Statutory Annual Report **2016**

Tessenderlo Group
EVERY MOLECULE COUNTS

Tessenderlo Chemie 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 2016
(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 2016.

OPERATING RESULT, FINANCIAL SITUATION AND CASH FLOWS

Total operating income decreased from 462,504,873 EUR in 2015 to 403,135,694 EUR in 2016. The turnover decreased from 398,810,223 EUR in 2015 to 342,135,411 EUR in 2016, mainly as a result of the decrease of revenue in SOP Plant Nutrition (Agro segment), due to a decrease in volumes and changed product mix compared to last year. The other operating income, which mainly consists of intragroup recharging of services, has increased slightly from 45,265,426 EUR in 2015 to 46,217,102 EUR in 2016.

The operating result amounted to 2,006,944 EUR in 2016 compared to a profit of 32,899,147 EUR in 2015.

The financial result increased from -53,659,664 EUR in 2015 to 73,758,996 EUR in 2016 and can mainly be explained by the reversal of impairment losses recognized on financial fixed assets and the unrealized foreign exchange result on USD intercompany loans, which are not hedged.

Tessenderlo Chemie nv recorded a net profit of 75,842,005 EUR compared to a net loss of -20,735,125 EUR in 2015.

Proposal for appropriation of the result.

The board proposes to appropriate:

-	the profit of 2016, being	75,842,006 EUR
-	increased by a transfer from untaxed reserve	208,540 EUR
-	increased by the result brought forward from previous year	250,875,465 EUR
being a total of:		326,926,011 EUR

as follows:

-	legal reserves	3,219,090 EUR
-	profit to be carried forward	323,706,921 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, 2016.

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 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's results are highly sensitive to commodity prices.
- 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.

Analysis of financial risks[1]

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.

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

[1] For a more detailed overview of the financial risks related to the situation in 2016 and the Tessenderlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 26 - Financial instruments).

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.

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 Company's functional currency. The currencies giving rise to this risk are primarily USD (US dollar), GBP (British pound), CNY (Chinese yuan), ARS (Argentine peso) and BRL (Brazilian real). Movements in foreign currency therefore may adversely affect the Company'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 the Company 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.

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 group.

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 2016, 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 2016, we carried on with our initiatives and programs aimed at continually improving our performance. Our objective is to ensure that our employees 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.

Group Safety Performance

During 2016, 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 in line with this theme. Safety and health performance is reviewed each month with the management of each Business Unit and challenging targets are set each year in terms of realizing a continued reduction in accidents and incidents. Despite the Tessenderlo Group Lost Time Incident Frequency Rate having achieved new record lows during 2016, we continue to be committed to realizing further improvements.

HUMAN RESOURCES

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

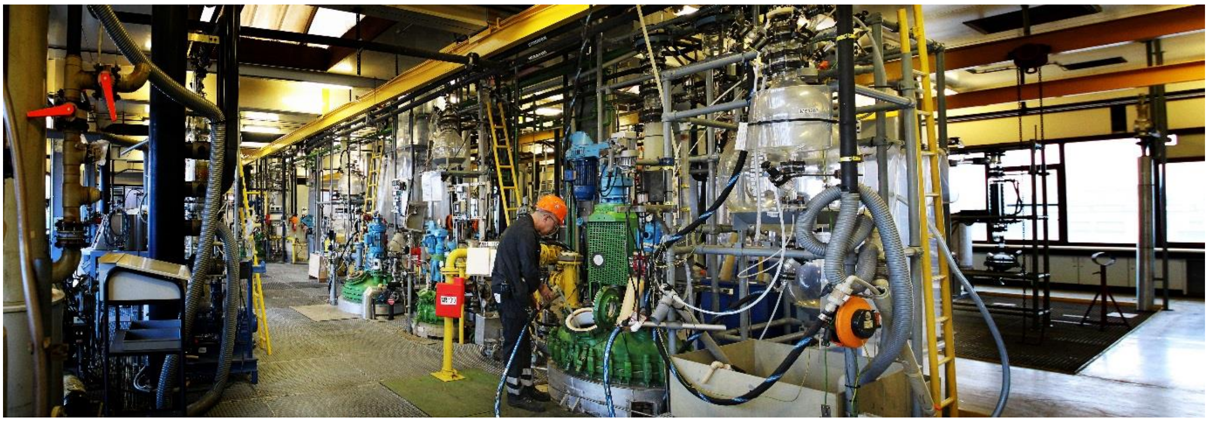
As at December 31, 2016, the total number of employees (FTE) working for the group amounted to 4,530. Out of this total, 840 employees were active in the Agro business, 2,126 employees were active in the Bio-valorization business and 1,564 employees were active in the Industrial Solutions business. Meanwhile, 3,280 of the group's total personnel are employed in Europe, 899 are employed in the Americas and 351 are employed in Asia.

We strongly believe that our people are our greatest asset. 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 BU's. Each BU has a communication plan to cascade these objectives down to the shop floor and 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 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, 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 2016, Tessenderlo Group further strengthened its innovation capabilities through an organizational focus on business development and the enhancement of product line management in all of its businesses. Additional progress was made in order to embed innovation at the highest levels in the group and Business Units, and make it part of the way in which we conduct our day-to-day business.

Moreover, Tessenderlo Group acquired a research farm in Dinuba, California (US), which added significant agro development and testing capacity as well as state-of-the-art demonstration and education facilities.

In R&D and New Business Development, Tessenderlo Group aims at improving product, process and application technologies, 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 farm in Dinuba (US) for its Agro Technology Platform, the Development Center in Phoenix (US) for its Sulfur Technology Platform and Tessenderlo (Belgium) Development Center for its Bio-residuals Technology Platform and its R&D expertise across a broad area of organic and inorganic chemistries at lab and pilot scale.

Improved intellectual property awareness throughout both the business and business processes resulted in an increase in intellectual property assets in the form of patents, trademarks and licensing deals.

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

Tessenderlo Chemie 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 22, 2016. The Charter is available at:
www.tessenderlo.com.

Capital & shares

Capital

The capital of Tessenderlo Chemie nv at December 31, 2016 amounts to 215,800,475 EUR.

Shares

The share capital is represented by 43,068,884 shares without par value, entitling the shareholder to one vote per share. All Tessenderlo Chemie nv's shares are admitted for listing and trading on Euronext Brussels.

Warrants

As of December 31, 2016, 117,345 outstanding warrants were exercisable. These warrants have been issued in the context of the 2002-2006 Plan (issue of bonds cum warrant), the 2007-2011 Plan (issue of naked warrants) and the 2012 Plan (issue of naked warrants).

The detail of the outstanding warrants on the date of this statement (December 31, 2016) is as follows:

Tranche	Exercise period	Number of warrants	Exercise price
Tranche 4 (2005)*	2009-2017	7,400	25.46 EUR
Tranche 5 (2006)*	2010-2018	22,120	28.20 EUR
Tranche 1 (2007)*	2011-2017	75,825	40.48 EUR
Tranche 2012	2016-2019	12,000	20.76[2] EUR
TOTAL		117,345	
* Exercise period prolonged by 5 years			

The maximum number of shares that can be created in the future, on the basis of the aforementioned warrants, is 117,345.

[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, 2016, are as follows:

Shareholder	Number of Shares	%
Verbrugge nv	15,618,653	36.3%
Symphony Mills nv	1,694,774	3.9%
Blocked shares (shares held by personnel or former personnel)	56,672	0.1%
Free float[3]	25,698,785	59.7%
Total	43,068,884	100%

Verbrugge nv is controlled by Picanol nv, which in its 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.

Board of Directors

Composition

At December 31, 2016, the composition of the Board of Directors of Tessenderlo Chemie nv was as follows:

Non-Executive Directors	**Start of initial term**	**End of term**
Karel Vinck (Mr.)	March 17, 2005	June 2019
Independent Non-Executive Directors[4]		
Véronique Bolland (Ms.)	June 4, 2013	June 2017
Philium BVBA represented by its permanent representative Mr. Philippe Coens (Mr.)	June 2, 2015	June 2019
Dominique Zakovitch-Damon (Ms.)	June 7, 2011	June 2019
Executive Directors		
Luc Tack (Mr.)	November 13, 2013	June 2019
Stefaan Haspeslagh (Mr.) – Chairman	November 13, 2013	June 2018

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, 2016, the Board of Directors is 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. In the Board selection process, the necessary attention will further be given to the implementation of this rule.

3 i.e. shareholders with a stake below 5%

4 Pursuant to paragraph 3.10 of the Charter, 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 Tessenderlo Group all comply with the aforementioned independence criteria. No exceptions were reported to the Board.

All meetings of the Board of Directors were attended by the Secretary of the Board of Directors and the Group Controlling & Consolidation Director/Investor Relations.

Activities

The Board of Directors convened according to a previously determined schedule. The Board of Directors met seven (7) times during 2016.

During 2016, the Board's main areas of discussion, review and decision were:

- the group's long-term strategy and 2016 budget;
- the financial statements and reports;
- the funding strategy and foreign exchange policy of the group;
- proposals to the Shareholders' Meetings;
- the approval of a new corporate governance charter with amended Dealing Code;
- the Code of Conduct;
- appointment of the Compliance Officer;
- proposal for re-appointment of the statutory auditor (PwC Bedrijfsrevisoren);
- the remuneration policies and packages for the Directors and Executive Committee members;
- implementation of a long-term incentive plan for the key management personnel;
- the financial communication and segment reporting;
- entering into of committed loan agreements with KBC, ING, Belfius and BNP Paribas;
- the effectiveness of the enterprise risk management framework;
- various commercial supply and distribution agreements;
- rationalization of group structure and intra-group related activities.

Ad Hoc Committee

The Ad Hoc Committee established within the frame of the contemplated transaction of a contribution in kind of all shares of Picanol Group nv into the share capital of the Company, consisting of Mr. Philippe Coens, Ms. Dominique Zakovitch-Damon, Ms. Véronique Bolland and Mr. Karel Vinck, met once in 2016 in order to advice on the terms and conditions of the contemplated transaction.

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.

Board Committees

General

On December 31, 2016, the following Committees are active within the Board of Directors of Tessenderlo Chemie nv:

- The Nomination and Remuneration Committee
- The Audit Committee

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

Nomination and Remuneration Committee

On December 31, 2016, the Nomination and Remuneration Committee was constituted as follows:

- Mr. Karel Vinck (Chairman)
- Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent)
- Ms. Dominique Zakovitch-Damon (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 two (2) times in 2016.

- Activities of the Nomination and Remuneration Committee

In 2016, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package, as well as on the new long-term incentive plan for the L-level personnel. The committee made recommendations for the re-appointment of the Directors and for the Directors fees. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the 2015 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, 2016, the Audit Committee was constituted as follows:

- Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent) (Chairman)
- Ms. Véronique Bolland (Independent)
- Mr. Karel Vinck

The Audit Committee met according to a previously determined schedule; i.e. five (5) times during 2016.

The CFO, the Group Controlling & Consolidation Director/Investor Relations as well as the statutory auditor attended the meetings of the Audit Committee. The Group Internal Audit Director and the Manager Internal Control attended the meetings for the topics related to internal audit and internal control. 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 (various members of the Audit Committee are or have been also a member of Audit Committees of other listed companies). 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 followed up on the findings and recommendations of the external auditors and reviewed their independence.

The Audit Committee also heard the Group Internal Audit Director on the Internal Audit program for 2016, the internal audit charter, 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 2016 and heard reports from the Manager Internal Control on its various findings. Further, the Audit Committee reviewed the status of the ongoing litigations.

Other activities of the Audit Committee include the quality review of the services rendered by the external auditor and the organization of the group's risk department.

Attendance rate for the Board of Directors meetings and the special committees meetings in 2016:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2016	**7**	**5**	**2**
Ms. Véronique Bolland	7/7	5/5	
Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent) (as of June 2, 2015)	7/7	5/5	2
Ms. Dominique Zakovitch-Damon	7/7		2
Mr. Stefaan Haspeslagh	7/7		
Mr. Luc Tack	6/7		
Mr. Karel Vinck	7/7	5/5	2

Executive Committee (ExCom)

Roles and responsibilities

As per December 31, 2016, the ExCom of Tessenderlo Chemie nv was constituted as follows:

- Mr. Luc Tack (CEO)
- FINDAR BVBA, represented by Mr. Stefaan Haspeslagh (COO-CFO)

Evaluation of the ExCom

At least once a year, the ExCom reviews its own performance. The CEO reports these findings to the Board of Directors.

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 (bi-)monthly basis the ExCom meets with the company' Business Units in order to review and discuss the operational performance and strategic decisions of the Business Unit. 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;
- 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.

Remuneration Report Directors[5]

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.

In order to align the Directors fees with the current market practices, it has been decided by the General Shareholders' Meeting of June 7, 2016, that as of January 1, 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.

[5] Including executive directors for their remuneration as director.

Remuneration Received

The Directors receive a fixed annual remuneration of 25,000 EUR it being understood that 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;
c) an additional annual fee of 3,000 EUR for the chairman of the Audit Committee.

The non-Belgian Directors receive a 500 EUR reimbursement of travel expenses per attended meeting. Remuneration is paid during the year in which the meetings were held.

Member	**2016**	**Earned Fees (in EUR)**
Véronique Bolland (independent non-executive Director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	9,000.00
	Total remuneration	**34,000.00**
Philium BVBA represented by its permanent representative Mr. Philippe Coens (independent non-executive Director)	Fixed annual fee	25,000.00
	Additional fixed annual fee for Chairman of AC	3,000.00
	Variable fee per half day attended	9,000.00
	Total remuneration	**37,000.00**
Dominique Damon-Zakovitch (independent non-executive Director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	9,000.00
	Travel fee	3,000.00
	Total remuneration	**37,000.00**
Stefaan Haspeslagh (executive Director)	Fixed annual fee	25,000.00
	Additional fixed annual fee for Chairman of BoD	30,000.00
	Variable fee per half day attended	9,000.00
	Total remuneration	**64,000.00**
Luc Tack (executive Director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	9,000.00
	Total remuneration	**34,000.00**
Karel Vinck (non-executive Director)	Fixed annual fee	25,000.00
	Variable fee per half day attended	9,000.00
	Total remuneration	**34,000.00**
GENERAL TOTAL		**240,000.00**

Remuneration Report Executive Committee (ExCom)

Remuneration policy

This section describes the guiding principles of the group reward policies relating to executive compensation. It aims to provide an overview of the executive compensation structure. The Nomination and Remuneration Committee defines the remuneration policy principles of the ExCom members and submits them to the Board of Directors. The principle is to target remuneration in line with market practice in order to provide an attractive reward program.

Tessenderlo Group's competitive internal and external landscape is changing fast. For the group to achieve its ambitions in such a challenging environment, it needs to be a high performance organization focused on strategy execution, resulting in a need for talented executives. The reward is designed to align performance of the individual members with the business goals of Tessenderlo Group. By doing this, the group creates a globally consistent framework for developing, rewarding and empowering its people. The Group sees recognition and leadership as the key foundation for employee engagement. Our compensation system allows the group to attract, retain and motivate the best talent to meet its short and long term goals, while operating a globally consistent reward framework that rewards the achievement of business objectives and that encourages the delivery 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 compensation system will be positioned at the appropriate and defined local reference point, where the group combines market competitiveness with an affordable employee cost structure
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 pay will link the success of the enterprise to the rewards enjoyed by employees, as a team, taking into account the individual contributions to the Company's success
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
Our benefits plans are designed to provide a safety net for our employees and their families. In many cases, they are a key element of deferred compensation

Compensation package

The ExCom compensation package consists of the following items:

- Base salary/management fee
- Variable salary/success fee
- Other compensation items

Base salary

The base salary/management fee compensates individual members as per market reference and in line with their level of skill/experience and position within the group combined with the right behaviours and living according the group's guiding principles.

Variable compensation

The variable salary/success fee of the members of the ExCom is set at 45% (CEO) and 40% (COO-CFO) of the overall yearly base salary/management fee based upon annual objectives entirely linked to group results and individual objectives. As such, the variable salary/success fee of the ExCom members is considered through the obligation set forward in the Company Code (article 520ter).
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.

I. Short-term variable compensation

Tessenderlo 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 incentive/success fee for all current ExCom members varies between 0% and 90% of the base salary. The objectives measured over the calendar year are set on the group financial objectives and individual objectives with a modifier for personal performance, proposed by the Nomination and Remuneration Committee.
For 2016, the financial objectives of the group were set at Total Comprehensive Income and EBIT. 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

Share Options (Warrants)

The Board of Directors decided not to allocate share options (warrants) for 2016 nor any other long-term incentive.
In 2012 a long-term Performance Cash Plan was developed for both GMC (ExCom) members at that time and other members of senior management. The long-term Performance Cash Plan is a one-time individual selective grant of a deferred cash bonus covering a four year period (2012-2015). Payout occurred early 2016 based on an employment condition as well as a mix of the group and Business Unit ROCE and REBITDA target achievement.

Long Term Incentive (LTI) Performance Cash Plan

A long-term incentive plan for (some) 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 (2016-2018), with an expected pay out in April 2019, based on pre-set performance metrics of the Tessenderlo Group.

Other compensation items

The CEO is eligible to participate in the extra-legal pension plan from the defined contribution type, a hospitalization plan, a life insurance plan, etc., which are also available to the other members of the senior management.

The CEO also benefits from certain other benefits such as a company car and representation allowance.

The COO-CFO does not receive any other compensation items for his activities as COO-CFO.

Remuneration earned in 2016

Each year, the Nomination and Remuneration Committee considers the appropriate compensation to be offered to 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 ExCom[1] in 2016 is detailed below:

Component	Amount CEO	Amount COO-CFO
Fixed compensation (excluding Director fees)[2/5]	398,000 EUR	425,300 EUR
Variable compensation[2/6]	232,830 EUR	221,156 EUR
Pension[3]	26,215 EUR	0 EUR
Other benefits[4]	36,074 EUR	0 EUR
TOTAL (cost to the company)	693,119 EUR	646,456 EUR

(1) The ExCom is composed of the CEO (Luc Tack) and one executive Director (the COO-CFO), Findar BVBA, represented by Stefaan Haspeslagh.
(2) Excluding social security contributions.
(3) Pension Plan: annual service cost for 2016, 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 = 1.1069 USD (for all conversions related to the US package).
(6) Short term incentive realization as determined by Nomination and Remuneration Committee of February 27, 2017

Stock options (warrants) granted to ExCom members[6]

During 2016, no stock options were awarded to ExCom members.

[6] Findar bvba, represented by Stefaan Haspeslagh and Luc Tack, have never received stock options of Tessenderlo Chemie nv.

Agreements on severance pay
The management agreement with the COO-CFO provides for a notice period of maximum 12 months (i.e. an increase from the eight months that was included before).

The management agreement with the CEO does no longer provide for a notice period (i.e. a decrease from the previously included maximum eight months' notice period (prior to 2021) and maximum twelve months' notice period (after 2021)). The CEO will therefore no longer 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 Control department assists the Business Units and the Tessenderlo 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 Audit Committee is informed of the planning and the results of the internal audits and the proper implementation of the recommendations.

The Internal Audit 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 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.

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 bcvba (PwC), represented by 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)	2016			
	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)	2015			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	-	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**-**	**0.3**	**1.1**

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 January 24, 2016

[…]

"The following prior statements of the Directors are made:

- *Stefaan Haspeslagh representing Luc Tack states that Luc Tack has an indirect conflict of financial interest in respect of project Pilates*[7].

  Luc Tack is the ultimate beneficial owner of the shareholding of Verbrugge nv and Symphony Mills in the Company as Luc Tack is the controlling shareholder of Artela nv and Symphony Mills nv, which are the controlling shareholders of Picanol nv. Furthermore, Luc Tack is managing Director (gedelegeerd bestuurder) of Picanol nv.The contemplated business combination consists of a merger of a newly to be incorporated company (whose subsidiary will at the moment of the merger in Tessenderlo Chemie hold all assets and liabilities of Picanol nv (except excess cash, a loan to Verbrugge and the shares in Verbrugge nv) and Verbrugge nv (except the shares in Tessenderlo Chemie nv and a loan from Picanol)) into Tessenderlo Chemie nv. The proposed merger may have an effect on the existing shareholding of Verbrugge nv and Symphony Mills in the Company.

  Luc Tack has requested that the auditor is informed of this conflict of interest. Luc Tack will not participate in the call for the deliberation and vote in respect to agenda item

- *Stefaan Haspeslagh states that he has an indirect conflict of financial interest in respect of Project Pilates. Further to Exhibit H of the corporate governance charter, a member of the Board of Directors shall be considered to have a conflict of interest of the Belgian Companies Code in case "he […] is a member of the Board of Directors or ExCom or holds a similar office with, a company with which the Company intends to enter into a material transaction."*
  Stefaan Haspeslagh has requested that the auditor is informed of this conflict of interest. Stefaan Haspeslagh will not participate in the call for the deliberation and vote in respect to agenda item 2.
- *The other Directors of the Company who are present or validly represented state that they do not have a direct nor indirect conflict of financial interest with the decisions to be taken whether or not as referred to in article 523 BCC.*

Before deliberating on agenda item 2. Stefaan Haspeslagh does no longer participate in the call.
After review, the Board of Directors approves the enclosed press release consisting of informing the market on the fact that the number of shares registered for the extraordinary shareholders meeting called for 29 January 2016 does not reach the legally required quorum of 50 %. The board agrees that taking into account the voting instructions currently known, there is no certainty that the proposals would carry a 75 % majority at the second meeting that was scheduled to take place on 23 February and that is therefore in the interest of the Company to equally postpone for the time being the calling of that second meeting.

The Board agrees that it is in the interest of the Company to enter into negotiations with Picanol nv (and its subsidiary Verbrugge nv) to determine whether and how, also taking into account the input received from the shareholders, the terms and conditions of the proposed transactions can be improved with a view to their approval by the shareholders.

The Board agrees with unanimous consent to communicate to the market as soon as there is more clarity in respect of the progress of the negotiations.

The Board agrees that further it should be investigated if the extraordinary general meeting of 29 January 2016 can be cancelled so as not to have to take place at all.

After debate and subject to legal counsel's (Stibbe) confirmation with respect to the latter, which will be

[7] Pilates refers to the project of Tessenderlo Group and Picanol Group to combine the industrial activities of both companies into one larger industrial group.

circulated by the secretary of the Board as soon as possible, the Board members with unanimous consent agree that they will each then individually confirm to the secretary of the Board whether or not they agree to effectively proceed to the formal cancellation of the meeting of 29 January, 2016, as a result of which also the meeting of 23 February 2016 will not take place as well as approve the wording of the press release that is then to be published and will be circulated in parallel by the secretary to the board, such confirmations to then operate as a board decision.

[…]"

Meeting of the Board of Directors dated March 7, 2016 (10h30 a.m.)

[…]

PRELIMINARY STATEMENTS

The following prior statements of the Directors are made:

- *Luc Tack states that he has an indirect conflict of interest in respect of project Pilates.*
  Luc Tack is the ultimate beneficial owner of the shareholding of Verbrugge nv and Symphony Mills in the Company as Luc Tack is the controlling shareholder of Artela nv and Symphony Mills nv, which are the controlling shareholders of Picanol nv. Furthermore, Luc Tack is managing Director (gedelegeerd bestuurder) of Picanol nv.The contemplated business combination consists of a contribution in kind of all the shares held by Picanol nv and Verbrugge nv in Picanol Group nv into Tessenderlo Chemie nv.The proposed contribution in kind may have an effect on the existing shareholding of Verbrugge nv and Symphony Mills in the Company.Luc Tack has requested that the auditor is informed of this conflict of interest.
  Luc Tack will not participate in the call for the deliberation and vote in respect to the agenda.
- *Stefaan Haspeslagh states that he has an indirect conflict of interest in respect of Project Pilates.*
  Further to Exhibit H of the corporate governance charter, a member of the Board of Directors shall be considered to have a conflict of interest of the Belgian Companies Code in case "he […] is a member of the Board of Directors or ExCom or holds a similar office with, a company with which the Company intends to enter into a material transaction."
  Stefaan Haspeslagh has requested that the auditor is informed of this conflict of interest. Stefaan Haspeslagh will not participate in the call for the deliberation and vote in respect to the agenda.
- *The other Directors of the Company who are present state that they do not have a direct nor indirect conflict of financial interest with the decisions to be taken whether or not as referred to in article 523 BCC.*

Before deliberating, Stefaan Haspeslagh and Luc Tack do no longer participate in the meeting.

1. ***Status update and conclusion of Project Pilates***

The Ad Hoc Committee informs the Board of Directors of the reception of a letter from the board of Directors of Picanol nv, in which is stated that Picanol nv wishes to terminate the contribution agreement and to abort Project Pilates.

The board of Picanol nv has decided that it is in the best interest of Picanol nv to terminate the negotiations with the Company due to the fact that it will not be possible to find within the current Transaction structure an exchange ratio that would be acceptable to both the market and to Picanol as shareholder of the Company, especially in view of the current volatile market circumstances. According to the board of Picanol nv, alternative Transaction structures will potentially lead to new impediments. In light thereof, the board of Directors of Picanol nv has decided not to endorse any changes to the terms of the Transaction or its structure, also considering the consistently positive recent results of both Picanol and the Company.

The Board of Directors discusses the decision of Picanol nv, and unanimously agrees with the decision of the Ad Hoc Committee to terminate the negotiations regarding Project Pilates.

The financial consequences of the decisions taken in the context of Project Pilates are limited to the fees of the advisors incurred to date. These advisory fees amount to approximately 2 million EUR and can thus be considered as reasonable and in line with expectations and market practice for the preparation of a transaction of this kind. Moreover, the fees have been strictly monitored to remain within the budgets set forth. The Board of Directors considers that such expenses are in the interest of the Company as they have allowed the Board and the Ad Hoc Committee to make an informed decision regarding the contemplated transaction.

2. Consequences of the conclusion of Project Pilates

As a consequence of the conclusion of Project Pilates, the Board of Directors unanimously agrees to take the following steps in order to unwind the preparatory actions that were taken in relation to Project Pilates:

- *termination of the contribution agreement dated 15 December 2015 entered into between the Company, Verbrugge nv, Picanol nv and Picanol Group nv;*
- *termination of the non-disclosure agreement entered into between the Company and Picanol nv in accordance with the terms thereof (including the return or destruction of any confidential information); and*
- *providing of information to the personnel (communication to the extraordinary works council).*

3. Press release

The Board discusses the draft press release drawn up in view of the decision to terminate the negotiations regarding Project Pilates, and approves such joint press release and its publication.

4. Proxy

The Board of Directors herewith grants a power of attorney to each Director and the secretary of the Board, each acting individually and with the power of substitution, to sign, amend, execute and/or initial any documents and to perform any actions which are necessary or useful for the implementation of any of the above decisions which were taken regarding Project Pilates.

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

[…]

Meeting of the Board of Directors dated March 7, 2016 (16h00 p.m.)

[…]

Prior to deliberating and adopting the resolution on the 2015 short term incentive/success fee of the Executive Committee, Mr. Stefaan Haspeslagh indicates that he has a conflict of interest regarding the decisions to be taken in compliance with article 523 of the Belgian Companies' Code since it concerns the determination of his service/success fee with Findar BVBA, a company in which Stefaan Haspeslagh is also managing Director.

Mr. Stefaan Haspeslagh declares that they will inform the company auditors of this conflict of interest of a proprietary nature and he leaves the meeting for this specific agenda item.

After hearing the proposal and recommendation of the Nomination and Remuneration committee presented by its chairman Mr. Karel Vinck, the Board unanimously approves the 2015 short term incentive to Luc Tack and service fee for the services rendered by Findar BVBA, represented by Stefaan Haspeslagh.The amounts determined and approved are a short term incentive payout for Mr. Luc Tack at 282,071 EUR and the success fee for Findar BVBA at 343,457 EUR.

.[…]

Meeting of the Board of Directors dated April 25, 2016

[…]

Prior to deliberating and adopting the resolution on the salary package of Mr. Luc Tack and on the service fee with Findar BVBA, Messrs Luc Tack and Stefaan Haspeslagh 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 since it concerns the determination of the remuneration for 2016 of Mr. Luc Tack and remuneration and/or service fee with Findar BVBA, a company in which Stefaan Haspeslagh is also managing Director.

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

The Chairman of the Nomination and Remuneration Committee takes the floor and proposes the approval of Findar BVBA, represented by Stefaan Haspeslagh as COO/CFO of the Company; the Board approves the proposal with unanimous consent. After hearing the proposal of the Nomination and Remuneration Committee on the base salary, short term incentive and long term incentive plan for 2016 the Board approves with unanimous consent the following decisions:

Luc Tack:

- *To fix the 2016 base salary at 398 K€*
- *To fix the variable part at 45% at target*
- *To grant a long term incentive at 180 K€ per year.*

Findar BVBA (represented by Stefaan Haspeslagh)

- *To fix the 2016 service fee at 425 K€*
- *To fix the variable part at 40% at target*
- *To grant a long term incentive at 170 K€ per year.*

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

Full details on the packages are detailed in the attachment of the meeting of the Nomination and Remuneration Committee.

Information Required by Art. 34 of the Royal Decree of November 14, 2007

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

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 Tessenderlo 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 Board of Directors of the Company is not entitled to any authorized capital to increase the Company’s share capital. The Company is not entitled to acquire its own shares or other securities.

Tessenderlo Chemie nv is a party to the following contracts which become effective, undergo changes or terminate in case of a change of control over Tessenderlo Chemie 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 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 Chemie 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 Tessenderlo Chemie 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 including: 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 bond loan with warrants issued under the 2002-2006 Plan, and terms and conditions of the warrants issued under the 2007-2011 Plan, under the 2011 Plan and under the 2012 Plan of Tessenderlo Chemie 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 Chemie 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 existing shareholders. As of December 31, 2016; 172,436 warrants were outstanding. The clauses described above have been approved by the General Shareholders’ Meeting of Tessenderlo Chemie nv and a copy of the resolutions has been filed promptly thereafter at the registry of the court of commerce.

Dividend Policy

Tessenderlo Chemie nv has not declared or paid dividends for the financial year ending on December 31, 2016. 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 Company 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 provision 3.9 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. In this respect it is stressed that although article 523 of the Belgian Companies Code was not applicable in the case at hand, Mr. Luc Tack and Mr. Stefaan Haspeslagh have not participated in the deliberation and decision making process of the Board of Directors regarding the decisions related to the contemplated transaction of a contribution in kind of all shares of Picanol Group nv into the share capital of the Company.

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 uses 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 27, 2017

On behalf of the Board of Directors

Luc Tack	Stefaan Haspeslagh
Director and CEO	Chairman of the Board of Directors