

Statutory Annual Report

2020



Tessenderlo Group
EVERY MOLECULE COUNTS

Tessenderlo Group nv
Rue du Trone 130
1050 Brussels
0412.101.728 (the “Company”)

**Statutory annual report of the Board of Directors relating to
the financial year 2020
(article 3.6 of the Code of Companies and Associations)**

In accordance with article 3.6 of the Code of Companies and Associations of the Companies' Code, the Board of Directors reports on the activities of the Company with respect to the financial year 2020.

OPERATING RESULT, FINANCIAL SITUATION AND CASH FLOWS

Total operating income decreased from 437,248,757 EUR in 2019 to 424,748,700 EUR in 2020. The turnover decreased from 380,137,126 EUR in 2019 to 372,121,839 EUR in 2020, mainly because of lower volumes sold of gelatin (activity PB Leiner), sulphates (activity Tessenderlo Kerley International) and sulfur derivatives (activity Performance Chemicals). The other operating income, which mainly consists of intragroup recharging of services and the sale of electricity - related to energy from an electricity purchase agreement, which is no longer used internally - increased from 42,612,986 EUR in 2019 to 45,989,370 EUR in 2020. The impact of the lower energy prices could be more than offset by higher intragroup recharging of services.

The operating result increased from -7,278,350 EUR in 2019 to -4,853,473 EUR in 2020, as the volume decrease was offset by favorable market circumstances.

The financial result decreased from +171,753,306 EUR in 2019 to -27,871,716 EUR in 2020. In 2019, the financial result was positively impacted by the realization of previously unrecognized exchange gains and by a higher amount of dividends, which was received from subsidiaries. 2020 was negatively impacted by unrealized exchange losses, as well as by the loss following the conversion of intragroup loans, granted to Tessenderlo Holding UK Ltd., into equity. Moreover, a lower amount of dividends from subsidiaries was received in 2020.

Tessenderlo Group nv recorded in 2020 a net loss of -32,654,182 EUR compared to a net gain of 164,249,980 EUR in 2019.

Proposal for appropriation of the result.

The board proposes to appropriate:

- the loss of 2020, being	-32,654,182 EUR
- increased by a transfer from untaxed reserves	240,093 EUR
- increased by the result brought forward from previous year	479,585,437 EUR

Being a total of: 447,171,348 EUR

As follows:

- other reserves	4,229,824 EUR
- profit to be carried forward	442,941,524 EUR

The other reserves are the result of the repurchase of own shares for 4,229,824 EUR. These shares will be used as part of the senior management compensation plan (Long Term Incentive Plan).

In accordance with article 7.149 of the Code of Companies and Associations, we request to you to grant discharge for the exercise of our mandate as well as the mandate of the external auditor for the year closed on December 31, 2020.

Tessengerlo Group is also publishing a sustainability report to make its sustainability efforts more visible to all stakeholders. The sustainability report of Tessenderlo Group is available in a digital version on www.tessengerlo.com.



HUMAN RESOURCES

The Company relies on a team of experienced professionals and this contributes towards our realization of the business and strategic objectives across all areas.

As at December 31, 2020, the total number of employees (FTE) working for the company Tessenderlo Group nv amounted to 755.9.

Tessenderlo Group relies on a team of experienced professionals and this contributes towards our realization of the business and strategic objectives across all areas.

We strongly believe that our people are the most important factor behind our success. In a global business where knowledge and expertise are essential, we build on our experienced and motivated employees who have an in-depth knowledge and understanding of both the group and our products. HR managers, who make up part of the different management teams, are focused on the deployment of the updated business strategies by shaping the organization, defining clear roles and responsibilities, as well as attracting, retaining and developing the right people and building motivated teams that will realize the objectives of the group. They also guide each company through the cultural changes that are necessary for the successful implementation of the transformation plans.

Within our annual performance cycle, clear objectives that are in line with our strategy execution are defined internally in each of the different BUs. Each BU has a communication plan to cascade these objectives down to the shop floor and to communicate them into the minds, hearts and hands of our team members.

Talent management is a key process within our organization. As our business is constantly growing, we offer challenging yet rewarding jobs for enthusiastic people with backgrounds in Engineering, Sales and Business Development, as well as Operations Management and General Management. Furthermore, we offer a lot of opportunities in terms of personal development. We want to have a Personal Development Plan for every employee. On-the-job training and a permanent feedback culture are key factors, and we also organize learning and training programs for all levels of employees. We build on the strength of one another and deploy our people in a complementary manner. Within our Talent Review Process, we prepare career paths and carefully develop our talent for the future. Furthermore, we have invested in platforms to facilitate these processes. Last but not least, HR is also responsible for solid reward systems and benchmarked and competitive salary packages. Pay for performance is the aim behind our Reward Strategy because we want to stimulate the entrepreneurial spirit of our employees.



INNOVATION AND R&D

In 2020, the Company continued on the path of further strengthening our innovation capabilities through a sustained organizational focus on business development and innovation portfolio management in all of our businesses (in accordance with local legislation). Our innovation choices are driven by the belief that “Every Molecule Counts”, and these are prioritized in alignment with our business strategies. Additional progress was also made in order to embed innovation at the highest levels in the group and business units. Together, we believe we can catalyze our future. In R&D and New Business Development, the Company continued to improve product, process, and application technologies through a customer-centric approach, exploring new applications for existing products, as well as enhancing sustainability and environmental protection. We also maintained our focus on collaborations with academia, customers, suppliers, and other relevant stakeholders. Furthermore, we were able to continue our R&D activities and projects.

We are passionate about improving the lives and well-being of humans and animals and - in that context - our product innovations focus on the valorizing and upcycling of by-products from other industries or making the most out of our natural resources. To this end, in 2020, we further developed and improved the standards of healthy collagen ingredients for humans, as well as protein-based and gelatin-based products for food, pharma, pet food, aquaculture, and agricultural applications. In 2020, we also launched several new product developments at PB Leiner, such as gelwoRx™, which is a new product family that has been created to effectively address the needs of the health care sector.

Following the release of our first gelatin bio-ink in the Claro™ series of tissue-engineering products in 2019, Tessengerlo Group continued on the path of making further investments, working on scientific developments, and setting-up partnerships. The unique properties of our ClaroBGI600 & ClaroBGI800 products, which combine the natural gelatin qualities with an exceptional flow in bioprinting applications, enables printing with lower pressure and excellent shape fidelity, without affecting the biocompatibility and final gel strength of the construct. These products are gaining more and more attention in the 3D printing tissue engineering application markets.

For product and technology platforms, we rely on the Tessengerlo Innovation Center (Belgium). We also rely on our R&D expertise across a broad area of organic and inorganic chemistries at lab and pilot scale, which support several innovation projects in Agro, Bio-valorization, and Industrial Solutions. Cross-business unit collaborations on innovation projects are strengthened throughout this global innovation community and they are creating innovation and business opportunities. Improved intellectual property awareness throughout both the business and business processes, as well as the strengthening of expert personnel in IP, led to an increase in intellectual property assets in the form of patents, trademarks, collaborative developments, and licensing deals. This resulted in an increased customer-centric innovation and business development focus.



SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Our continuous focus on improving Safety, Health, Environment and Quality (SHEQ) performance remains the top priority for the Company and its subsidiaries. The year was dominated by the impact of the global pandemic and employee safety and health risks were heightened as a result. Many business activities were classified as ‘essential’ and as a result many employees continued operating from our factories and offices. We implemented vigorous health monitoring and hygiene regimes to safeguard the health of those employees and broadly our measures were successful and remain in place. Our foremost objective remains to ensure that our employees understand, participate in and engage with our commitment to the safety and health of everyone and that we preserve, conserve and protect the resources we use to conduct our business. Our fundamental belief remains that ‘Every Molecule Counts.’

HEALTH AND SAFETY PERFORMANCE

During 2020, we continued to focus on sustained improvements from safety and health performance within each business unit. Management has made this the number one priority and utilizes skilled and qualified internal and external resources. Regular management and employee auditing and workplace inspections are conducted and thorough investigation and follow up is conducted on injuries and events that could have resulted in accidents and harm. Safety and health performance is reviewed each month with the ExCom and the Senior Management of each business unit and consequently revised targets are set each year in terms of realizing a continued reduction in accidents and incidents. During 2020 we began the implementation of a learning management system, which will enhance our ability to deliver and record systemic safety and health training for all employees and contractors. This major multi- year project will underpin our continuing commitment to training being the key factor in setting standards and expectations for safe behavior, in all the locations where we conduct business. A number of business units consistently achieve levels of SHE performance significantly below industry benchmarks, whilst other business units continue to make progress towards meeting such levels. We continue to realize further improvements as we commit to our Guiding Principle that ‘The Safety and Health of everyone in our business is more important than any other subject.’

SHEQ ACHIEVEMENTS

Agro

Tessengerlo Kerley International continued its focus on SHEQ and at the site in Ham, Belgium, we achieved a 60% reduction in lost time incidents, as a result of the second-year implementation of a 5 year action plan for occupational and process safety. The focus on the health and safety of contractors, resulted in a third consecutive year without a lost time incident. Other sites within Tessengerlo Kerley International continued to operate with an accident free record.

Bio-valorization

PB Leiner continued to make long-term improvements at the majority of its sites, situated on 4 continents. At the end of 2020, the Lost Time Incident Frequency Rate at many facilities were at near historic lows and this reflected the commitment from management to rigorously implement new initiatives, new procedures and behavioral safety practices. A 6% increase in the reporting of 'near miss incidents' has also led to the ability to further eliminate unsafe conditions and reduce the number of first aid injuries by 14%. This core process has also been extended to cover environmental issues with a corresponding increased focus. In line with the strategy of the group, the PB Leiner business unit continued its investment in energy savings, the reduction of water consumption and improvements regarding wastewater treatment. We also worked on improving the quality of exhaust gasses and the reduction of CO2 and waste streams.

RISK ANALYSIS

ANALYSIS OF THE MAJOR RISKS FOR TESSENDERLO GROUP NV - 2020

The Company analyzes on a regular basis the risks related to its activities worldwide. The Group Risk Manager coordinates the analysis and reports the various risks on the Group's radar to the Audit Committee annually. Each year, all business units are requested to identify and evaluate the significant risks related to their business units.

In 2020, the Group's focus was on the following activities:

- Dealing with the risks associated with COVID-19 and the impact on our business;
- Cybersecurity;
- Compliance;
- Adapting our Enterprise Risk Management process to take into account the rapidly changing circumstances such as the occurrence of natural disasters, cyber security, pandemics

Ethics and Compliance

Risks can arise from potential failure to comply with the Code of Conduct of Tessengerlo Group NV and the supporting internal procedures, as well as from changes to and application of the laws and regulations in the various jurisdictions in which Tessengerlo Group NV operate.

Tessengerlo Group has a Code of Conduct that is regularly updated and supplemented with more specific guidelines. The Code of Conduct includes a possibility to report rule violations to the hierarchical superior and, if necessary, the Compliance Officer.

In order to manage the risk, training is organized worldwide on the application of the Code of Conduct, handling of confidential information and compliance with competition rules.

Within the Company there is also a Compliance Committee which devotes itself each month to coordinating compliance activities within the group, defining procedures and various training programs organized for the group. As such, the group has identified a new training program for the application of the Code of Conduct, handling of confidential information and protection of Intellectual Property and Competition Law.

In 2020, the Compliance Committee focused on reviewing and updating the existing compliance procedures and codes and increasing the target audience's awareness of and compliance with these programs. In addition, new procedures were developed, such as a Suppliers Code of Conduct and an Anti-Bribery and Anti-Corruption policy.

Safety

Safety at the workplace

A safety event which impacts the employees, sites, assets, environment or critical information could have negative consequences for the Company. In order to manage and prevent risks, Tessengerlo Group has a strict safety policy in order to protect the employees.

In order to guarantee a limitation of the safety risks there are various initiatives on local and site level, and on group level there is a Group Safety Working Group which primarily aims to evaluate and

coordinate the various actions within the Company. It is the culture of the company to put safety in the workplace first and make each individual responsible for it.

Cybersecurity

In the Company there is a data protection policy in order to protect sensitive and confidential information within the group and programs are set up in order to manage security risks with regard to ICT and enhance cyber security within the group.

A major cyber-attack could have a negative impact on the Company's operations and results. Therefore, within Tessengerlo Group, cyber defenses continue to improve to cope with the developments in cyberattacks.

Within the group, security risk management is carried out as follows:

- The group has appointed a Chief Information Security Officer;
- External experts carry out independent assessments of the risks. Based on this analysis, a plan is developed to better protect the company against cyberattacks.

In 2020:

- End-user safety training will remain mandatory for all employees. To increase employee awareness, cyber security tips are published regularly;
- The company has acquired several ICT tools that allow us to increase the cyber security of the group's systems;
- Tessengerlo Group continues to improve its cyber security strategy and management, to further develop its corporate information security program, and to investigate other functions/opportunities to improve the company's security status and response to cyberattacks;
- Various procedures and guidelines have been developed regarding the use of the computer systems and protecting cyber security, which will be further rolled out in the group in 2021.

Operational risks and risks with regard to supply chain

Industrial safety

A major accident such as fire, explosion or release of harmful substances may result in possible fatalities, life-altering injuries, harm to the environment or local communities.

As explained hereabove, safety on the workplace is a top priority within the group.

The group also has an insurance programs to limit the financial impact of the risks.

Transport accidents

An accident with chemical substances may result in risk of injuries to neighbors or the public.

Within the Company there are various transport safety programs in order to reinforce prevention and safety. Furthermore, the group has an insurance program to limit the financial consequences of the risks on transport accidents.

Usage of the Tessengerlo Group products

The usage risk stems from the possibility of third parties being injured, suffering an adverse health impact or property damage caused by the use of a Tessengerlo Group product as well as the resulting litigation or the inappropriate use of some Tessengerlo Group products for applications and/or markets for which the product is not designed or not in accordance with Tessengerlo Group's instructions for use.

Possible consequences are exposure to liability for injury or damage and product recalls. Product liability risk is the highest for products used in crop protection, food and healthcare applications.

Apart from the various measures taken in order to inform third parties on the specifications and use of the product and to regularly assess and adjust product risks in line with regulations, the group has an insurance program in order to limit the financial impact of product liability risk.

Market risk and strategic risks

Volatility of certain raw materials

The company is particularly sensitive to the fluctuations of the following raw materials: ammonia, potassium chloride and sulfur for the production of fertilizers, polyvinyl chloride for the production of plastic piping systems and pig and beef bones and hides for the gelatin production.

The group's most important purchase contracts are centralized at group or business unit level. This method allows the Company to strengthen its negotiating position. To the extent possible, price fluctuations are, where possible, translated into its sales prices of the products.

The Company is often active in markets and activities that are highly regulated by, among other things, strict rules and environmental provisions.

The Company cannot guarantee that in the future there will be no sudden or significant changes to, on the one hand, existing laws or regulations or, on the other hand, to trends where environmental awareness and sustainability requirements are central. Our Stakeholders may find that the Company and its subsidiaries have not responded adequately to these trends and that this may consequently have an impact on our business and financial results. These changes and the costs of adapting to them could have a significant impact on the activities.

The Company ensures that, in the case of new investments or expansions, it always takes into account the impact on the environment and the sustainability of the solution in the long term in its decision. Moreover, with its activities in the Bio-Valorization and Industrial Solutions segments, Tessenderlo Group plays in a closed loop model by reusing and valorizing different sources of raw materials.

Tessenderlo Group plays an important role in the transition to a low-carbon future. We do this with materials that respond to global trends of clean air and mobility, while our closed loop model conserves resources.

Other risks

Climate Risks

Particularly in the Agro and the Industrial Solutions segments, exceptional weather conditions, such as sustained heat waves, flooding or natural disasters can have an important impact on the operational results.

In 2020, together with an external insurer, our sites were mapped using a Catastrophe Risk Insight tool and the potential financial risks from the consequences of a climate risk or natural disaster were subjected to an external insurance program.

Risk of an outbreak of an epidemic with a large geographical reach or pandemic

Due to its global presence, the group may be subject to the consequences of the local or worldwide spread of viruses that pose a risk to public health and may be serious and unexpected. Such outbreaks

may have an impact on social life and the economy. The Company believes that it is difficult to estimate the impact that the regional spread of viruses or a pandemic could have on the economies in which we operate, and therefore the impact that these factors could have on our financial results.

In the context of the 2020 COVID-19 outbreak, the Company has taken some specific health, travel and safety measures in order to protect the employees and other persons from the disease in accordance with the guidelines imposed by the local authorities. These measures include rules on working from home, wearing a mouth mask at work and also respecting distance rules. In 2020, several sites also developed continuity plans to avoid any disruption of the supply chain due to the pandemic or any other crisis situation.

ANALYSIS OF THE FINANCIAL RISKS¹

Foreign currency risk

The group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the group's functional currency. The currencies giving rise to this risk are primarily the USD (US dollar) and the GBP (British pound). Movements in foreign currency therefore may adversely affect the group's business, results of operation or financial condition.

Subsidiaries are required to submit information on their net foreign exchange positions when invoiced (customers, suppliers) to Tessenderlo Group nv, the parent company. All the positions are netted at the level of Tessenderlo Group nv and the net positions (long/short) are then sold or bought on the market. The main management tools are the spot purchases and sales of currencies followed by currency swaps.

Group borrowings are generally carried out by the group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities. In principle, operating entities are financed in their functional currency. As from March 2015, the group no longer uses currency swaps to hedge intragroup loans.

Credit risk

The Company is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the group, are unable to make such payments in a timely manner or at all. In order to manage its credit exposure, a credit committee per business unit has been created to determine a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays. The group has moreover globally elaborated a credit insurance program to protect accounts receivable from third party customers against non-payment. Every legal entity of the group is participating to this program and the insurance is provided by highly top-rated international credit insurance companies. A large majority of the receivables (around 95%) is covered under this group credit insurance program. The contract protects the insured activities against non-payment with a deductible of 10% and foresees an indemnification cap at group level. The program foresees a pay-out of the insured claims within 6 months after declaration.

¹ For a more detailed overview of the financial risks related to the situation in 2020 and the Tessenderlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Consolidated Financial Report (note 26 - Financial Instruments).

The Company has no significant concentration of credit risk. However, there can be no assurance that the group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at year-end are deposited for a short term at highly rated international banks.

Interest risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they may affect the market value of certain financial assets, liabilities and instruments.

At the end of 2020, the company's interest-bearing financial instruments were mainly fixed rate instruments. Movements in interest rates would therefore not have a significant impact on the company's cash flow or result.

Liquidity Risk

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfill its financial obligations at any time. Failure to meet financial obligations can result in significantly higher costs, and it can negatively affect reputation.

In order to limit this risk, the Company took a series of actions:

- the set-up of a factoring program at the end of 2009, which is put on hold since 2015.
- a capital increase of 174.8 million EUR in December 2014.
- the issuance in July 2015 of two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was 250.0 million EUR, of which 192.0 million EUR for the 2022 bonds and 58.0 million EUR for the 2025 bonds.
- the replacement of the syndicated facility agreement (terminated in December 2015) by 5 year committed bi-lateral agreements for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These facilities were renewed for 5 years in December 2019 and have no financial covenants and ensure maximum flexibility for the different activities.

In addition, the Company uses a commercial paper program of maximum 200.0 million EUR.

The Company regularly projects short and long-term forecasts in order to adapt financial means to forecasted needs.

CORPORATE GOVERNANCE STATEMENT

TRANSPARENT MANAGEMENT

Tessengerlo Group nv follows the Belgian legislation as reference code for Corporate Governance. In case that the Company does not comply with one or more provisions of this code, it shall indicate with which provision it is not complying and give justified reasons for this deviation. The Belgian Corporate Governance Code is available at:

www.corporategovernancecommittee.be/en/home

The Company's adherence to the principles of Corporate Governance is reflected in the Corporate Governance Charter (hereinafter referred to as the "Charter"). The Charter is available at

<https://www.tessengerlo.com/EN/about-tessengerlo-group/corporate-governance/corporate-governance-charter>

On 27 October 2020 the Board of Directors of the Company approved the new changes of the Corporate Governance Charter following the conversion of the European Shareholders' Directive II (SRDII) in the Belgian Code of Companies and Associations ('BCCA').

CAPITAL & SHARES

Capital

The capital of Tessengerlo Group nv at December 31, 2020, amounts to 216,231,862.15 EUR.

Shares

The share capital is represented by 43,154,979 shares without par value, entitling the shareholder to one vote per share.

By decision of the extraordinary general meeting of shareholders of July 10, 2019 the loyalty voting right has been introduced. As a consequence, each share which has been fully paid up and which is registered in the name of the same shareholder in the register of registered shares since at least two uninterrupted years, gives right to a double vote in accordance with the BCCA.

All Tessengerlo Group nv's shares are admitted for listing and trading on Euronext Brussels.

Pursuant to the decision of the extraordinary general meeting of June 6, 2017, the Board of Directors is authorized, for a period of 5 years from the publication of the authorization in the Annex of the Belgian Official Gazette, to repurchase, in accordance with the conditions set by law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company, taking into account the conditions as determined during the extraordinary general meeting of June 6, 2017. Pursuant to this decision the Board of Directors at its meeting on August 25, 2020 approved the proposal to purchase own shares up to a maximum amount of EUR 5 million during a period starting on September 14, 2020 and ending on April 30, 2022.

On December 31, 2020, the company owns in total 132,000 company's shares or 0.306% of the total amount of issued shares (being 43,154,979).

SHAREHOLDERS & SHAREHOLDERS STRUCTURE

On the basis of the notifications provided to the Company, the status of the voting rights of the Company at December 31, 2020, is as follows:

Shareholder	Number of voting rights	%
Verbrugge nv (controlled by Picanol)	35,524,356	58.23%
Symphony Mills NV	4,346,200	7.12%
Janus Henderson Group PLC	1,561,002	2.56%
Norges Bank	1,287,899	2.11%
Carmignac Gestion SA	903,687	1.48%
Dimensional Fund Advisors L.P.	891,022	1.46%
Valarc Master Fund, Ltd.	630,402	1.03%
Other	15,861,347	26.00%
Total	61,005,915	100.00%

Verbrugge nv is controlled by Picanol nv, which in turn is controlled by Artela nv. Artela nv and Symphony Mills nv are controlled by Mr. Luc Tack. At the date of this report, the Company has no knowledge of any agreements made between the shareholders.

Shareholders whose stake in Tessengerlo Group nv's capital surpasses the threshold of 1%, 3%, 5%, 7.5% and each multiple of 5%, in either direction, are required to notify the Belgian Financial Services and Markets Authority (FSMA) (TRP.Fin@fsma.be) and Tessengerlo Group nv (kurt.dejonckheere@tessengerlo.com).

GOVERNANCE STRUCTURE

The Company has opted for the monistic structure with a Board of Directors authorized to carry out all acts necessary or useful for the realization of the Company's objective, with the exception of those reserved by law to the general shareholders' meeting.

BOARD OF DIRECTORS

Composition

At December 31, 2020, the composition of the Board of Directors of Tessenderlo Group nv was as follows:

	Start of initial term	End of term
Non-Executive Directors		
Mr. Karel Vinck	March 17, 2005	May 2023
Independent Non-Executive Directors		
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	June 6, 2017	May 2021
Philiium bv represented by its permanent representative Mr. Philippe Coens	June 2, 2015	May 2023
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	June 6, 2017	May 2021
Executive Directors		
Mr. Luc Tack	November 13, 2013	May 2023
Mr. Stefaan Haspeslagh – Chairman	November 13, 2013	May 2022

The composition of the Board of Directors fulfils the objective of assembling complementary skills in terms of age, competencies, experience, and business knowledge.

On December 31, 2020, the Board of Directors was in full compliance with the Law of July 28, 2011, requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of the opposite gender. All meetings of the Board of Directors were attended by the Secretary of the Board of Directors and the Vice President Finance and Investor Relations.

Activities

The Board of Directors convened according to a previously determined schedule. The Board of Directors met seven (7) times during 2020.

During 2020, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy;
- the financial statements and reports;
- the 2020 budget;
- the financial communication and reporting by segment;

- proposals to the general and special shareholders' meetings;
- the remuneration policy and the remuneration of the members of the Executive Committee and directors (decision not to grant remuneration (partially) in the form of shares for the Non-Executive directors and the ExCom for 2020 and until further notice, and the decision not to fix a minimum threshold of the amount of shares to be held by the ExCom for 2020 and until further notice);
- the review of a long-term incentive plan for members of the ExCom;
- the approval of the changes to the services agreements (Management Services Agreements) between the Company and the CEO – CFO-COO with regard to claw-back provisions;
- the discussion on the effects of the COVID-19 crisis on the Company's activities worldwide and the measures taken in this respect;
- the adoption of the extension of the 4 bilateral loan agreements between the Company and the KBC – ING – Belfius and BNP Paribas banks;
- the effectiveness of the Enterprise Risk Management and Compliance framework;
- the approval of various commercial agreements;
- the approval and realization of the take-over and incorporation of a new affiliate in France and the incorporation of various legal entities abroad;
- the discussion on the various law changes relative to Corporate Governance and the approval of the modified Corporate Governance Charter of the Company.
- the discussion on the results of the self-assessment questionnaire with regard to the activities and effectiveness of the Board of Directors and its committees;
- the approval of the capital increase in a UK affiliate;
- the approval of the 2021 budget;
- the approval of the proposal to repurchase own shares.

Evaluation of the Board of Directors

Evaluations of the functioning of the Board of Directors, the Nomination and Remuneration Committee and the Audit Committee are performed periodically. In the context of such evaluations, the members can give a scoring (from 1-5) on different subjects relating to the board and committee functioning and can share their views on areas for improvement.

Such evaluations are performed through the use of a self-assessment questionnaire developed by the Secretary of the Board of Directors. The exercise focuses primarily on the following domains: role, responsibilities and the composition of the Board of Directors and the committees, the interactions between Directors, the conduct of the meetings and evaluation of the training and resources used by the Board of Directors and/or the committees.

Where appropriate, the individual Directors also share their view on how the Board of Directors and the committees could improve their operation. The Chairman and the Secretary of the Board of Directors share the results of the evaluation with the Directors and formulate initiatives for improvement. In 2019 the Directors were invited to complete a self-assessment questionnaire for the evaluation of the Board of Directors. In 2020 the Directors received a questionnaire for the assessment of the Audit Committee and the Nomination and Remuneration Committee. The results of both questionnaires were discussed during a meeting of the Board of Directors in 2020.

Appointment of the members of the Board of Directors

In its selection process for members of the Board, the Board integrates criteria such as variety of competences, age and gender diversity.

Board Committees

General

On December 31, 2020, the following Committees were active within the Board of Directors of Tessengerlo Group:

- The Nomination and Remuneration Committee
- The Audit Committee

Please see the Charter for a description of the operations of the various Committees on www.tessengerlo.com.

Nomination and Remuneration Committee

On December 31, 2020, the Nomination and Remuneration Committee was constituted as follows:

- Mr. Karel Vinck (Chairman)
- Philium bv represented by its permanent representative Mr. Philippe Coens (Independent)
- Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez (Independent)

A majority of the members of the Nomination and Remuneration Committee meets the independence criteria set forth by Article 7:87 §1 of the BCCA and the Corporate Governance Charter and the committee demonstrates the skills and the expertise requested in matters of remuneration policies as required by Article 7:100 of the BCCA.

The Nomination and Remuneration Committee met three (3) times in 2020.

- Activities of the Nomination and Remuneration Committee

In 2020, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package. The Committee made recommendations regarding the realization of the long-term incentive plan for the ExCom. The Committee also made recommendations with regard to the granting of remuneration in the form of shares to the Non-Executive Directors and ExCom, the determination of a minimum threshold of shares to be held by the ExCom and the determination of claw-back provisions in the agreements with the CEO and the CFO-COO. The Committee also discussed on the changes in the European Shareholders' Directive (SRDII) and more especially on the changes with respect to the remuneration policy and the remuneration report. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the 2019 annual report.

In compliance with the Corporate Governance Charter, the majority of the members of the Nomination and Remuneration Committee are independent.

- Evaluation of the Nomination and Remuneration Committee

For information on the evaluation process of the Nomination and Remuneration Committee, please refer to the section "Evaluation of the Board of Directors".

Audit Committee

At December 31, 2020, the Audit Committee was constituted as follows:

- Philiium bv represented by its permanent representative
Mr. Philippe Coens (Independent) (Chairman)
- ANBA bv represented by its permanent representative
Mrs. Anne-Marie Baeyaert (Independent)
- Mr. Karel Vinck

The Audit Committee met according to a previously determined schedule; i.e. four (4) times during 2020.

The CEO, the COO-CFO, the Vice President Finance and Investor Relations, the Group Internal Audit Director as well as the statutory auditor attended the meetings of the Audit Committee. The other Directors were invited to participate to the meetings of the Audit Committee without any voting rights.

As legally required, the Audit Committee has among its members at least one independent Director with the necessary accounting and auditing expertise.

The members of the Audit Committee fulfil the criterion of competence with their own training and by the experience gathered during their previous functions. In compliance with the Charter, the majority of the members are independent Directors.

- Evaluation of the Audit Committee

For information on the evaluation process of the Audit Committee, please refer to the section “Evaluation of the Board of Directors”.

- Activities of the Audit Committee

In addition to monitoring the integrity of the quarterly financial statements and financial results press releases per semester, including disclosures, consistent application of the valuation and accounting principles, consolidation scope, closing process quality and accounting estimates, the Audit Committee heard reports from the external auditors regarding the year-end audit scope, the internal control system, the key audit matters and the valuation and accounting treatment of certain exceptional items.

The Audit Committee also addressed specific topics such as monitoring the effectiveness of the Enterprise Risk and Compliance Management systems and programs and the follow-up of cyber security within the Company and made recommendations regarding the further follow-up of improvement actions. Further, the Audit Committee reviewed the status of the major pending litigations.

The Audit Committee also followed up on the findings and recommendations of the external auditors, reviewed their independence and approved requests for non-audit services.

The Audit Committee also heard the Group Internal Audit Director on the Internal Audit program for 2020, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on the review of the follow-up actions taken by the Company to remedy certain weaknesses identified by the Internal Audit Department. The Audit Committee also approved the internal control plan for the year 2020 and heard reports from the Internal Control Department on its various findings.

Attendance rate for members of the Board of Directors meetings and members of the committees meetings in 2020:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2020	7	4	3
Philium bv represented by its permanent representative Mr. Philippe Coens	7/7	4/4	3/3
Mr. Stefaan Haspeslagh	7/7		
Mr. Luc Tack	7/7		
Mr. Karel Vinck	7/7	4/4	3/3
Management Deprez bv represented by its permanent representative Mrs. Veerle Deprez	7/7		3/3
ANBA bv represented by its permanent representative Mrs. Anne-Marie Baeyaert	7/7	4/4	

EXECUTIVE COMMITTEE (EXCOM)

Roles and responsibilities

As per December 31, 2020, the ExCom of Tessengerlo Group was constituted as follows:

- Mr. Luc Tack (CEO)
- Mr. Stefaan Haspeslagh, representative of Findar bv (COO-CFO)

Evaluation of the ExCom

At least once a year, the ExCom reviews its own performance.

Activities of the ExCom

The Board of Directors has empowered the ExCom to enable it to perform its responsibilities and duties. Taking into account the Company's values, its risk appetite and key policies, the ExCom shall have sufficient latitude to propose and implement the corporate strategy.

The CEO chairs the ExCom and ensures its organization and proper operation. In principle, the ExCom meets every week, and additional meetings may be convened at any time by any of its members. On a monthly basis the ExCom meets with the company's Business Units in order to review and discuss the strategic decisions and the operational performance of the Business Units. A comparable performance dialogue is organized with representatives of the supporting group functions.

The ExCom is responsible for:

- running the Company;
- overseeing the proper organization and operation of the Company, ensuring oversight of its activities, including the introduction of internal control processes for the identification, assessment, management and monitoring of financial and other risks;
- the appointment of senior executives of the Company and determination of the senior executives remuneration policies*;
- the main decisions and investments involving amounts under the thresholds as defined by the Board of Directors;
- preparing the proposals for decisions on those matters under the competence of the Board of Directors, including the complete, timely, reliable and accurate preparation of the Company's annual accounts, in accordance with the applicable accounting standards and policies of the Company, as well as the Company's required disclosure of the financial statements and other material financial and non-financial information;
- presenting the Board of Directors a balanced and understandable assessment of the Company's financial situation;
- providing the Board of Directors in due time with all information necessary for the Board of Directors to carry out its duties;
- executing and implementing the decisions taken by the Board of Directors.

The ExCom tasks are further described in the ExCom terms of reference as set out in Exhibit G of the Corporate Governance Charter.

*The Senior Executives of the Company are those executives who together with the ExCom manage and determine the strategy of the businesses as well as the Heads of the Functional departments.

REMUNERATION REPORT: DIRECTORS

Remuneration policy

It is the responsibility of the Board of Directors of the Company to make proposals to the shareholders regarding the remuneration of the Directors.

The Nomination and Remuneration Committee makes proposals to the Board of Directors concerning:

- the remuneration for participating in the Board and the Board's Committees meetings;
- the remuneration awarded for assignments related to special mandates.

In order to determine the remuneration of the Directors, a benchmarking exercise of similar Belgian companies has been performed. Membership of Committees entitles the participants to an attendance fee in line with the benchmark. Finally, the Chairman receives an additional fee for his responsibility as Chairman in line with the benchmark.

By decision of the General Shareholders' Meeting of June 7, 2016, each Director receives a fixed annual fee of 25,000 EUR. This remuneration covers the activities as member of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee. Moreover, the following additional fees are granted:

- an attendance fee of 1,000 EUR per half day attendance;
- an additional annual fee of 30,000 EUR for the chairman of the Board of Directors; and
- an additional annual fee of 3,000 EUR for the chairman of the Audit Committee.

Remuneration is paid during the year in which the meetings were held. The attendance fee of 1,000 EUR is also attributed to the directors who attend the meeting as invitee.

In its meeting of August 25, 2020, the Board of Directors decided not to grant remuneration (partially) in shares for the Non-Executive Directors for 2020 and this until further notice.

Remuneration received

Member	2020	Earned fees (in EUR)
Philiium bv, represented by its permanent representative Mr. Philippe Coens (Independent Non-Executive director)	Fixed annual fee	25,000.00
	Additional fixed fee for Chairman of AC	3,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	40,000.00
Management Deprez bv, represented by its permanent representative Mrs. Veerle Deprez (Independent Non-Executive director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	37,000.00
ANBA bv, represented by its permanent representative Mrs. Anne-Marie Baeyaert (Independent Non-Executive director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	37,000.00
Stefaan Haspeslagh (Executive Director)	Fixed annual fee	25,000.00
	Additional fixed annual fee for Chairman Board	30,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	67,000.00
Luc Tack (Executive Director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	37,000.00
Karel Vinck (Non-Executive director)	Fixed annual fee	25,000.00
	Attendance fee per half day attended	12,000.00
	Total remuneration	37,000.00
GENERAL TOTAL		255,000.00

REMUNERATION REPORT: EXECUTIVE COMMITTEE (EXCOM)

Remuneration policy

This chapter describes the principles underlying Tessengerlo Group’s remuneration policy, management remuneration, structure and philosophy. The Nomination and Remuneration Committee determines the principles of the remuneration policy for the ExCom members (the CEO & CFO-COO) and submits them to the Board of Directors. The aim is to achieve total remuneration packages that are attractive and in line with the market.

Tessengerlo Group annually reviews the positioning of the total remuneration of the ExCom members to direct competitors, quoted companies in the BELMid and other companies active in similar industries as wherein Tessengerlo Group operates. Our remuneration policy and total compensation is positioned on the market median or slightly above the market median, with a strong emphasis on variable compensation. Variable compensation is based for 75% on the financial results of the group (EBIT) and for 25% on the individual performance contributing to the long-term sustainable growth of Tessengerlo Group. The individual performance will be assessed based on achieving individual targets as defined by the Nomination and Remuneration Committee and the Board of Directors. In this respect we also refer to the “Code of Conduct” of Tessengerlo Group, which lists the guiding principles and key values.

The internal and external competitive landscape of and around Tessengerlo Group is changing rapidly. In order to realize the group’s ambitions in this challenging environment, the organization needs to perform strongly and focus on the implementation of a sustainable strategy. Talented managers are indispensable in terms of achieving this goal. The remuneration policy aims to link this strategy and the company’s objectives to the performance and remuneration of management.

In this way, the group creates a globally consistent framework for the development, remuneration and empowerment of its people. The group considers commitment, recognition and leadership as important foundations for employee engagement. This enables the group to attract, retain and motivate the best talents to achieve both short-term and long-term objectives. This is all within the context of a globally consistent remuneration policy that rewards the contribution towards and the achievement of company objectives and the generation of shareholder value.

The Group Reward principles are:

Recognition and leadership are key for employee and team engagement.
Our compensation system will serve to attract and retain the talent that the group requires to meet its short and long term goals.
Our remuneration policy will be positioned on or just above the median, and tested annually against a selected basket of relevant industry references and industries in which the group is active.
Our base salary will drive and reward growing competencies, showing the right corporate attitudes and living according to the group’s guiding principles.
Our variable remuneration policy links the success of the group to the various business units, departments, teams and individual contributions.
Our job grading and our compensation system for external/internal appointments are based on an objective methodology and measurable market data.
Our compensation system will never knowingly discriminate between employees on any grounds.

Compensation package

The ExCom remuneration package consists of the following items:

- Fixed compensation
- Variable compensation
- Other compensation items

Fixed compensation

The fixed part of the remuneration compensates individual members as per market reference and in line with their level of skill and position within the group combined with the right behavior and living according to the group's guiding principles.

In its meeting of August 25, 2020, the Board of Directors decided not to grant remuneration (partially) in shares for the ExCom nor to fix a minimum threshold of the amount of shares to be held by the Excom, and this for 2020 and until further notice.

Variable compensation

The variable compensation of the members of the ExCom is based on short- and long-term objectives linked to group results and individual performance.

The incentive plans do not explicitly provide any "claw-back" provisions entitling the Company to reclaim the compensation paid on the basis of incorrect financial data. In its meeting of August 25, 2020 the Board of Directors approved the decision to add the necessary documentation and provisions in the agreements with the ExCom members, which enable the company to reclaim variable remuneration, or withhold payment of variable remuneration, in the event of financial misconduct, fraud, deceit, non-compliance with a non-compete obligation and/or gross negligence.

I. Short-term variable compensation

Tessengerlo Group has developed a short-term variable compensation plan in order to ensure that all ExCom members are compensated according to the overall performance of Tessenderlo Group.

The short term variable compensation for the ExCom members consists of a target percentage of 45% of the fixed remuneration for the CEO and 40% of the fixed remuneration for the CFO-COO with a payout coefficient of 0% up to and including 300% depending on the achievement of the intended objectives.

The objectives measured over the calendar year are set on the group financial and strategic objectives with a modifier for personal performance, proposed by the Nomination and Remuneration Committee. The variable compensation is linked for 75% to the financial results of the group (EBIT) and for 25% to individual performance contributing to the long-term sustainable growth of Tessenderlo Group. In this respect we also refer to the "Code of Conduct" of Tessenderlo Group.

The personal modifier is linked to progress in strategy execution and business transformation within the group. The evaluations of the CEO target objectives against the realizations are performed by the Nomination and Remuneration Committee after the end of the financial year and submitted for approval towards the Board of Directors. The evaluation for the COO-CFO is performed after the end of the financial year by the CEO and submitted for approval to the Nomination and Remuneration Committee and Board of Directors.

II. Long-term variable compensation

Long Term Incentive (LTI) Plan

A long-term incentive plan was approved by the Board of Directors on March 12, 2019. The intention of the LTI Plan is to create an incentive for senior management (including ExCom members) to further drive increased shareholder value and the sustainable growth of the Company. This LTI plan covers a 3 year period (calendar years 2019-2021), with pay out in April 2022, based on pre-set performance metrics of the Tessenderlo Group.

The long term variable compensation for the ExCom members consists of a target percentage of 45% of the fixed remuneration for the CEO and 40% of the fixed remuneration for the CFO-COO with a payout coefficient of 0% up to and including 200% depending on the achievement of the long term objectives.

75% of the LTI is linked to Tessenderlo Group's Adjusted EBITDA, measured over the calendar years 2019, 2020 & 2021.

25% of the LTI is linked to the definition, roll-out & achievement of the different strategic initiatives & targets/goals within each of the different businesses.

Payout for the ExCom members is based on the average of all the respective businesses and depends of course on the evaluation by the Board of Directors.

III. Other compensation items

The benefits paid to the ExCom members include participation in the extra-legal pension plan of the defined contribution type, a hospitalization insurance, eco-cheques and representation allowance – all under the same conditions applicable to other members of senior management.

The ExCom members also benefit from certain other benefits such as a car allowance.

Remuneration earned in 2020

Each year, the Nomination and Remuneration Committee evaluates the appropriate compensation of the ExCom. These recommendations result from objective third party market studies, to ensure the competitiveness of the compensation packages and to stay in line with market movements.

Tessenderlo Group benchmarks the ExCom's compensation against a peer group of companies of similar size with the same type of activities of Tessenderlo Group. The actual compensation level for each individual member is set according to the benchmark and takes into account the member's performance and experience in relation to the benchmark.

Compensation of the COO-CFO is reviewed on an annual basis by the Nomination and Remuneration Committee on the recommendation of the CEO, while compensation of the CEO is reviewed by the Nomination and Remuneration Committee on the recommendation of the Chairman of the Board of Directors.

Annual gross compensation earned by the ExCom¹ in 2020 is detailed below:

Component	Amount CEO	Amount COO-CFO
Fixed compensation (excluding Director fees) ²	648,027 EUR	624,370 EUR
Variable compensation Short Term ^{2/5}	455,812 EUR	607,749 EUR
Variable compensation Long Term ⁶	0 EUR	0 EUR
Pension ³	87,029 EUR	23,657 EUR
Other benefits ⁴	44,471 EUR	26,103 EUR
TOTAL (cost to the company)	1,235,339 EUR	1,281,879 EUR

1 The ExCom is composed of the CEO (Luc Tack) and one executive Director (the COO-CFO), Stefaan Haspeslagh/Findar bv, represented by Stefaan Haspeslagh.

2 Excluding social security contributions.

3 Pension Plan: annual service cost for 2020, as calculated by an actuary.

4 Other benefits include coverage for death, disability, work accident insurance, taxes (4.40%), meal vouchers, company car - all under the same conditions applicable to other members of senior management and the ruling approved by the Belgian tax authorities for representation allowance.

5 Short term incentive realization as proposed by the Nomination and Remuneration Committee of March 23, 2021

6 No long-term incentive pay-out in 2020.

Agreements on severance pay

The management agreement with the COO-CFO provides for a notice period of maximum 12 months. The management agreement with the CEO does not provide for a notice period. The CEO will therefore not be entitled to termination protection.

MAIN FEATURES OF THE GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

Internal control framework

Responsibilities

The Board of Directors delegated the task of monitoring the effectiveness of the Internal Control System to the Audit Committee.

The ultimate responsibility for the implementation of the Internal Control System is delegated to the ExCom.

The daily management of each Business Unit is accountable for the implementation and maintenance of a reliable Internal Control System.

The Internal Audit & Control department assists the Business Units and the Tessengerlo Group Headquarters functions in the implementation and assessment of the effectiveness of the Internal Control System in their organization.

The levels of internal control are tailored to the residual risk that is acceptable to the management. The ultimate objective is to reduce possible misstatements of the financial statements as published by the group.

Scope of the Internal Control Framework

The Internal Control System is based on the COSO Internal Control – Integrated Framework with the main focus on the internal control over the financial reporting by mitigating risks through group level controls, entity level controls, process level controls, general IT controls and segregation of duties.

As far as cyber risks are concerned, a separate control program based on the NIST Cyber Security Framework has been set up.

Internal Control monitoring

The Audit Committee is in charge of monitoring the effectiveness of the internal control systems. This includes the supervision of the Internal Audit department about compliance monitoring.

The Internal Audit & Control department conducts a risk-based compliance audit program with the objective to validate the internal control effectiveness in the various processes at entity and group level. The ultimate goal of these reviews is to provide reasonable assurance on the reliability of the financial reporting.

The implementation of the cyber security program is being followed up by a specific committee which include among others the head of Internal Audit and Control and the Group Chief Information Security Officer.

The Group Audit Director is invited to the Audit Committee meetings. He informs the Audit Committee of the planning and the results of the internal audits and the proper implementation of the recommendations. A rating is used to indicate the severity of audit recommendations as well as to give an overall appreciation of the audited entity or process.

Preparation and Processing of Financial and Accounting Information

A centralized controlling and reporting department coordinates and controls the financial and accounting information.

Each Business Unit has a controlling department responsible for monitoring the performance of the operational units.

The Financial and Accounting Information System is based on consolidation software that allows the group to produce the required information.

Compliance

The Internal Audit & Control department is responsible for compliance testing of both the Internal Control Framework and the key control procedures on the preparation and processing of financial and accounting information and monitors compliance with internal policies and procedures as well as external laws and regulations.

The group has a Compliance Coordination Committee. This committee, composed of representatives of several headquarter functions, is responsible for the internal and external compliance program of Tessengerlo Group. The committee periodically reports to the Audit Committee.

Enterprise Risk Management (ERM) System

Risks are an essential and inherent aspect of conducting business. The group has developed some policies and procedures with the aim of managing and reducing risks to an acceptable level.

The Enterprise Risk Management policy applies to the Company and all of its affiliates worldwide. This policy describes the organization and goals of the ERM system including the responsibilities at all levels of management.

A risk management structure has been rolled out, both on group and on Business Unit levels in order for risk management to become an inherent part of daily operations.

The Group conducts a risk scan to identify all significant risks (financial and non-financial) and for each risk the potential impact, the probability, and the status of management or mitigation action are described in detail. For each risk a responsible party is identified, as well as its responsibility.

The main consequences that are considered when assessing risks relate to: the market and strategy, the impact on people, the disruption in the supply chain, the Company's operational activities, ethics and compliance, financial results and security (ICT and cybersecurity).

The identified risks are assessed and monitored in the various business units and supporting functions. The various risk management activities are reported on a regular basis to the ExCom and once a year to the Audit Committee.

The aim of the implemented "Group Crisis Management policy" is to standardize crisis management across the group and all affiliates. The Risk Management department is the owner of this policy and responsible for the coordination at group level and providing assistance and guidance to the various entities in the development of a harmonized crisis plan, clarifying the responsibilities at all levels and establishing the reporting channels.

POLICY ON INSIDE INFORMATION AND MARKET MANIPULATION

The Company has issued a Dealing Code including a set of rules regulating the declaration and conduct obligations regarding transactions in shares or other financial instruments of the Company carried out by Directors, ExCom members and other designated persons for their own account. Such Dealing Code is included in Exhibit I. of the Charter.

According to the Market Abuse Regulation, the Company has to take all reasonable steps to ensure that any person on its insider list acknowledges in writing the obligations and its awareness of the sanctions applicable to insider trading and the unlawful disclosure of inside information.

The Belgian law of 31 July 2017, with effect as of 21 August 2017, has changed the applicable sanctions. The maximum prison sentences that are possible have significantly increased:

- Abuse of inside info: 4 years (was 1 year)
- Market manipulation: 4 years (was 2 years)
- Unlawful disclosure of inside info: 2 years (was 1 year)

In accordance with the Dealing Code, the Board of Directors has appointed a Compliance Officer. The Compliance Officer is responsible for supervising compliance with the Dealing Code. He/she is also the point of contact for questions about the application of the Dealing Code. Mr. John Van Essche, Legal Counsel, holds the title of Compliance Officer.

EXTERNAL AUDIT

KPMG Réviseurs d'Entreprises/Bedrijfsrevisoren bv/srl represented by Patrick De Schutter, was appointed statutory auditor by the shareholders' meeting on May 14, 2019, following an audit tender.

The fees paid by the group to its auditor amounted to:

	2020			
(Million EUR)	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	0.0	0.0	0.3
KPMG (Outside Belgium)	0.7	-	0.0	0.7
Total	0.9	0.0	0.1	1.0

	2019			
(Million EUR)	Audit	Audit related	Other	Total
KPMG (Belgium)	0.2	0.0	0.0	0.3
KPMG (Outside Belgium)	0.6	-	0.3	0.9
Total	0.9	0.0	0.3	1.2

SUBSEQUENT EVENTS

No significant subsequent events occurred after the balance sheet date.

BRANCHES

The figures in the annual accounts comprise the transactions of our branches in Australia, Spain and South-Africa.

APPLICATION OF ART. 7:96 AND 7:97 OF THE BELGIAN CODE OF COMPANIES AND ASSOCIATIONS (BCCA) (PREVIOUSLY ART. 523/524 OF THE BELGIAN CODE OF COMPANIES)

In the meeting of the Board of Directors held on March 24, 2020, a conflict of interest was recorded in respect of the ExCom members, who are part of the Board of Directors, in connection with the determination of the short term incentive for 2019 and the remuneration package for 2020.

In the meeting of the Board of Directors held on May 12, 2020, a conflict of interest was recorded on behalf of the ExCom members, who are part of the Board of Directors, in connection with the setting of the targets of the long term incentive as well as on the amendment of the ExCom service agreements with regard to the claw-back provisions.

In 2020, no circumstances triggered the application of article 7:97 of the BCCA.

Meeting of the Board of Directors dated March 24, 2020

[...]

Prior to deliberating and adopting the resolution on the remuneration of Mr. Luc Tack and Mr. Stefaan Haspeslagh, both members of the Executive Committee indicate that they have a conflict of interest regarding the decisions to be taken in compliance with article 7:96 BCCA of the Belgian Code of Companies and Associations (BCCA). It concerns the determination of the short-term incentive over 2019, the remuneration package over 2020 and the targets of the Long-Term Incentive plan.

Mr. Luc Tack and Mr. Stefaan Haspeslagh leave the meeting.

The Chairman of the Nomination and Remuneration Committee, Mr. Karel Vinck takes the floor and explains to the members of the Nomination and Remuneration Committee the proposals for Short term incentive pay out /service fee for the year 2019 as well as the proposals for short term incentive pay out for the year 2020 and the targets for the Long term incentive plan.

After debate and on the proposal of the Nomination and Remuneration Committee, the Board of Directors agrees with unanimous consent:

- *To fix the short-term incentive pay out at EUR 300,858 for Mr. Luc Tack*
- *To fix the short-term incentive pay out/ service fee at EUR 334,287 for Findar bv, represented by Stefaan Haspeslagh*
- *To increase the fixed component with 2.50% effective 1 January 2020.*

More details on the packages are attached to the minutes of the Nomination and Remuneration Committee. On the proposal of the Nomination and Remuneration Committee, the Board agrees with unanimous consent to fix the 2020 STI based on the following drivers:

- *75% based on EBIT*

- 25% on the individual performance linked to progress realized with respect to the sustainable long-term growth of the Group.

The short-term Incentive can vary between 0-135% of the fixed remuneration for the CEO and between 0 and 120% of the fixed service fee for the COO-CFO.

On the proposal of the Nomination and Remuneration Committee, the Board reviews the target of the Long Term Incentive plan for 2019-2020-2021 whereby 75% of the targets will be linked to Group Adjusted EBITDA and 25% to the strategy of the group for the years 2019 up to 2021. The debate and decision will take place in the next Nomination and Remuneration Committee and Board of May 12, 2020.

Mr. Luc Tack and Mr. Stefaan Haspeslagh re-enter the meeting.

[...]

Meeting of the Board of Directors dated May 12, 2020

[...]

Prior to deliberating and adopting the resolution on the Long Term Incentive plan for the years 2019 - 2020 and 2021 for the COO and the CEO, Mr. Luc Tack and Mr. Stefaan Haspeslagh, both members of the Executive Committee indicate that they have a conflict of interest regarding the decisions to be taken in compliance with article 7:96 BCCA of the Belgian Code of Companies and Associations (BCCA). It concerns the determination of the targets of the Long-Term Incentive plan as well the introduction of a claw back provision in the Management Services Agreement of Luc Tack and Stefaan Haspeslagh. Mr. Luc Tack and Mr. Stefaan Haspeslagh leave the meeting. After debate, the Board approves the Long-Term Incentive targets for the years 2019-2020-2021, as well as the changes to the Management Services Agreement to include a claw back provision. Further details are resumed in the minutes of the Nomination and Remuneration report and will be described in the remuneration report for the year 2020. Further the Board approves with unanimous consent that for the year 2020 and until further notice, it will not grant any remuneration in the form of shares to the Non-Executive Directors as well as it decides that for the year 2020 and until further notice not to set a minimum of threshold of shares to be held by the Executive Committee, nor to pay out a portion of the variable remuneration in the form of shares. Further details are explained in the minutes of the Nomination and Remuneration Committee and will also be described in the remuneration report for the year 2020.

[...]

INFORMATION REQUIRED BY ART. 34 OF THE ROYAL DECREE OF NOVEMBER 14, 2007

The share capital of the Company is represented by ordinary shares.

The extraordinary shareholders' meeting of 6 June 2017 decided to authorize the Board of Directors, for a period of 5 years from the publication of the authorization in the Annex to the Belgian State Gazette, to increase the share capital, in one or more times, up to an amount of EUR 43.160.095 (forty three million one hundred and sixty thousand ninety-five euros), in accordance with the provisions set out in the BCCA and the articles of association of the company. The Board of Directors is allowed to use the authorized capital to take protective measures for the Company through capital increases, with or without limitation or withdrawal of preferential rights, even outside the context of a possible public takeover bid, to the extent that the Company has not yet received a notification of the FSMA with respect to a public takeover bid on its securities.

The Board of Directors is also authorized, with right of substitution, to amend the company's articles of association in accordance with the capital increase that was decided within the scope of the authorized capital.

By decision of the extraordinary general meeting of shareholders of July 10, 2019 the loyalty voting right has been introduced. As a consequence, each share which has been fully paid up and which is registered in the name of the same shareholder in the register of registered shares since at least two uninterrupted years, gives right to a double vote in accordance with the BCCA. Each other share gives right to one vote at the general meeting.

The articles of association of the Company do not contain any restriction on the transfer of the shares.

The rules with respect to the appointment and resignation of Directors and amendments to the articles of association of the Company as set forth in the articles of association of the Company do not deviate from the applicable rules set forth in the BCCA.

The Company may, in accordance with the conditions set by law, acquire its own shares, profit-sharing certificates, or certificates relating thereto, by way of a purchase or an exchange, directly or through the intermediary of a person acting in its own name but for the account of the company, following a decision of the shareholders' meeting taken in accordance with the applicable requirements on quorum and majority. Such decision in particular determines the maximum number of shares, profit-sharing certificates or certificates relating thereto that can be acquired, the term for which the authorization is granted and which may not exceed five years, as well as the minimum and maximum value of the compensation.

Pursuant to the decision of the extraordinary general meeting of 6 June 2017, the Board of Directors is authorized, for a period of 5 years from the publication of the authorization in the Annex of the Belgian Official Gazette, to repurchase, in accordance with the conditions set by law, the company's shares, profit-sharing certificates or certificates relating thereto for the account of the company of which the accounting par value, including the securities previously acquired by the company and held by it, is not higher than 10% (ten per cent) of the issued capital and at a price ranging between minimum 20% (twenty per cent) below the average of the closing price of the company's share during the last 30 trading days preceding the Board's resolution to acquire such securities, and maximum 20% (twenty per cent) above the average of the closing price of the company's share during the last 30 trading days preceding the Board's resolution to acquire such securities, it being understood that the price will never be lower than EUR 15 (fifteen euro) or exceed EUR 50 (fifty euro).

In its meeting on August 25, 2020, the Board of Directors approved the proposal to purchase own shares up to a maximum amount of EUR 5 million during a period starting on September 14, 2020 and ending on April 30, 2022.

The Board of Directors is explicitly authorized according to the resolution of the extraordinary general meeting of 6 June 2017 to dispose of the acquired securities that are listed, on or outside the stock exchange, without the need for a prior consent or other intervention by the general meeting, without prejudice to the fact that the disposal possibilities of the Board of Directors are further mandatory organized under the new BCCA and these shall thus have to be respected in parallel by the Company for the remaining period of the authorization granted by the general meeting within the framework of the acquisition of own securities. The aforementioned provisions equally apply to the acquisition or transfer of the Company's securities by the Company's directly controlled subsidiaries or through the intermediary of a person acting in its own name but for the account of these subsidiaries, in accordance with articles 7:221 and 7:222 of the BCCA.

Tessenderlo Group nv is a party to the following contracts which become effective, undergo changes or terminate in case of a change of control over Tessenderlo Group nv after a public takeover bid:

- the bilateral revolving facilities agreements entered into on December 4, 2019, for a total amount of 142.5 million EUR with the Company and Tessenderlo USA Inc. as borrowers and KBC Bank NV, ING NV, Belfius Bank NV and BNP Paribas Fortis NV as lenders: according to the terms of these agreements, a “change of control” over Tessenderlo Group nv will entitle each lender to ask for termination of the bilateral facility agreement. For purposes of the change of control clause described above, a “change of control” shall occur if a third party (i.e. any party other than Verbrugge nv or any person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights of the Company (unless Verbrugge nv (alone or together with any person acting in concert) holds more voting rights than such third party);
- the prospectus dated June 15, 2015, of Tessenderlo Group nv regarding the issue of and public offer of two series of bonds with a maturity of 7 years (the “2022 Bonds”) and 10 years (the “2025 Bonds”, and together with the 2022 Bonds, the “Bonds”) for an expected minimum amount of 75.0 million EUR for the 2022 Bonds and an expected minimum amount of 25.0 million EUR for the 2025 Bonds and for a combined maximum amount of 250 million EUR: according to the terms and conditions of these Bonds, the Bonds will be redeemable at the option of the bondholders prior to maturity in the case of a change of control. Only the Bonds held by the bondholders who submit put option notices shall be immediately due and repayable in case of a change of control, with exception of all other bonds. If bondholders submit put option notices in respect of at least 85 percent of the aggregate nominal amount of the outstanding 2022 bonds, all (but not some only) of the 2022 bonds may be redeemed at the option of the Company prior to maturity. If bondholders submit put option notices for at least 85 percent of the aggregate nominal amount of the outstanding 2025 Bonds, all (but not some only) of the 2025 Bonds may be redeemed at the option of the issuer prior to maturity. A “change of control” shall occur if a third party (i.e. any party other than Verbrugge nv or any person acting in concert with Verbrugge nv) acquires 30% or more of the voting rights of the Company (unless Verbrugge nv (alone or together with any person acting in concert) holds more voting rights than such third party).

DIVIDEND POLICY

Tessenderlo Group nv has not declared or paid dividends for the financial year ending on December 31, 2020. The Company’s dividend policy may be amended from time to time, and each dividend distribution remains subject to the Company’s earnings, financial condition, share capital requirements and other important factors subject to proposal and approval by the competent corporate body of the Company and subject to the availability of distributable reserves as required by the BCCA and the articles of association. Any distributable reserves of the Company have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Company.

INFORMATION REQUIRED BY ART. 3:6 BELGIAN CODE OF COMPANIES AND ASSOCIATIONS

Provision 3.12 of the Corporate Governance Code 2020

The current Chairman of the Company is an executive Director. The Company has carefully considered the positive and negative aspects in favor of such a decision and has concluded that such appointment is in the best interest of the Company given his extensive experience, expertise, in-depth knowledge and proven track-record in relevant business environments. The Board of Directors furthermore clarifies that Exhibit H of the Corporate Governance Charter provides additional conflict of interest procedures in case any material transaction is being considered by the Company with a company in which Directors are also a Director or Executive Director.

Provision 7.6 of the Corporate Governance Code 2020 with respect to remuneration of Non-Executive Directors

The Company does not grant any remuneration in the form of shares to the Non-Executive Directors for 2020, as it is of the opinion that a payment in shares does not have a positive impact on decisions of these Directors that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company.

Provision 7.9 of the Corporate Governance Code 2020 with respect to remuneration of Executive Directors

The Company does not grant any minimum threshold of remuneration in the form of shares to the ExCom in 2020, as it is of the opinion that a payment in shares does not have a positive impact on decisions of the ExCom that support the long term vision of the Company, given the presence of a reference shareholder who aims to create sustainable value within the Company. It was also decided not to modify the remuneration policy as already approved, during the course of the year.

Provision 8.7 of the Corporate Governance Code 2020 with respect to the conclusion of a relationship agreement with its reference shareholder

The Company has not concluded an agreement with its reference shareholder Picanol nv due to its representation in the Board of Directors of Tessengerlo Group.

Brussels, March 23, 2021

On behalf of the Board of Directors

Luc Tack
Director and CEO

Stefaan Haspeslagh
Chairman of the Board of Directors