

REMUNERATION POLICY

On 6 February 2020 the Nomination and Remuneration Committee presented the Remuneration Policy (the “Policy”) to the Supervisory Board for discussion and approval. This Policy outlines the remuneration principles for the members of Umicore’s Supervisory Board and Management Board and is in accordance with the Belgian Code of companies and associations and the 2020 Belgian Code on corporate governance.

This Policy is effective as of 1 January 2020 and has been submitted to Umicore’s Annual Shareholders’ Meeting on 30 April 2020.

The Nomination and Remuneration Committee is composed exclusively of members of the Supervisory Board and a majority of its members qualify as independent members. This helps to prevent the occurrence of conflicts of interest regarding the setting up, amendments and implementation of this Policy in relation to the Chief Executive Officer (“CEO”) and the other members of the Management Board – together “Members of the Management Board”. The Members of the Management Board do not take part in any discussions of the Nomination and Remuneration Committee related to their remuneration. As regards the remuneration of the members of the Supervisory Board, all decisions are adopted by the Shareholders’ Meeting.

The Policy aims to ensure that the Company can attract, motivate and retain the right talent for the Supervisory Board and the Management Board. It focuses on delivering competitive, fair and responsible remuneration driving the achievement of the Company’s long-term interests, sustainability and strategic objectives.

The remuneration for the members of the Supervisory Board and Management Board is assessed annually by the Supervisory Board on the basis of recommendations from the Nomination and Remuneration Committee. The remuneration components are benchmarked against companies which are part of the BEL20 index, as well as European companies of similar size operating in the Chemicals, Metals and Materials sectors.

The general principles for the remuneration of the Members of the Management Board are consistent with the overall remuneration philosophy of the Company.

REMUNERATION FOR THE MEMBERS OF THE SUPERVISORY BOARD

The remuneration for the members of the Supervisory Board takes into account their responsibilities and commitment in time. They are rewarded for their services through cash and fixed share-based compensation.

All members of the Supervisory Board receive an **annual fixed fee**. Members of the Audit Committee receive a supplementary fixed fee. The fixed fees can vary based on the specific mandate and are prorated in case of appointment or end of mandate in the course of the year.

In addition to the fixed fees, the members of the Supervisory Board receive an **attendance fee** for each meeting of the Supervisory Board and of its committees attended. A member of the Supervisory Board residing outside Belgium receives an additional attendance fee for each meeting attended in person. All reasonable travel and other expenses incurred while performing their duties are reimbursed.

In addition to the cash compensation, the members of the Supervisory Board receive a number of **Umicore shares** depending on their role in the Supervisory Board. The shares granted as of 2020 have to be held until at least one year after the member leaves the Supervisory Board and at least 3 years after the moment of grant. The number of shares is pro-rated in case of appointment or end of mandate in the course of the year. No performance criteria apply to the grant of the shares.

A company car is provided to the Chairman of the Supervisory Board.

The remuneration of the members of the Supervisory Board is approved by the shareholders at the Company’s Annual Shareholders’ Meeting.

REMUNERATION FOR THE CEO AND THE OTHER MEMBERS OF THE MANAGEMENT BOARD

The remuneration of the Members of the Management Board comprises a base remuneration, a short-term and multi-year variable cash compensation, long-term share-based incentives and other usual benefits.

Fixed compensation

The fixed remuneration of the Members of the Management Board is determined annually by the Supervisory Board upon recommendation of the Nomination and Remuneration Committee. In making its decision, the Supervisory Board takes into account the scope and level of responsibility, the experience, prevailing market conditions, as well as the personal and Company performance.

Variable cash compensation

A strong focus on performance and achievements at Company and individual level is reflected in the variable compensation program. This program aims at aligning the interests of the Members of the Management Board with the sustainable value-creation objectives of the Company.

The annual variable cash remuneration potential for the Members of the Management Board amounts to at least 75% of their fixed compensation and is composed as follows:

- **A 50% undeferred part based on individual performance:**

At the beginning of every performance year, the individual objectives of the CEO are discussed during a Nomination and Remuneration Committee, followed by a discussion and approval by the members of the Supervisory Board. The annual individual objectives of each member of the Management Board are fixed by the CEO on basis of their areas of responsibility. The annual individual objectives take into account financial performance, the progress achieved against Company strategic and sustainable development objectives, and adherence to the values of the Company. Financial criteria include ROCE, recurring EBIT and EBITDA with budget and year-on-year progress being used as reference. Strategic and sustainable development objectives are tied to economic performance, value chain and society, eco-efficiency and great place to work. 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 with the members of the Supervisory Board. The annual performance of each member of the Management Board 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 members of the Supervisory Board.
- **A 50% deferred part based on multi-year Company performance**, to reward for the quality of the results (Group ROCE criterion) and to provide an incentive for growth (Group recurring EBIT growth criterion). This variable component applies a deferment of 3 years with a pay-out after 3 years, based upon a 3-year average ROCE and recurring EBIT growth. The Group EBIT growth incentive only applies for a minimum compounded average recurring EBIT growth of 10%.

The ROCE range is set between a minimum of 7.5% (= pay-out of 0%) and a maximum of 17.5% (= pay-out of 100% of the target). When the achieved ROCE percentage falls between the minimum and the maximum, the pay-out will be pro-rated. In case the 10% compounded average recurring EBIT growth threshold is reached, the compounded average recurring EBIT growth percentage will be doubled and added to the ROCE pay-out percentage.

The Members of the Management Board have the possibility to receive their variable cash compensation, if any, partly or totally in the form of Umicore shares.

Share-based compensation

To ensure a direct correlation with the long-term value creation benefitting shareholders and stakeholders, a long-term incentive program consisting of Umicore shares and stock options has been put in place.

Umicore shares are granted annually to the Members of the Management Board at the discretion of the Supervisory Board in recognition of services rendered in the previous year. The shares are subject to a 3-year lock-up and are not subject to forfeiture conditions.

The Members of the Management Board are also granted **stock options** for the ongoing year as part of the annual Umicore Incentive Stock Option Plan, subject to an annual approval of the Supervisory Board. Each accepted option entitles the holder to acquire one existing share of the Company against payment of the exercise price. The Umicore Incentive Stock Option plan for the Members of the Management Board holds a duration of 7 years including a 3-year waiting period before exercise. Stock options that have not been exercised by the expiry of the exercise period will lapse automatically and without compensation. In case of dismissal for serious cause the non-exercised options become void (see section “Agreement related to the mandate of the CEO” regarding the CEO).

Should the Company carry out a corporate change having an impact on its capital and an adverse effect on the exercise price of the stock options and/or the number of shares to which the options give right, the Supervisory Board, in its sole discretion, may adapt such price and/or the number of shares to which the stock options holders are entitled.

Pension and other benefits

The Members of the Management Board are entitled to retirement, death-in-service and disability benefits. The CEO and the other members of the Management Board appointed before 1 July 2018 are enrolled in a defined benefit plan and a supplementary defined contribution plan. For the Members of the Management Board joining as of 1 July 2018 a defined contribution plan applies.

In addition the Members of the Management Board are entitled to the usual benefits such as a company car, medical insurance and representation allowance. They also have the possibility to enroll in the Belgian Umicore mobility scheme such as the bike lease program.

Additional benefits

The Supervisory Board may decide to grant Members of the Management Board individual additional fringe benefits where deemed appropriate, such as for instance a mobility premium or housing for cross-border assignments. Such additional remuneration will be disclosed in the annual remuneration report.

Summary of the remuneration for the Members of the Management Board

The below table provides a summary of the remuneration structure for the Members of the Management Board, showing also the cash time line.

Time to cash conversion	Remuneration component	Members of the Management Board
Year of reference (y)	Fixed compensation	Based on the scope and level of responsibility, the experience of the Members of the Management Board, prevailing market conditions, as well as the personal and Company performance. Annual review based on market practices BEL 20 and European peer companies.
y+1	Undeferred variable 50%	Based on individual performance.
y+3	Deferred variable 50%	Based on multi-year Company performance, taking into account a 3-year average Group ROCE and compounded average recurring EBIT growth% (y, y+1, y+2).
y+4	Shares	Grant in recognition of services rendered in the reference year (previous year) - not linked to individual or business performance criteria - subject to a 3 year lock-up.
y+3 to y+7	Stock options	Upfront grant for the reference year - not linked to individual or business performance criteria - subject to a 3 year lock-up.
Year of reference (y) - retirement age (pension)	Benefits	Retirement, death-in-service and disability benefits, and other market common benefits.

MINIMUM SHAREHOLDING REQUIREMENT

As per decision of the Supervisory Board on 6 February 2020, the CEO is required to build up, within 3 years from the date of appointment, and to retain minimum 30,000 Umicore shares throughout his tenure. This requirement is also applicable to the other members of the Management Board, in respect of a minimum of 15,000 shares.

MALUS AND CLAW BACK PROVISIONS

The Nomination and Remuneration Committee has discretion to adjust (malus) or reclaim (claw back) performance related payments of the past 3 reference years, in the event of fraud or a misstatement of the results leading to undue paid variable compensation, insofar as enforceable by law.

This clause will be systematically applicable to contracts entered in with Members of the Management Board as of December 2019.

MAIN FEATURES OF THE AGREEMENTS WITH THE MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARD

General features

All members of the Supervisory and Management Board have self-employed status.

Agreements related to the mandate of the members of the Supervisory Board

The maximum duration of the mandate of the members of the Supervisory Board is 4 years. This mandate can be renewed. Members of the Supervisory Board are not entitled to any notice period or severance indemnity in relation to the termination of their mandate.

Agreement related to the mandate of the CEO

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

- In case of termination of the contract by the Company, a total compensation equivalent to 18 months of his annual base salary will be paid.
- A total compensation of 3 years of annual base salary as minimum indemnity will be paid to the CEO if his employment as CEO would be terminated within a 12 months period following a change of control due to a takeover bid (not cumulative with the previous provision).
- It is at the Supervisory Board's discretion to determine whether the variable cash remuneration would form part of any final indemnity.
- Stock options vest upon grant, subject to a 3-year waiting period for exercise.

Agreement related to the mandate of the other members of the Management Board

The agreements with the other members of the Management Board appointed before 1 July 2018 include a compensation equivalent to 18 months of the annual base salary in case of contract termination.

For the other members of the Management Board appointed after 1 July 2018, a 12 months compensation of the annual base salary will apply in case of contract termination.

It is at the Supervisory Board's discretion as to whether the variable cash remuneration would form part of any final indemnity.

DEVIATIONS TO THE REMUNERATION POLICY

In exceptional circumstances, the Supervisory Board may decide to derogate from any items of the Policy if necessary to serve the long-term interests and sustainability of the Company. Any such deviation must be discussed at the Nomination and Remuneration Committee who will provide a substantiated recommendation to the Supervisory Board. Any deviation from the Policy will be described and explained in the Company's annual remuneration report.

APPROVAL AND PUBLICATION

The Supervisory Board, with support from the Nomination and Remuneration Committee, is responsible for the compliance with this Policy and for completing an annual review of this Policy.

This Policy is submitted to the Annual Shareholders' Meeting at least every fourth year and upon any proposed material change of the Policy.

The Policy has been approved by the Supervisory Board on 6 February 2020 and has been submitted on the Annual Shareholders' Meeting of 30 April 2020.