

2018

**STATUTORY
ANNUAL REPORT**



Tessenderlo Group
EVERY MOLECULE COUNTS

Tessengerlo 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 2018
(article 96 of the Companies’ Code)**

Dear Shareholders,

In accordance with article 96 of the Companies’ Code, the board of directors reports on the activities of the Company with respect to the financial year 2018.

OPERATING RESULT, FINANCIAL SITUATION AND CASH FLOWS

Total operating income increased from 425,549,140 EUR in 2017 to 438,576,166 EUR in 2018. The turnover decreased from 381,468,492 EUR in 2017 to 374,582,530 EUR in 2018, mainly as a result of decreased volumes compared to last year. The other operating income, which mainly consists of intragroup recharging of services, has increased from 42,717,377 EUR in 2017 to 52,041,153 EUR in 2018.

The operating result decreased from 2,577,608 EUR in 2017 to -11,533,567 EUR in 2018.

The financial result increased from -16,477,418 EUR in 2017 to 16,762,269 EUR in 2018. The negative result in 2017 can mainly be explained the negative unrealized foreign exchange result on USD intercompany loans, which are not hedged. During the meeting of October 25, 2017 the Board of Directors of Tessenderlo Group nv changed the valuation rules of the group. From January 1, 2018 onwards, the unrealized foreign exchange losses are included in the profit and loss account, while the unrealized foreign exchange profits are mentioned under the accrued charges, except for positive conversion differences on cash and cash equivalents that are also taken into the result. This measure is justified in order to bring the accounting principle applied in the statutory financial statements in line with the principle of prudence imposed by the Belgian accounting rules and more specifically by articles 24 and 32 of the Royal Decree of January 30, 2001. In 2018, unrealized exchange gains were recognized for an amount of 14,515,447 EUR as deferred income in the balance sheet.

Tessengerlo Group nv recorded a net profit of 4,020,632 EUR compared to a net loss of -13,585,706 EUR in 2017.

Proposal for appropriation of the result.

The board proposes to appropriate:

- the profit of 2018, being	4,020,632 EUR
- increased by a transfer from untaxed reserve	222,472 EUR
- increased by the result brought forward from previous year	310,329,755 EUR

Being a total of: 314,572,860 EUR

As follows:

- legal reserves	39,130 EUR
- profit to be carried forward	314,533,730 EUR

In accordance with article 554 of the Companies' Code, 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, 2018.

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

RISK ANALYSIS

Risk analysis

The company analyzes the risks related to its activities on a regular basis and reports the results to the Audit Committee.

Each year, all Business units are requested to identify and evaluate the significant risks related to their Business unit.

The risk section in the prospectus, dated June 15, 2015, issued in the context of a public offer of two series of bonds, contained a more detailed description of the most significant risks.

The results of the analysis of the major risks for the Company are listed below:

- The Company depends on the availability of sufficient volumes of raw materials, with the required specifications, at competitive prices.
- If the Company is unable to sell, store, reuse or dispose of certain materials that it produces, it may be required to limit or reduce its overall production levels.
- The Company's results are dependent on seasonal weather conditions.
- The Company's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and they may not achieve the expected returns.
- The Company is exposed to an energy offtake agreement.
- The Company is sensitive to commodity prices. As the group is a diversified specialty group that is worldwide active in many areas of agriculture, food, water management, efficient (re)use of natural resources and other industrial markets, the impact of changes of some raw material prices might have a significant impact on the results of individual activities, however is not expected to have a material impact on the results of operating segments or the group.
- The Company may be exposed to product liability and warranty claims including, but not limited to, liability relating to food safety.
- The Company must comply with environmental and health and safety laws and regulations, and may be subject to changing or more restrictive legislation, as well as incur significant compliance costs.
- The Company may fail to obtain, maintain or renew compulsory licenses and permits, or fail to comply with their terms.
- Changes in legislation may have an adverse impact on the Company's businesses.
- The Company may be subject to misconduct by its employees, contractors and/or joint-venture partners.
- The Company's businesses may suffer from trading sanctions and embargos.
- The Company operates in competitive markets and failure to innovate may have an adverse impact on its business.
- The Company may be at risk of breakdowns, inefficiencies or technical failures which may cause interruption to operations.
- The Company's improvement programs are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.
- The Company may be subject to Force Majeure events.
- Major accidents may result in substantial claims, fines or significant damage to the Company's reputation and financial position.
- The Company may be exposed to labor actions and employee claims or litigation.
- The Company's insurance coverage may not be sufficient.

- The Company may not be able to successfully carry out current business integrations, joint-ventures and/or future acquisitions.
- The Company has incurred significant important losses in recent years as a result of its transformation, which was completed in 2014. Due to the divestment program that was part of the general transformation, the Company may also be exposed to residual liabilities and subject to a range of non-compete provisions.
- The Company is exposed to litigation risks.
- Failure to protect trade secrets, know-how or other proprietary information may adversely affect the Company's businesses.
- A change in underlying economic conditions or adverse business performance may result in impairment charges.
- The Company is exposed to tax risks.
- The Company is exposed to risks relating to its worldwide presence.
- The Company may be affected by macroeconomic trends.
- Information technology failures may disrupt the Company's operations.
- The Company is exposed to pension plan obligations.
- The Company's businesses are exposed to exchange rate fluctuations.
- The Company's results may be negatively affected by fluctuating interest rates.
- The Company is subject to conventions in its financing agreements that may restrict its operational and financial flexibility.
- The Company may not be able to obtain the necessary funding for its future capital or refinancing needs.
- If the Company does not generate positive cash flows then it will be unable to fulfill its debt obligations.
- The Company entered into contracts that are subject to change of control clauses.
- The Company is exposed to liquidity risk and credit risk in relation to its contractual and trading counterparts, and is also exposed to hedging and derivative counterparty risk.
- The Company may not be able to recruit and retain key personnel.
- The Company could be impacted by the political uncertainty caused by Brexit or any other circumstances of geo-political nature that could have an impact on the consumer trust.

Analysis of financial risks¹

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 Company, are unable to make such payment in a timely manner or at all. A large majority of the receivables is covered under a group credit insurance program. The Company is confident that the current level of credit insurance coverage can be sustained in the future.

The Company has no significant concentration of credit risk. However, there can be no assurance that the Company 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 the end of the year are deposited for very short term at highly rated international banks.

The maximum exposure to credit risk amounts to 471 million EUR as per December 31, 2018 (2017: 369.7 million EUR). This amount consists of current and non-current trade and other receivables (403,6 million EUR), current derivative financial instruments (0.9 million EUR) and cash and cash equivalents (66,4 million EUR).

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 bilateral agreements for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These facilities 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.

¹ For a more detailed overview of the financial risks related to the situation in 2017 and the Tessengerlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 26 - Financial instruments).

Foreign currency risk

The Company is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The Company's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the Company 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 USD (US dollar), GBP (British pound) and CNY (Chinese yuan). 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 the Company. All the positions are netted at the level of Tessengerlo 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 Company and its finance subsidiaries, 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 Company no longer uses currency swaps to hedge intragroup loans.

In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, funds are not available or because the financial conditions are too onerous. Those amounts are relatively small for the Company.

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 2018, the financial debt position was mainly funded by fixed interest rate instruments, i.e. issued bonds.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Focusing on Safety, Health, Environment and Quality (SHEQ) remains the top priority for Tessenderlo Group and its subsidiaries. During 2018, we committed to new projects and implemented many initiatives and programs aimed at improving our performance. Our clear objective is 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.

Performance with regard to Safety, Health, Environment and Quality (SHEQ)

During 2018, we continued to focus on the improvement of safety and health within each Business Unit. Management has made this the number one priority and is regularly present in the workplace to conduct audits and inspections to ensure compliance and drive improvements. Safety and health performance is reviewed each month with the senior management of each Business Unit and challenging targets are set each year in terms of realizing a continued reduction in accidents and incidents. The group was particularly pleased with the extraordinary 2018 performance, as we commissioned and brought into service the electrolysis plant at Loos, France without any safety incidents. During 2018 we also overhauled our Tessenderlo Group process for crisis management and communications. We have achieved levels of SHE performance, significantly below industry benchmarks, within many of our business sectors. Despite the Tessenderlo Group Lost Time Accident Frequency Rate having reached a new low during 2018, we continue to be committed to realizing further improvements.

At the site in Ham, Belgium, we launched complementary 5 year actions plans, for occupational and process safety improvements.

HUMAN RESOURCES

Tessengerlo Group 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, 2018, the total number of employees (FTE) working for the group where to the Company belongs amounted to 4,644. Out of this total, 858 employees were active in the Agro business, 2,060 employees were active in the Bio-valorization business, 1,671 employees were active in the Industrial Solutions business, 50 employees worked for S8 Engineering Inc. and 5 employees were active in the T-Power business. Meanwhile, 3,472 of the group's total personnel are employed in Europe, 950 are employed in the Americas and 222 are employed in Asia.

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 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 changes 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 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, but 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. Last but not least, HR is also responsible for solid reward systems and benchmarked and competitive salary packages.

INNOVATION AND R&D

In 2018, Tessenderlo Group further strengthened its innovation capabilities through a continued organizational focus on business development and the enhancement of product line management in all of its businesses. Additional progress was also made in order to embed innovation at the highest levels in the group and business units, and to make it part of the way in which we conduct our day-to-day business by adding key functions and personnel to lead and advance our innovation efforts and focus on the success of our customers.

In R&D and New Business Development, Tessenderlo Group 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. For product and technology platforms applied across several Business Units, Tessenderlo Group relies on its research and application development farm in Dinuba (California, US), the Phoenix Innovation Center (US) and the Company's Innovation Center (Belgium). It also relies on its R&D expertise across a broad area of organic and inorganic chemistries at lab and pilot scale, supporting several Agro, Bio-valorization and Industrial Solutions innovation projects. In 2018, cross Business Unit collaborations on innovation projects were strengthened throughout this global Innovation community for the Agro, Bio-valorization and Industrial solutions segments.

On April 25, 2018, the Company's Innovation Center celebrated its 30th anniversary. From a history that began in pharmaceutical and organic chemistry R&D activities, the Tessenderlo Innovation Center has successfully transformed itself into an innovation facility with a broad range of capabilities and competences. In order to further drive the innovation strategy and provide customer-centric innovations, a new food and application lab was installed. The event was also an opportunity for colleagues from across the world and business units to gather and exchange ideas on innovation.

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, which resulted in an increased customer-centric innovation and business development focus. Customers recognize Tessenderlo Group's innovative and entrepreneurial strengths. Tessenderlo Group welcomes close collaborations that will lead to unique applications and products.

BRANCH OFFICES

The company has a branch office in Spain (Tessenderlo Chemie España, Paseo Castellana, num. 137, planta 1, 28046 Madrid, tax identification number W0172729F) and a branch office in Australia (Tessenderlo Chemie, Level 6, 468 St Kilda Road, Melbourne, Australia, with identification number ABN 35924098861001).

CORPORATE GOVERNANCE STATEMENT

Transparent Management

Tessengerlo Group nv accepts the Belgian Corporate Governance Code 2009 as its reference code, and subscribes to the principles of corporate governance outlined in this code. In the case that the Company does not comply with any provision of this code, this is indicated in this Corporate Governance Statement, together with the reasons for such non-compliance. 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") adopted by the Board of Directors and dated August 21, 2017. The Charter is available at <https://www.tessengerlo.com/EN/about-tessengerlo-group/corporate-governance/corporate-governance-charter>

Capital & shares

Capital

The capital of Tessengerlo Group nv at December 31, 2018, amounts to 216,191,777.15 EUR.

Shares

The share capital is represented by 43,146,979 shares without par value, entitling the shareholder to one vote per share. All Tessengerlo Group nv's shares are admitted for listing and trading on Euronext Brussels.

Warrants

As of December 31, 2018, 8,000 outstanding warrants were exercisable. These warrants have been issued in the context of the 2012 Plan (issue of naked warrants).

The detail of the outstanding warrants on the date of this statement (December 31, 2018) is as follows:

Tranche	Exercise period	Number of warrants	Exercise price
Tranche 2012	2016-2019	8,000	20.76 ² EUR
TOTAL		8,000	

The maximum number of shares that can be created in the future, on the basis of the aforementioned warrants, is 8,000.

² 20.95 EUR for US residents

Shareholders & shareholders structure

On the basis of the notifications provided to the Company, the shareholders of the Company at December 31, 2018, are as follows:

Shareholder	Number of shares	%
Verbrugge nv (controlled by Picanol)	16,786,389	38.91%
Symphony Mills NV	1,832,200	4.25%
Coltrane Asset Management, L.P.	1,413,200	3.28%
Janus Henderson Group plc	1,383,360	3.21%
Norges Bank	1,287,899	2.98%
Carmignac Gestion SA	903,687	2.09%
Dimensional Fund Advisors L.P.	891,022	2.07%
Intrinsic Value Investors (IVI) L.P.	880,300	2.04%
KBC Asset Management nv	744,813	1.73%
Capfi Delen Asset Management NV	698,000	1.62%
Valarc Master Fund, Ltd.	630,402	1.46%
Sessa Capital (Master), L.P.	527,511	1.22%
Blocked shares by personnel or former personnel	30,389	0.07%
Free float	15,137,807	35.08%
Total	43,146,979	100.0%

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).

Board of Directors

Composition

At December 31, 2018, the composition of the Board of Directors of Tessengerlo Group nv was as follows:

Non-Executive Directors	Start of initial term	End of term
Mr. Karel Vinck	March 17, 2005	May 2019
Independent Non-Executive Directors³		
Management Deprez BVBA represented by its permanent representative Mrs. Veerle Deprez	June 6, 2017	May 2021
Philiium BVBA represented by its permanent representative Mr. Philippe Coens	June 2, 2015	May 2019
ANBA BVBA represented by its permanent representative Mrs. Anne-Marie Baeyaert	June 6, 2017	May 2021
Executive Directors		
Mr. Luc Tack	November 13, 2013	May 2019
Mr. Stefaan Haspeslagh – Chairman	November 13, 2013	May 2022

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

On December 31, 2018, 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 Group Controlling and Consolidation Director.

Activities

The Board of Directors convened according to a previously determined schedule. The Board of Directors met ten (10) times during 2018.

During 2018, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy and 2018 budget;
- the financial statements and reports;
- proposals to the Shareholders' Meeting;
- approving the proposal to reappoint a director and to reappoint the Chairman of the Board of Directors;
- the remuneration policy and the remuneration of the members of the Executive Committee;
- the review of a long-term incentive plan for members of senior management;
- The financial communication and reporting by segment;
- the effectiveness of the Enterprise Risk Management framework;
- various commercial agreements;

³ Pursuant to Exhibit A of the Corporate Governance Charter of Tessengerlo group, a Director is considered to be independent if he or she at least complies with the independence criteria provided for under art. 526ter of the Companies' Code. When assessing the independence of a Director, the requirements set out under appendix A of the Belgian Corporate Governance Code are also taken into account. According to the information available to the Board of Directors, the independent Directors of Tessengerlo Group all comply with the aforementioned independence criteria. No exceptions were reported to the Board.

- various investment files;
- the approval of the transaction for the purchase of all of the shares in T-Power nv and the incorporation of a company in India;
- the decision not to publish quarterly figures from 2019 onwards;
- the approval for the refinancing of the Facilities Agreement concluded by T-Power nv.
- The budget 2019

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 based on a template used by the Guberna Institute for 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.

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 and gender diversity.

Board Committees

General

On December 31, 2018, 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, 2018, the Nomination and Remuneration Committee was constituted as follows:

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

A majority of the members of the Nomination and Remuneration Committee meet the independence criteria set forth by Article 526ter of the Belgian Companies Code and the committee demonstrates the skills and the expertise required in matters of remuneration policies as required by Article 526 quater §2 of the Belgian Companies Code.

The Nomination and Remuneration Committee met three (3) times in 2018.

- **Activities of the Nomination and Remuneration Committee**

In 2018, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package. The Committee made recommendations regarding the reappointment of a director and the review of a new, long-term incentive plan for senior management. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the 2017 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, 2018, the Audit Committee was constituted as follows:

- Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent) (Chairman)
- ANBA BVBA 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. five (5) times during 2018.

The CEO, the COO-CFO, the Group Controlling and Consolidation Director, the Group Internal Auditor 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 fulfill 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 quarterly financial results press releases, including disclosures, consistent application of the valuation and accounting

principles, consolidation scope, closing process quality, accounting estimates, the Audit Committee heard reports from the external auditors regarding the year-end audit scope, the internal control system and the valuation and accounting treatment of certain exceptional items.

The Audit Committee also addressed specific topics such as GDPR compliance, legislative updates on IFRS and accounting law and fraud risk management. 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 Auditor on the Internal Audit program for 2018, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on a 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 2018 and heard reports from Internal Control on its various findings.

The Audit Committee also evaluated the effectiveness of Enterprise Risk Management and made recommendations regarding the further follow-up of improvement actions. Further, the Audit Committee reviewed the status of the ongoing litigations.

In addition, the Audit Committee considered the process of appointing or reappointing the Statutory Auditor.

Attendance rate for members of the Board of Directors meetings and members of the special committees meetings in 2018:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2018	10	5	3
Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent)	10/10	5/5	3/3
Mr. Stefaan Haspeslagh	10/10		
Mr. Luc Tack	10/10		
Mr. Karel Vinck	10/10	5/5	3/3
Management Deprez BVBA represented by its permanent representative Mrs. Veerle Deprez ⁴	10/10		3/3
ANBA BVBA represented by its permanent representative Mrs. Anne-Marie Baeyaert ⁵	10/10	5/5	

⁴ Member of Board of Directors since 6.6.2017 and of Nomination and Remuneration Committee since 21.8.2017

⁵ Member of Board of Directors since 6.6.2017 and of Audit Committee since 21.8.2017.

Executive Committee (ExCom)

Roles and responsibilities

As per December 31, 2018, the ExCom of Tessengerlo Group was constituted as follows:

- Mr. Luc Tack (CEO)
- Mr. Stefaan Haspeslagh, representative of Findar BVBA (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:

- advising the CEO in the day-to-day management of 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 compensation policies;⁶
- 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/providing 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.

⁶ *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:

- a) a variable fee of 1,000 EUR per half day attendance;
- b) an additional annual fee of 30,000 EUR for the chairman of the Board of Directors; and
- c) 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 variable fee of 1000 EUR is also attributed to the directors who attend the meeting as invitee.

Remuneration received

Member	2018	Earned fees (in EUR)
Philiium bvba, 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
	Variable fee per half day attended	16,000.00
	Total remuneration	44,000.00
Management Deprez bvba, represented by its permanent representative Mrs. Veerle Deprez (independent non-executive director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	16,000.00
	Total remuneration	41,000.00
ANBA bvba, represented by its permanent representative Mrs. Anne-Marie Baeyaert (independent non-executive director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	16,000.00
	Total remuneration	41,000.00
Stefaan Haspeslagh (executive director)	Fixed annual fee	25,000.00
	Additional fixed annual fee for Chairman Board	30,000.00
	Variable fee per half day attended	16,000.00
	Total remuneration	71,000.00
Luc Tack (executive director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	16,000.00
	Total remuneration	41,000.00
Karel Vinck (non-executive director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	16,000.00
	Total remuneration	41,000.00
GENERAL TOTAL		279,000.00

Remuneration Report Executive Committee (ExCom)

Remuneration policy

This chapter describes the principles underlying Tessengerlo Group's remuneration policy, management remuneration, structure & 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 on the (75%) financial results of the group (EBIT) and (25%) the individual performance contributing to the long term sustainable growth of Tessengerlo Group. In this respect we also refer to the “Code of Conduct” of Tessengerlo Group.

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.

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.

1. 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 Messengerlo Group.

The short term variable compensation for the current ExCom members varies between a minimum of 0% and a maximum of 135% of the fixed remuneration for the CEO and between a minimum of 0% and a maximum of 120% of the fixed remuneration for the CFO / COO.

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 objectives are 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 Messengerlo Group. In this respect we also refer to the "Code of Conduct" of Messengerlo 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

Current Long Term Incentive (LTI) Performance Cash Plan

A long-term incentive plan for key personnel was approved by the Board of Directors on March 7, 2016. The intention of the LTI Performance Cash 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 2016-2018), with pay out in April 2019, based on pre-set performance metrics of the Tessengerlo Group.

The long term variable compensation for the current ExCom members varies between a minimum of 0% and a maximum of 135% of the fixed remuneration for the CEO and between a minimum of 0% and a maximum of 120% of the fixed remuneration for the CFO / COO.

75% of the LTI is linked to Tessengerlo Group's EBIT, measured over a cumulative period of the three precedent calendar years .

25% of the LTI is linked to "Sustainable Performance Measures " , determined for each individual business unit and measured against three indicators : "Safety, Innovation and Environment" and split into Fundamental Measures (12.50%) and Improvement Measures (12.50%).

New Long Term Incentive (LTI) Plan

A new long-term incentive plan for key personnel 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 Tessengerlo Group.

The long term variable compensation for the current ExCom members varies between a minimum of 0% and a maximum of 135% of the fixed remuneration for the CEO and between a minimum of 0% and a maximum of 120% of the fixed remuneration for the CFO / COO.

85% of the LTI is linked to Tessengerlo Group's Adjusted EBITDA, measured over the calendar years 2019, 2020 & 2021.

15% of the LTI is linked to Business Unit Safety, determined for each individual Business unit and measured via the Tessengerlo Group Lost Time Accident or "LTA" Frequency rate long term trend line.

III. Other compensation items

The benefits paid to the ExCom members include participation in the extra- legal pension plan from the defined contribution type, a hospitalization insurance, eco-cheques & 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 2018

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.

Tessengerlo 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 2018 is detailed below:

Component	Amount CEO	Amount COO-CFO
Fixed compensation (excluding Director fees) ^{2/5}	615.600 EUR	615.600 EUR
Variable compensation Short Term ^{2/6}	380.743 EUR	406.382 EUR
Variable compensation ^{2/6/7}	410.627 EUR	365.002 EUR
Pension ³	71.547 EUR	0 EUR
Other benefits ⁴	44.912 EUR	26.103 EUR
TOTAL (cost to the company)	1.523.430 EUR	1.413.087 EUR

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

(2) Excluding social security contributions.

(3) Pension Plan: annual service cost for 2018, 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) Exchange rate used: 1.00 EUR = 1.20 USD (for all conversions related to the US package).

(6) Short term incentive realization as determined by Nomination and Remuneration Committee of March 12, 2019

(7) Long term incentive realization over the year 2016-2017-2018

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.

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 Head of Internal Audit & Control 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.

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.

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.

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 entire group 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.

Identified risks in various Business Units or general supporting services are evaluated and followed in order to implement risk optimization. The status of these efforts is reported to the ExCom and to the Audit Committee at regular intervals.

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 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.

A recent 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

PwC Bedrijfsrevisoren cvba (PwC), represented by Mr. Peter Van den Eynde, was re-appointed as group statutory auditor by the shareholders meeting of the company on June 7, 2016.

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

(Million EUR)	2018			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	-	-	0.3
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	0.8	-	0.1	0.9

(Million EUR)	2017			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	-	-	0.3
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	0.8	-	0.1	0.9

Subsequent Events

No significant subsequent events occurred after the balance sheet date.

Application of Art. 523 of the Companies Code

Meeting of the Board of Directors dated March 12, 2018

[...]

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 523 of the Belgian Code of Companies. It concerns the determination of the short term incentive over 2017 as well as the remuneration package over 2018.

Both Mr. Luc Tack and Mr. Stefaan Haspeslagh declare that they will inform the company auditors of this conflict of interest of proprietary nature and they leave the meeting for this specific agenda item.

The Chairman of the Nomination and Remuneration Committee takes the floor and proposes for the members of the Executive Committee as mentioned above :

- *To fix the short term incentive pay out at EUR 345,728.00 each;*
- *To increase the fixed component of the remuneration packages with 2.60%, effective January 1, 2018.*

More details on the packages are attached to the minutes of the Nomination and Remuneration Committee.

The above proposals are approved by unanimous consent by all the directors present.

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

[...]"

In 2018 , no circumstances triggered the application of article 524 of the Companies Code

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 Belgian Companies Code 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.

Without prejudice to the possibility to realize the commitments that were validly entered into before receipt of the notification of the FSMA pursuant to article 607 paragraph 2, 1° of the Belgian Companies Code, the board of directors is authorized, for a period of 3 years from the authorization by the extraordinary general meeting of 6 June 2017, to proceed to a capital increase within the framework of authorized capital, with or without limitation or withdrawal of preferential rights as the case may be in favor of one or more persons, following receipt of a notification of the FSMA with respect to a public takeover bid on the company's securities, in accordance with the conditions set out in article 607, paragraph 2, 2° of the Belgian Companies Code and the articles of association of the company.

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.

Each share entitles the holder to one vote. The articles of association of the Company do not contain any restriction on the transfer of the shares. Please also refer to the sections above on Shareholder structure.

In accordance with the applicable provision of the Companies Code, the shares issued for the benefit of the personnel of Tessengerlo Group cannot be transferred during a period of five years from the date of subscription 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 Companies Code.

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).

The board of directors is explicitly authorized to transfer 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, in accordance with article 622 §2, second paragraph, 1° of the Belgian Companies Code.

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 article 627 of the Belgian Companies Code.

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

- the bilateral revolving facilities agreements entered into on December 23, 2015, for a total amount of 142.5 million EUR with the Company and Messengerlo 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 Messengerlo 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 or any person acting in concert) holds more voting rights than such third party);
- the prospectus dated June 15, 2015, of Messengerlo 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 or any person acting in concert) holds more voting rights than such third party);

- terms and conditions of the 2012 Plan of Tessenderlo Group nv: according to the terms and conditions mentioned above, the warrant holders will be entitled to exercise their warrants prior to the date on which they normally become exercisable, in the event of any operation that significantly impacts the shareholder structure. This paragraph also relates to any public takeover bid on the Tessenderlo Group nv shares or any other form of taking control or any merger involving a redistribution of the securities. Such early exercise allows the warrant holders to take part in the above mentioned operations at the same conditions as the existing shareholders. As of December 31, 2018, 8,000 warrants were outstanding. The clauses described above have been approved by the General Shareholders' Meeting of Tessenderlo Group nv and a copy of the resolutions has been filed promptly thereafter at the register of the court of commerce.
- the purchase and supply agreement between the Company and Fujifilm Manufacturing Europe B.V. and Fujifilm Manufacturing USA provides in its clause 17.3 (2) that the agreement can be terminated with immediate effect if a third party competing with Fujifilm acquires a stake in the Company. The clause described hereabove has been approved by the General Shareholders' Meeting of Tessenderlo Group NV and a copy of the resolution has been filed promptly thereafter at the register of the court of commerce.

Dividend Policy

Tessenderlo Group nv has not declared or paid dividends for the financial year ending on December 31, 2018. 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 Companies Code 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. 96, §2, 2° Companies Code

Provision 4.7 of the Corporate Governance Code

The current Chairman of the Company was previously appointed as 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.

Provision 4.13 of the Corporate Governance Code

Currently, no formal evaluation procedure exists regarding individual Directors (deviation from 4.13 Corporate Governance Code). The Company is of the opinion that the individual evaluation of the Directors is only feasible to the extent that the evaluation process is entrusted to an external company, an option which is not retained by the Company. However, the Company is convinced that the formal evaluation of the Board of Directors, for which the Company has based itself on a standard questionnaire as developed by Guberna (Belgian Institute of Directors) as described under section Activities of Board of Directors is sufficient in order to ensure the active and proper contribution of each member of the Board.

Brussels – March 12, 2019

On behalf of the Board of Directors

Luc Tack
Director and CEO

Stefaan Haspeslagh
Chairman of the Board of Directors