

# Global Tessenderlo Group Remuneration Policy 2024

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- ✓ The Remuneration Policy 2024 will be submitted for approval to the general meeting of shareholders on May 14, 2024.

*Last update: 20 March 2024*



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## 1. Remuneration policy 2024

In accordance with the Belgian Corporate Governance Code of 2020 ('Code 2020'), Tessenderlo Group NV, a Belgian publicly listed company, has developed a remuneration policy that outlines the remuneration structure and philosophy for both executive and non-executive directors of the board of directors, as well as for the Executive Committee.

The Nomination and Remuneration Committee, as described in the Corporate Governance Charter adopted by our board of directors, is responsible for overseeing this remuneration policy. The Remuneration Policy 2024 provides insight into the considerations that led to the development of Tessenderlo Group's remuneration structure and principles, taking into account relevant market practices and complying with corporate governance framework requirements.

On March 26, 2024, the board of directors, upon the recommendation of the nomination and remuneration committee, approved the remuneration policy. This policy will be presented to the general meeting of shareholders on May 14, 2024, and will be effective from the financial year commencing on January 1, 2024. The intended validity period of this policy extends until December 31, 2026. Any changes may be made by the board of directors, as deemed appropriate, provided that the revised policy is submitted for approval to the general meeting of shareholders.

## 2. Remuneration policy for Directors

Directors of Tessenderlo Group receive compensation for their services through a cash compensation program.

### 2.1 Level of remuneration

To ensure that individuals with competencies in line with the international ambitions of Tessenderlo Group can be attracted, the remuneration level of directors is regularly compared with that of other similar Belgian companies.

### 2.2 Approval and composition of compensation

The actual remuneration level for directors is determined and approved by the general meeting of shareholders. The compensation for each director consists of the following two elements:

- A fixed annual compensation
- An attendance fee per meeting



The fixed annual compensation is calculated pro rata based on the active months and days in the financial year and covers the activities to be performed as a member of the board of directors, the audit committee, or the nomination and remuneration committee. Exceptions to this are additional annual fees for the chairman of the board of directors and the chairman of the audit committee.

### 2.3 Additional compensation

If the board of directors requests the assistance of a director in a specific matter due to their independence and/or expertise, or if the director is asked to oversee/lead a project or committee, the director will be entitled to additional compensation.

### 2.4 Non-executive directors

Non-executive directors do not receive performance-related compensation such as bonuses, long-term incentive programs, fringe or pension benefits, or any compensation in the form of shares. The board of directors believes that stock-based payments do not have a positive impact on the decisions of directors that support the long-term vision of the Company, given the presence of a reference shareholder, aiming to create sustainable value within the Company.

### 2.5 Expenses

Expenses incurred in the performance of their duties will not be reimbursed unless approved by the nomination and remuneration committee and upon submission of an appropriate justification.

### 2.6 Appointment terms and exceptions

Directors are appointed for four years, usually for a maximum of three consecutive terms. In the interest of Tessenderlo Group NV, the board may unanimously allow exceptions to this policy, in order to retain the increasingly valuable contributions from directors who have gained extended insights into the company over a longer period of time, provided that the reasons for such exceptions are explained to the shareholders.

### 2.7 Resignation procedure

Directors can resign at any time by providing written notice to the chairman of the board of directors. The resignation becomes effective upon receipt or at a later date specified in the resignation letter. Acceptance of the resignation is not necessary to make it effective. If a director's resignation would result in the board of directors no longer complying with mandatory provisions of the Belgian Companies and Associations Code (WVV), the resigning director will remain in office for a reasonable period until replaced.



If directors were elected to the board based on a specific qualification mentioned in the appointment decision, they must promptly inform the board when they lose that qualification. The board, through the nomination and remuneration committee, will assess whether board membership remains appropriate under the given circumstances.

Resignation of directors can occur with a simple majority vote at the general meeting of shareholders, without entitlement to severance pay.

### 3 Remuneration policy for the Executive Committee (ExCom)

#### 3.1 Pay for performance

With the aim of firmly embedding Tessenderlo Group's Pay for Performance culture and fostering entrepreneurial spirit, Tessenderlo Group continually evaluates how its remuneration policy, structure, and philosophy support its strategy and ambition for sustainable long-term growth. The following reward principles form the core of Tessenderlo Group's compensation offering for all its employees:

- Recognition and leadership are essential for employee and team engagement.
- The reward structure is designed to attract and retain the talent that Tessenderlo Group needs to achieve its short- and long-term objectives.
- The remuneration level is at or just above the median and is annually benchmarked against relevant sector references and industries in which Tessenderlo Group operates within a certain country or region.
- The base salary serves as an incentive and reward for increasing competencies, maintaining the right corporate attitude, and adhering to Tessenderlo Group's guiding principles.
- Variable compensation is linked to the success of Tessenderlo Group, various business units, departments, teams, and individual contributions.
- Job evaluation and the compensation system for external/internal appointments are based on an objective methodology and measurable market data.
- The reward structure contributes to the sustainable long-term growth of Tessenderlo Group.

The nomination and remuneration committee ensures that compensation programs for members of the Executive Committee:

- Align with Tessenderlo Group's reward principles.
- Align with Tessenderlo Group's overall compensation framework.
- Are fair in application.
- Are suitable for attracting, rewarding, retaining, and motivating the right executives.



## 3.2 Benchmark

The rapidly evolving internal and external competitive landscape surrounding Tessenderlo Group requires a continuous focus on strong performance and sustainable strategic execution to achieve group ambitions. Talented managers play a crucial role in reaching these goals.

In line with the principles of compensation and within the framework of a globally consistent remuneration policy, the form and level of executives' compensation must align with their contribution and achievement to corporate objectives and the generation of shareholder value.

Annually, the nomination and remuneration committee evaluates the total compensation and other benefits of ExCom members compared to direct competitors, similar Belgian listed companies, and other companies operating in comparable sectors to Tessenderlo Group. The remuneration policy and total compensation and other benefits of Tessenderlo Group are positioned around the market median or slightly above, with a significant focus on variable compensation.

In exceptional circumstances, the board of directors reserves the right to deviate from any compensation component of this Remuneration Policy. In such cases, it will make specific recommendations to the board of directors through the nomination and remuneration committee, with a focus on safeguarding the long-term interests of the company.

## 3.3 Compensation elements

### 3.3.1 Fixed compensation

The fixed base compensation component is determined based on the median level of the base compensation, as described in the benchmark above.

The actual level of an individual's fixed base compensation is determined by their competency level and position within Tessenderlo Group, combined with exhibiting appropriate behavior according to the company's guiding principles.

### 3.3.2 Variable compensation

The targeted levels for variable compensation are established, taking into account the median level determined in the benchmark. These targets are subject to the application of performance multipliers, determined based on short- and long-term objectives linked to Tessenderlo Group's results and individual performance.

The variable compensation is typically paid in cash. The board of directors, following a reasoned recommendation from the nomination and remuneration committee, may decide to provide for a (full or partial) payment in shares or Over The Counter (OTC) products.

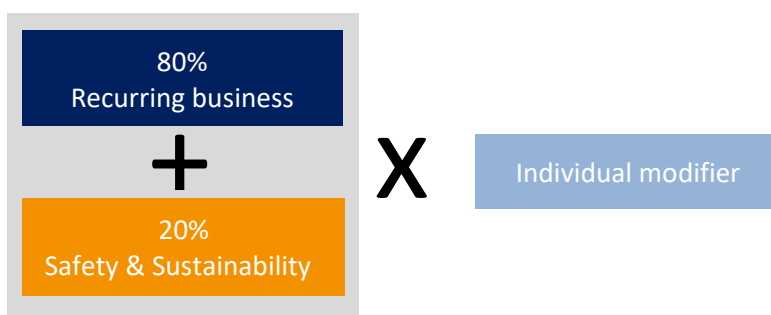
### 3.3.2.1 Short-term variable pay

Tessenderlo Group has developed a short-term incentive plan to ensure that all ExCom members are rewarded based on the overall performance of Tessenderlo Group (details below).

The short-term incentive payout for achieving objectives (at target) is set at 50% of the annual base compensation for the CEO, 45% for the CFO (Chief Financial Officer), and 45% for the CTO (Chief Transformation Officer).

The core performance indicators that qualify for short-term incentive payments, along with their target values, are determined annually by the board of directors on the recommendation of the nomination and remuneration committee. They are measured over a one-year fiscal period.

Tessenderlo Group adopts a globally standardized incentive framework for all eligible managerial positions within the company. For ExCom members, this consists of the following components:



In accordance with this globally standardized framework, the short-term incentive plan for ExCom members consists of the following components:

- 1) Financial Achievement of Tessenderlo Group (target weight of 80%)**  
80% is tied to the financial performance of the company, with Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) as the current applicable metric.
- 2) Safety & Sustainability (combined target weight of 20%)**  
20% is tied to the Safety & Sustainability achievement of the group. The safety performance will be evaluated against leading as well as lagging safety KPIs. The sustainability objective focusses on achieving decarbonization and CSR (Corporate Sustainability Reporting) targets.
- 3) Individual Modifier**  
This is linked to the individual performance contribution of the ExCom member to the sustainable long-term growth of Tessenderlo Group. This

individual modifier allows for an adjustment of up to -100% or +50% of the total incentive payout as a result of the two above components.

The set goals are sufficiently challenging, with the payment curve designed to balance and incentivize high performance. A threshold is set at a level representing the minimum acceptable performance. The more ambitious the goal, the higher the potential payment.

The maximum can only be achieved with truly exceptional performance. The current payment curve is set as follows:

Level of achievement of the targets	Pay-out level as a % of the target bonus amount, excluding the individual modifier
Maximum	200%
Target	100%
Minimum	0%

The CEO, CTO, and CFO's objectives relative to actual performance, as well as the determination of the individual modifier, are evaluated by the nomination and remuneration committee at the end of the fiscal year and submitted for approval to the board of directors.

The board of directors reserves the right to add additional financial and/or cash flow metrics to any future short-term incentive plan. These adjustments will ensure that the plan accurately reflects Tessenderlo Group's annual performance and ensures the ongoing relevance of the set goals.

### **3.3.2.2 Long-term variable pay**

Tessenderlo Group has developed a Long-Term Incentive Plan (LTI) for senior management, including ExCom members, to promote sustainable growth of the company. The LTI plan runs over a three-year period, with payment of the long-term compensation in April of the fourth year, based on pre-determined performance criteria for Tessenderlo Group. Annually, a new LTI plan will be established for the next three years and approved by the board of directors, following reasoned advice from the nomination and remuneration committee.

The long-term compensation for achieving objectives (at target) is set at 50% of the annual fixed base compensation for the CEO, 20% for the CFO, and 20% for the CTO. The total LTI potential payout is capped at a maximum of 200% of the target LTI amount.

The core performance indicators qualifying for the payout of the long-term incentive and their target values are determined by the board of directors on the recommendation of the nomination and remuneration committee.

The Long-Term Incentive plan is based on the principle of profit participation. When the company performs successfully, participants are rewarded with a share in the value added over the long term.

In accordance with the LTI plan for senior management, the LTI plan for ExCom members consists of the following three components:

**1) Financial Performance Tessenderlo Group (65%)**

65% of the Long-Term Incentive is tied to the financial performance of Tessenderlo Group, measured over a cumulative period of three years. The adjusted EBITDA serves as the financial metric used.

The board of directors retains the authority to add additional financial and/or cash flow metrics to this component of any future LTI plan. These decisions are made to ensure that the long-term performance of Tessenderlo Group is accurately reflected.

**2) Safety and sustainability component (15%)**

The sustainability component of the Long-Term Incentive will be linked to the decarbonization actions to be taken by the group, in combination with an increase of the company’s sustainability performance rating.

The safety component of the Long-Term Incentive will be linked to the consolidated safety performance of the group.

**3) Strategic project (20%)**

The strategic component will be linked to establishing a high performance culture, in order to enable the company and its employees to achieve both success and growth.

Therefore, it is outermost important that employees are adequately supported via regular performance evaluation conversations and have individual development plans in place, while the company obtains a clear view on succession plans for employees in key positions.

The payment curve is currently established as follows:

Achievement level targets	Pay-out level
Maximum	200%
Target	100%
Minimum	0%





### 3.3.2.3 'Clawback'-clause

The variable compensation plans do not include clawback provisions that grant the company the right to recover compensation paid based on incorrect financial data. However, a 'clawback' clause has been added to the management agreements of the ExCom members.

This 'clawback' clause gives the company the right to fully or partially recover annual fixed and variable compensations or withhold their payment in case of proven fraud. This authority can be exercised within a period of two years preceding the year in which the fraud has been discovered and/or the management agreement has been terminated.

This provision reinforces the integrity of the compensation structure and ensures that any fraudulent practices are addressed with appropriate measures.

### 3.3.3 Other benefits

All ExCom members receive an additional fixed compensation, intended for them to provide for various needs at their discretion through their management company, including pension contributions, transportation, and insurance. This compensation does not cover international and/or business-related (travel) expenses, which are borne by Tessenderlo Group NV.

The additional fixed compensation levels are determined with consideration of the median level of the benchmark for pensions and other benefits.

## 4. Termination of agreement

All management agreements are in strict compliance with Belgian corporate governance requirements and are subject to Belgian law.

The CEO's management agreement does not provide for a notice period.

The management agreements of the CTO and CFO include a notice period of up to 6 months.

## 5. Conflict of interest and application of Article 7:96 and 7:97 of the Belgian Code of Companies and Associations

Given that the CEO currently also serves on the board of directors, the conflict of interest regulations as foreseen in the Belgian Code of Companies and Associations are strictly applied. This article addresses conflicts of interest involving directors and requires a transparent approach in dealing with such situations.



These measures ensure an honest and careful handling of conflicts of interest within Tessenderlo Group, with transparency and ethical standards being of the utmost importance.



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