of the Group's business, VAT, sales tax and intra-Group transfer pricing are an inherent tax risk as it is for other international

businesses. Changes in tax laws or in their application with respect to matters such as transfer pricing, VAT, foreign dividends, R&D tax credits and tax deductions, could increase the Group's effective tax rate and adversely affect its financial results.

**Comments on 2015:** No material changes took place with regard to the nature of the financial risks faced by Umicore during 2015.

## **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 5 February 2015, 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:

### **a) Cash remuneration**

The Chief Executive Officer received a fixed gross remuneration of 660,000 EUR in 2015. Also in 2015 he received a gross variable cash remuneration totalling 175,000 EUR as non-deferred part of his variable cash remuneration for the reference year 2014.

Furthermore he received in 2015 a gross amount of 72,900 EUR as first half of the deferred payment of his variable cash remuneration for the reference year 2013 based on the two year average Umicore Group profitability criterion, i.e. the average Return on Capital Employed (ROCE) for the reference years 2013 and 2014 (i.e. 12.9% giving rise to a percentage pay-out of 54%) and a gross amount of 90,450 EUR as the second half of the deferred payment of his variable cash remuneration for the reference year 2012 based on the three year average Umicore Group ROCE for the reference years 2012, 2013 and 2014 (i.e. 14.2% giving rise to a percentage pay-out of 67%).

In 2016 he will receive the first half of the deferred payment of his annual variable cash remuneration for the reference year 2014 based on (1) the two year average Umicore Group ROCE for the reference years 2014 and 2015 and (2) the degree of meeting the plan performance, as approved by the Board, for the same reference years 2014 and 2015. The second half of the deferred payment of his annual variable cash remuneration for the reference year 2014 will be paid in 2017 based on (1) the three year average Umicore Group ROCE for



the reference years 2014, 2015 and 2016 and (2) the degree of meeting the plan performance, as approved by the Board, for the same reference years 2014, 2015 and 2016.

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. In addition, the deferred pay-outs will furthermore be adjusted upwards or downwards depending on the degree of meeting the plan performance approved by the Board for the applicable reference years.

b) Grant of shares and stock options

The financial consequences for the Company consist of: either 1) as long as the Company 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 the Company would have to buy on that date.

During 2015, no specific transactions or contractual commitments occurred between a Board member or an Executive Committee member on the one hand and Umicore or one of its affiliated companies on the other hand.

**10. 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 2015.

For the Board of Directors  
Brussels, 11 March 2016.

Marc Grynberg  
Chief Executive Officer

Thomas Leysen  
Chairman