Tessenderlo Chemie NV
RUE DU TRONE 130
1050 BRUXELLES
0412.101.728
(the "Company")

Statutory annual report of the board of directors relating to financial year 2014 (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 2014.

OPERATING RESULT, FINANCIAL SITUATION AND CASH FLOWS

Total operating income decreased from EUR 544,700,518.43 in 2013 to EUR 405,534,694.47 in 2014. The decrease is mainly explained by a decrease in the turnover from EUR 497,771,819.45 in 2013 to EUR 373,650,625.70 in 2014 following the closure of the phosphate production in Ham at the end of 2013. The other operating income decreased from EUR 58,786,809.34 in 2013 to EUR 50,045,567.76 in 2014, which mainly consist of intragroup recharging of services and the sale of electricity.

The operating result shows a profit of EUR 18,188,780.98 in 2014 compared to a loss of EUR -59,075,299.42 in 2013, mainly driven by improved operating results of the production of Sulfates. While the 2013 operating result was also negatively impacted by restructuring provisions recognized for the closure of the phosphate production in Ham, the 2014 operating result was positively impact by a partial reversal of restructuring and environmental provisions.

The financial result decreased from EUR 205,855,253.33 in 2013 to EUR 77,076,596.25 in 2014. The decrease of dividends received from affiliated companies, was partially compensated by a foreign exchange gain on an intercompany loan of USD 200 millionwhich was not hedged.

The non-recurring result amounted to EUR -46,743,517.43 in 2014. The non-recurring result is mainly explained by impairment losses recognized on financial fixed assets and intercompany receivables.

The result of the year amounted to EUR 48,610,567.29 in 2014 compared to EUR 70,026,104.10 last year.

Proposal for appropriation of the result.

The board proposes to appropriate:	EUR
- the result of 2014, being	48,610,567.29
- increased by a transfer from untaxed reserve	208,540.17
- increased by the result brought forward from previous year	225,023,900.02
being a total of:	273,843,007.48
as follows:	
- legal reserves	2,440,957.63
- profit to be carried forward	271,402,049.85

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, 2014.

RISK ANALYSIS

Analysis of the main risks

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

Every year, all Business units were requested to identify and evaluate their major risks.

This risk analysis review was updated in 2014 and in October 2014, a comprehensive risk report was presented to the Audit Committee.

The risk section in the prospectus, dated November 25, 2014 issued in the context of capital increase, contained a more detailed description of the greatest risks. The results were also presented to the Board of Directors and the Audit Committee.

The results of the analysis of the major risks to which the Company is exposed (directly or indirectly as a member of the group consisting of the Company and its subsidiaries (the "Group")) 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 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 and may 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 business.
- The Company may be subject to misconduct by its employees, contractors and/or joint venture partners.
- The Company's business 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 of 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 important losses in recent years as a result of the transformation of the Company which was completed in 2014. Due to the divestment program that was part of the general transformation, the Company may additionally be exposed to residual liabilities and be subject to a range of non-compete provisions.
- The Company is exposed to litigation risks.
- Failure to protect trade secrets, knowhow or other proprietary information may adversely affect the Company's business.
- 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 business is exposed to exchange rate fluctuation.
- The Company's results may be negatively affected by fluctuating interest rates.
- The Company is subject to various conventions in its financing agreements, which 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.
- The Company entered into contracts subject to change of control clauses.
- The Company is exposed to credit risk in relation to its contractual and trading counterparts, as well as 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. Part of the receivables is covered under a Group credit insurance programme. 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:

- set up of a factoring program at the end of 2009 and a securitization program in 2013[2].
- the launch of a private placement with a 5 years maturity in October 2010 (EUR 150.0 million).
- amendment in April 2011 of the syndicated credit facility (signed in 2010) in order to increase the facility maturity from 3 to 5 years, with more flexibility for the businesses (total amount of EUR 400.0 million[3]).
- capital increase of EUR 174.8 million on December 19, 2014.

In addition, the Company uses a commercial paper program of maximum EUR 100.0 million.

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

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

[1] For a more detailed overview of the financial risks relating to the situation in 2014, and the policy of Tessenderlo Group relating to the management of such risks, please see the section Financial Instruments in the Financial Report (note 28 - Financial instruments).
[2] The securitization program will be terminated as of March 2015.
[3] The original amount of the credit facility amounted to EUR 450.0 million, but this amount was decreased by EUR 50 million in September 2014 and by another EUR 100 million in February 2015. Total remaining amount of the credit facility amounts to EUR 300.0 million.

rates. More particularly, the Company incurs foreign currency risks on sales, purchases, investments and credit in addition to other risks arising from currency other than the Company's functional currency. The currencies giving rise to this risk are primarily USD (US dollar) and GBP (British pound). Movements in foreign currency therefore may adversely affect the Company's business, operation results 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. Borrowings are generally carried out by the Group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities.

In principle, operating entities are financed in their own local currency, this local currency being obtained, where appropriate, by currency swaps against the currency held by the Company. In that way, there is no exchange risk either in the financing companies or in the companies finally using the funds. The cost of these currency swaps is included in the finance costs.

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.

Interest rate 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.

The Company uses different interest rate hedging instruments after Board of Directors approval:

- cross currency interest rate swaps (CCIRS) for USD debt hedging; and
- interest rate swaps (IRS) for the interest rate risk on the USD debt hedging.

The interest rate of the EUR 150.0 million bond, which matures in October 2015, is fixed at 5.25%.

An increase (decrease) of 100 basis points in interest rates would have a negative (positive) impact on profit and loss of EUR 1.0 million (2013: EUR 1.2 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. As such, movements in interest rates could have material adverse effects on the Company's cash flows or financial condition.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Care for Safety, Health, Environment and Quality has always been a high priority for Tessenderlo Group and its subsidiaries. In 2014, in order to further improve our SHEQ performance, we continued to launch initiatives and undertake actions with a permanent focus on people and the environment.

Group Safety Performance

The efforts to implement a real safety culture within each and every Tessenderlo Group business unit are beginning to pay off. In 2014, the number of Lost Time Incidents (LTI) has decreased in most of our businesses.

The severity rate remained stable throughout the year.

As safety is key for Tessenderlo Group, all business units need to maintain health & safety as the number one priority on their agenda for 2015, since ensuring everyone's safety at work is a joint responsibility for the Company and all of its employees.

SHEQ Achievements

Agro

In 2014, the **Inorganics business** continued with the implementation of the holistic safety program named ZERO17. This initiative, initiated in 2012, aims to implement a proactive safety culture and targets zero accidents resulting in lost work time by 2017. Several areas that need improvement to achieve higher safety levels were defined and a multi-year action plan is in execution.

The interruption of the feed phosphate production, based on phosphate rock in Ham (Belgium) at the end of December 2013, sharply reduced the salt water discharge into the local rivers, as stipulated by the 2008 environmental license. In 2014 the modified wastewater treatment was able to bring all discharges in compliance with the strengthened requirements.

The remediation of the historical sludge basin along the Albert canal in Ham continues and refurbishments of the sludge basin are being prepared. When this project is completed, newly available industrial land can be created. The remediation of another sludge basin in the area is prepared in order to build a containment area for wastes from other remediation works.

Bio-Valorization

In our **Gelatin** business, great effort is being made to improve safety performance. As a result of the implementation of safety action plans in all sites, the number of lost time incidents decreased in 2014.

Since safety is our primary concern, the bolstering of our safety action plans started in 2014, will be continued, including the implementation of the safety pillar of our SPIRIT program in all our plants.

HUMAN RESOURCES

The Company relies on a team of experienced professionals who contribute to realize the business and strategic objectives in all areas.

It is essential for the Company to attract, retain and incentivize our employees and to build motivated teams to realize the objectives of the Company.

A challenging business environment

2014 was a year of great challenges at an HR level. At the end of a major strategic transformation, the Group had to rationalize several of its operational and supporting services across different regions. These rationalizations were required to increase efficiency and to restore the profitability of the Group after several years of negative bottom line results. Intensive negotiations with personnel led to agreements which sometimes resulted in a decrease in employees but also in a more targeted and appropriate organizational structure.

At the same time, cost reduction programs are also being implemented at all levels of the Company to bring down fixed costs in the short term and to make the Company more agile in the long run. On an organizational level this means, for instance, creating shorter decision lines and implementing a flatter corporate structure. In all, the focus remains on the customer.

Coping with change

This period of important and numerous changes requires a great deal from our people. A central role in this transformation process is attributed to our managers and supervisors at all levels. They are in fact, the first line HR function: a permanent point of contact for employees and ears and eyes on the work floor. To build efficient and performing teams, they must guide and coach their teams through this entire change process.

The managers also work closely with the social partners in a transparent and open dialog and consider them to be valuable and important.

Effective deployment of our talents

To achieve results, supervisors and managers can rely on the support of the HR Group. This is initially done by nurturing talent in the organization and giving it all opportunities to develop. We strongly believe that people are our greatest asset.

We build on one another's strengths and deploy them in a complementary way. In a business where knowledge and expertise are essential, we build on our experienced and motivated employees who thoroughly know the Company and its products.

Tessenderlo Group strongly believes in a permanent feedback culture where employees have at all times a clear view of their contributions as individuals and as team members to the achievement of the Company's objectives. HR guides the Company through the changes necessary to the transformation into an effective organization and provides assistance to implement the transformation plans.

This is often accomplished by supporting line management through the development of suitable tools that will help in the selection, identification and development of talent. In addition, HR helps in developing remuneration and reward systems and to match these to the performances delivered.

INNOVATION AND R&D

Tessenderlo's Research and Development aims at improving product and process technologies in its existing businesses. New applications for existing products are explored in the market. Special attention goes to innovative sustainable solutions allowing for reduction in energy and materials consumption along the value chain.

Tessenderlo is recognized and chosen by customers for their needs in new process and product development. This latter approach leads to close collaboration, novel product and process technology for the customer and Tessenderlo.

BRANCH OFFICES

The Company has a branch office in Spain (Tessenderlo Chemie Espana, Paseo Castellanan, num. 137, planta 1, 28046 Madrid, tax identification number W0172729F).

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 the 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: http://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. The Charter is available on the Tessenderlo Group website:
http://www.tessenderlo.com/tessenderlo_group/governance/corporate_governance_charter/.

Capital & shares

Capital

The capital of Tessenderlo Chemie NV at December 31, 2014 amounts to EUR 212,431,751.

The increase in capital from EUR 159,200,000 on December 31, 2013 to the abovementioned amount on December 31, 2014 is mainly due to a rights offering with subsequent scrips private placement which operation was completed at the end of December 2014.

By decision of the Extraordinary General Assembly of June 7, 2011, the Board of Directors was granted the authority to increase the capital in one or more times, over a five year period, up to a maximum amount of forty million euro (EUR 40,000,000), exclusively for:

(i) capital increases reserved for Company personnel or its affiliates,
(ii) capital increases in the context of the issue of warrants in favor of certain members of the Company personnel or its affiliates and, possibly, in favor of certain persons who are not part of the personnel of the Company or of its affiliates,
(iii) capital increases in the context of an optional dividend, whether in this respect the dividend is directly distributed in the form of shares or is directly distributed in cash and afterwards the paid cash can be used to subscribe for shares, the case being by means of a surcharge and
(iv) capital increases carried out by conversion of reserves or other entries of equity capital, so as to enable to round the amount of the capital to a convenient rounded amount.

Shares

The share capital is represented by 42,396,563 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, 2014, there were in total 870,073 warrants (for which the acceptance period had lapsed) which were exercisable or which will become exercisable in the future. 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), the 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 is as follows:

Tranche	Exercise period	Number of warrants	Exercise price
Tranche 2 (2003)*	2007-2015	8,600	EUR 24,84
Tranche 3 (2004)*	2008-2016	27,800	EUR 29,77
Tranche 4 (2005)*	2009-2017	25,400	EUR 25,46
Tranche 5 (2006)*	2010-2018	43,680	EUR 28,20
Tranche 1 (2007)*	2011-2017	78,075	EUR 40,48

Tranche 4 (2010)	2014-2015	198,785	EUR 22,55[4]
Tranche 2011	2015-2016	337,733	EUR 20,40[5]
Tranche 2012	2016-2019	150,000	EUR 20,76[6]
TOTAL		870,073	
* 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 870,073.

Shareholders & shareholders structure

Further to the completion of the Capital Increase of EUR 174,772,372.50 (and exercise of warrants), the Company announced on December 19, 2014, that 10,619,767 new shares were issued on December 19, 2014.

As a result:
Tessenderlo's share capital has been increased by EUR 53,205,032.67 to bring it from EUR 159,226,718.33 to EUR 212,431,751; and the number of shares representing Tessenderlo's share capital has been increased by 10,619,767 shares to bring it from 31,776,796 to 42,396,563 shares.

On December 25, 2014, Tessenderlo has been notified by Verbrugge NV, Artela NV, Mr Luc Tack and Picanol NV, in accordance with the transparency legislation, that on December 19, 2014, Verbrugge NV held 12,802,812 shares (30,20%) and Symphony Mills NV held 630,458 shares (1,49%) in Tessenderlo.

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.

On the basis of this information, the distribution of the shares at December 31, 2014 in Tessenderlo Chemie NV is as follows:

Shareholder	Number of Shares	%
Verbrugge NV	12,802,812	30.2%
Symphony Mills NV	630,458	1.5%
Blocked shares (shares held by personnel or former personnel)	187,037	0.4%
Free float[7]	28,776,256	67.9%
Total	42,396,563	100%

Shareholders' agreements

At the date of this report, the Company has no knowledge of any agreements made between the Shareholders.

[4] EUR 23,22 for US residents
[5] EUR 20,94 for US residents
[6] EUR 20,95 for US residents
[7] Individual Shareholders holding less than 5% of the Company's Shares.

Board of Directors

Composition

At December 31, 2014, the composition of the Board of Directors of Tessenderlo Chemie NV was as follows[8]:

Non-Executive Directors	**Start of initial term**	**End of term[9]**
Antoine Gendry	02/06/2009	June 2017
Independent Non-Executive Directors[10]		
Véronique Bolland (Ms)	04/06/2013	June 2017
Philippe Coens	07/06/2011	June 2015
Dominique Zakovitch-Damon (Ms)	07/06/2011	June 2015
Baudouin Michiels	17/03/2005	June 2015
Karel Vinck	17/03/2005	June 2015
Executive Directors		
Luc Tack[11] - Co-Chief Executive Officer	13/11/2013	June 2015
Melchior de Vogüé[12] - Co-Chief Executive officer	18/12/2013	June 2017
Stefaan Haspeslagh[13] – Chairman	13/11/2013	June 2018

Almost all Board of Directors meetings were attended by the Director Group Controlling, Consolidation & Accounting and the Group Strategy Planner.

Anne Mie Vanwalleghem attended all Board meetings as Secretary of the Board of Directors.

The composition of the Board of Directors fulfils the objective of assembling complementary skills in terms of

[8] During the year 2014, the following changes have occurred:
- Gérard Marchand has stopped being Chairman and member of the Board of Directors as from June 3, 2014.
- Alain Siaens has stopped being member of the Board of Directors as from June 3, 2014.
- Thierry Piessevaux, a non-executive director, resigned as member of the Board of Directors on November 5, 2014.

[9] The term of the mandates of the directors will end immediately after the annual Shareholders' Meeting held in the year corresponding to each director's name.

[10] Pursuant to paragraph 3.10 of the Charter, a Director is considered to be independent if he or she at a minimum 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 aforesaid independence criteria. No exceptions were reported to the Board.

[11] On November 13, 2013 Luc Tack was co-opted as director of Tessenderlo Chemie NV, replacing Didier Trutt who had resigned. The mandate of Luc Tack was confirmed by the General Shareholders' Meeting of June 3, 2014 and will expire at the General Shareholders' Meeting of June 2015. Luc Tack has been appointed Co-Chief Executive Officer on December 18, 2013.

[12] On December 18, 2013, Melchior de Vogüé was co-opted as director of Tessenderlo Chemie NV, replacing Frank Coenen who had resigned on that date. The mandate of Melchior de Vogüé was confirmed by the General Shareholders' Meeting of June 3, 2014 and will expire at the General Shareholders' Meeting of June 2017. Melchior de Vogüé has been appointed Co-Chief Executive Officer on December 18, 2013.

[13] On November 13, 2013, Stefaan Haspeslagh was co-opted as director of Tessenderlo Chemie NV, replacing Michel Nicolas who had resigned. At the General Shareholders' Meeting of June 3 2014, the mandate of Stefaan Haspeslagh as director was confirmed and during the meeting of June 3 2014 the Board of Directors agreed with unanimous consent to appoint Stefaan Haspeslagh as new chairman of the Board for the duration of his mandate as director to replace Gérard Marchand retiring.

competencies, experience and business knowledge.

Activities of the Board of Directors

The Board of Directors met in accordance with a previously determined schedule.
The Board of Directors physically met nine times during 2014. In addition one deliberation of the board has taken place by written consent.

During 2014, the Board's main areas of discussion, review and decision were:

- the Group's long-term strategy and 2014 budget;
- the financial statements and reports;
- the funding strategy and the financing structure of the Group;
- a number of investment projects;
- proposals to the Shareholders' Meetings;
- appointment of the new Chairman and appointment of an Honorary Chairman;
- the changes to the composition of the Group Management Committees;
- the remuneration policies for the directors, co-CEOs and Group Management Committee members;
- the financial communication and segment reporting;
- the evaluation of the Board of Directors and of the Appointment and Remuneration Committee;
- the amendment of the Corporate Governance Charter;
- convocation and determination of the agenda of the extraordinary Shareholders' Meeting regarding the Offering, to decide on the approval of the Share Capital increase for a maximum amount of EUR 200 million
- deliberation and decision to amend the terms and conditions of the currently outstanding warrants under 2002-2006 Plan, 2007-2011 Plan, 2011 Plan and 2012 Plan regarding the anti-dilution protection;
- further formalization of the five year extension of the exercise period of the warrants, that were issued within the framework of (i) 2002-2006 Plan, i.e. more specifically the warrants issued under Allotment 2003, 2004, 2005 and 2006; and (ii) 2007-2011Plan, i.e. more specifically the warrants issued under Allotment 2007 (implementation of the Board of Directors' decision dd. April 23, 2009);
- appointment of an Ad Hoc Committee, as a subcommittee within the Board of Directors to provide guidance on the capital increase;
- appointment of new members for the Appointment and Remuneration Committee and for the Audit Committee;
- the approval of the Prospectus;
- investment in the ammonium thiosulfates production facility (Thio-Sul®) in East-Dubuque (Illinois, USA);
- approval of the commercial agreement with TETRA Chemicals for the marketing and commercialization of calcium chloride;
- the intended acquisition of a portfolio of crop protection products;
- the contemplated construction of a new Thio-Sul® production facility in Europe, possibly complemented with logistics and distribution facilities.

No application has been made of the rules of the corporate governance charter regarding conflicts of interest between Tessenderlo Group companies and a member of the Board which are not covered by the legal rules on conflicts of interest.

The Board acknowledges the Law of July 28, 2011 requiring that as of January 1, 2017, one third of its members to be of the opposite gender. In the Board selection process, the necessary attention will further be given to the implementation of this rule.

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 Group 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 and the committees, the interactions between board members, the conduct of the meetings and evaluation of the training and resources used by the board and/or the committees.

Where appropriate, the individual board members also share their view on how the board and the committees could improve their operation. The Chairman and the secretary of the board share the results of the evaluation with the board members and formulate initiatives for improvement.

Board Committees

General

At December 31, 2014, the following Committees are active within the Board of Tessenderlo Chemie NV:

The Appointment and Remuneration Committee
The Audit Committee

Please refer to the Charter for a description of the operations of the various Committees on the following link: www.tessenderlo.com/tessenderlo_group/governance/corporate_governance_charter/

The temporary "Operational Excellence Committee" (OEC), created on November 13, 2013 and composed of four Directors Luc Tack, Stefaan Haspeslagh, Philippe Coens and Véronique Bolland, has met one time in 2014. The latter committee has been operational until the end of February 2014.

During the year 2014, the Group has reviewed its governance and has decided that the Group's strategy will be discussed in the regular Board meetings as well as during a strategy seminar which will be held for the first time in 2015. Following that decision, The Strategy Committee has been abolished by decision of the Board on November 17, 2014.

Ad Hoc Committee

In view of the preparation of the transactions relating to the Capital increase, the Board of September 17, 2014 has confirmed the creation of a subcommittee of the Board consisting of Mr Karel Vinck, Mrs Véronique Bolland and Mr Philippe Coens. The scope of work of the ad hoc committee, acting as a subcommittee of the board of directors, was to assist and advise the board of directors regarding the rights issue / capital increase.

Appointment and Remuneration Committee

At December 31, 2014, the Appointment and Remuneration Committee was constituted as follows[14]:

Karel Vinck (Chairman) (Independent)
Philippe Coens (Independent)
Dominique Zakovitch-Damon (Ms, Independent)

A majority of the members of the Appointment 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 526quater §2 of the Belgian Companies Code.

The Appointment and Remuneration Committee met three times during 2014.

The Chairman of the Board of Directors attended, with an advisory vote, the meeting dealing with the

[14] On January 14, 2014, Stefaan Haspeslagh resigned as member of the Appointment and Remuneration Committee following the conclusion by Tessenderlo Chemie NV of a consultancy agreement with Findar BVBA, a company in which Stefaan Haspeslagh is Managing Director.

On June 3, 2014, Alain Siaens stopped being member of the Appointment and Remuneration Committee, following the end of his mandate as director of Tessenderlo Chemie NV and he has been replaced by a new member, Ms Dominique Zakovitch-Damon on August 25, 2014.

On October 6, 2014, Thierry Piessevaux resigned as member of the Appointment and Remuneration Committee.

remuneration, objectives and performance review of the co-CEOs. The co-CEOs attended, with an advisory vote, the meeting dealing with the remuneration and objectives of the GMC members, other than for themselves. The Group HR Manager attended the meetings dealing with remuneration issues.

Activities of the Appointment and Remuneration Committee

In 2014, the Appointment and Remuneration Committee discussed and made recommendations regarding the Group Management Committee remuneration package, including the co- Chief Executive Officers. The committee made recommendations for the appointment and co-optation of new Board members and changes in the committees. The Appointment and Remuneration Committee also prepared the remuneration report, as included in the 2013 annual report.

In compliance with the Charter, the majority of members of the Appointment and Remuneration Committee are independent.

Evaluation of the Appointment and Remuneration Committee

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

Audit Committee

(including justification required by art. 119, 6 ° Belgian Companies Code)

At December 31, 2014 the Audit Committee was constituted as follows[15]:

Baudouin Michiels (Chairman) (Independent)
Véronique Bolland (Ms) (Independent)
Philippe Coens (Independent)

The Audit Committee met according to a previously determined schedule.

The Audit Committee met five times during 2014.

The co-CEO, the Director Group Controlling, Consolidation & Accounting as well as the statutory auditor attended the meetings of the Audit Committee. The Group internal audit director attended the meetings dealing with internal audit, the head of internal control attended the meetings dealing with internal control matters and the Group's risk manager attended the meetings dealing with risk management.

The Company fulfils the legal requirement that its Audit Committee has at least one independent Director with the necessary accounting and audit expertise.

The members of the Audit Committee fulfill the criterion of competence by their own training and by the experience gathered during their previous functions (various members of the Audit Committee are or have been also member of Audit Committees of other listed companies). In compliance with the Charter, the majority of the members are independent Directors.

[15] Stefaan Haspeslagh resigned as a member of the Audit Committee on January 14, 2014 following the conclusion of a consultancy agreement with Findar BVBA, a company in which Stefaan Haspeslagh is Managing Director.

Thierry Piessevaux resigned as a member of the Audit Committee on October 2, 2014.

On June 3, 2014, Alain Siaens stopped being member of the Audit Committee, following the end of his mandate as director of Tessenderlo Chemie NV.

On August 25, 2014, Mr Philippe Coens was appointed as new member of the Audit Committee.

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, the Audit Committee heard reports from the external auditors regarding the internal control system, including the IT controls 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 2014, the new 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.

Further, the Audit Committee reviewed the status of the Enterprise Risk Management, risk reporting, prioritization of risk and mitigation actions as well as the litigation report. The Audit Committee also heard reports from the director of internal control. In addition, special reviews were conducted on the third quarter results in the framework of the Rights Offering transaction, on the new segmentation rules for the activities and on the working capital of the Company.

Other activities of the Audit Committee include the review of the financing of the Group, the terms of reference of the Audit Committee, and its functioning through the use of a self-assessment questionnaire.

Attendance rate to the Board of Directors meetings and the special committees meetings in 2014:

	Board of Directors	**Audit Committee**	**Appointment & Remuneration Committee**
Number of meetings in 2014	9	5	3
Gérard Marchand[16]	4/9		
Véronique Bolland	8/9	5/5	
Philippe Coens	8/9	1/5	3/3
Dominique Zakovitch-Damon	9/9		
Melchior de Vogüé	9/9		
Stefaan Haspeslagh	9/9		
Antoine Gendry	8/9		
Baudouin Michiels	9/9	5/5	
Luc Tack	8/9		
Thierry Piessevaux[17]	7/9	4/5	3/3
Alain Siaens[18]	4/9	3/5	2/3

[16] Mandate until June 3, 2014 (General Shareholder's Meeting)
[17] Resignation as member of the Audit Committee on October 2, 2014, resignation as member of the Appointment and Remuneration Committee on October 6, 2014 and resignation as Director on November 5, 2014
[18] Mandate until June 3, 2014 (General Shareholder's Meeting)

Karel Vinck	9/9		3/3

Group Management Committee (GMC)

Roles and responsibilities

Composition

As per December 31, 2014, the GMC of Tessenderlo Chemie NV was constituted as follows:

Luc Tack	Co-Chief Executive Officer and CEO Tessenderlo Kerley
Melchior de Vogüé	Co-Chief Executive Officer and Chief Financial Officer
Jordan Burns	President Tessenderlo Kerley and Business Development Leader
Pol Deturck	Executive VP and BU Director Akiolis
Jan Vandendriessche	Chief Growth Officer
FINDAR BVBA permanently represented by Stefaan Haspeslagh	Executive VP Transformation and Development

Mr. Rudi Nerinckx, former Chief HR Officer, left the Company on January 16, 2014.

Evaluation of the GMC

At least once a year, the co-CEOs carry out a review of the GMC function and the contribution of its members and, where applicable, propose amendments to its internal regulations to the Board of Directors.

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

Activities of the GMC

The Board of Directors has appointed a Group management committee (the "**Group Management Committee**" or the "**GMC**"). The GMC provides assistance to the co-CEOs. The GMC generally meets once a month. In addition the GMC meets whenever circumstances require this. The GMC periodically reports to the Board of Directors on the execution of its duties.

The GMC meetings were also attended by the Strategic Planner, secretary to the GMC. Members of the Group's support services were invited to present various topics. Representatives of the Business Units present an operational update and strategic initiatives to the GMC on a regular basis.

The GMC deliberation is only valid if at least half of its members are present or duly represented.

Decisions of the GMC are taken by unanimity, but in absence thereof the co-CEOs will decide.

The GMC convened 9 times during 2014. The attendance rate was 100%.

No application has been made of the rules of the corporate governance charter with respect to conflicts of interest between a member of the GMC on the one hand, and the Company or any affiliated company of the Company on the other hand, with respect to matters falling within the competence of the GMC and on which the GMC must decide.

Remuneration report

Directors (including executive directors, for their remuneration as director)

Remuneration policy

It is the responsibility of the Board of Directors of the Company to make proposals to the shareholders with regard to the remuneration awarded to the members of the Board of Directors.

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

- the remuneration for participating in the Board and the Board 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 is performed, and a proposal is made to the Appointment and Remuneration Committee. The co-CEO, Executive Director, receives the same remuneration as the Non-Executive Directors for his role of Director. 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 view of the financial situation and the new size of the Group, it has been proposed by the March 26, 2014 Board to the June 2014 General Assembly of shareholders to reduce the board fees for the years 2014 and 2015. This proposal was approved so that at the Board of Directors level, the annual fixed fees are now EUR 20,000 for each director and EUR 50,000 for the Chairman.

The attendance fees for the Appointment and Remuneration Committee, the Strategy Committee[19] as well as for any special committee established by the Board of Directors are included in the annual fixed fee except for the Audit Committee members where the annual fixed fee is increased with EUR 5,000 (EUR 25,000). As from 2016, a benchmarking of the remuneration of the Directors will be performed from time to time to reflect changes in market practices and in the scope of activities of the Group.

Remuneration Procedures applied during 2014

No specific procedure has been applied in 2014 to develop a remuneration policy for the directors. As mentioned above, a reduction of board fees was proposed and approved for 2014 and 2015, after which the existing procedures (regular benchmarking) will again be applied.

Remuneration received

The Directors receive a fixed remuneration of EUR 20,000 and the non-Belgian directors receive a EUR 500 reimbursement of travel expenses per meeting. The total annual fixed remuneration is paid in the next year. In addition, attendance fees in the amount of EUR 5,000 per year were granted to the members of the Audit Committee. Attendance fees for the Audit Committee are paid in the year in which the meetings are held; expense reimbursements are paid in the year in which the expenses are incurred. The Chairman received a fixed remuneration of EUR 50,000, and the use of a company car and of a cell phone.

The members of the Ad Hoc Committee will receive in 2015 a fixed remuneration of EUR 4,000 for the preparation of the transaction of the rights offering / capital increase.

The Non-Executive Directors are not entitled to any kind of variable remuneration.

[19] The Company's Strategy Committee was abolished by a decision of the Board of Directors of November 17, 2014.

Member	2014	Earned Fees (in EUR)	Remarks
de Vogüé Melchior Executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee Total remuneration	20.000,00 20.000,00	
Haspeslagh Stefaan Executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee Total remuneration	35.000,00 35.000,00	Chairman as of 03/06/14
Tack Luc Executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee Total remuneration	20.000,00 20.000,00	
Marchand Gérard *(Chairman until 03/06/14)* Non-executive director	Fixed annual fee (1) Audit Ctee. - attendance fee Travel fee Total remuneration	25,000.00 25,000.00	End Mandate 03/06/14
Bolland Véronique Independent non-executive director	Fixed annual fee Audit Ctee. - attendance fee Travel fee Total remuneration	20,000.00 5,000.00 25,000.00	
Coens Philippe Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	20,000.00 1,250.00 21,250.00	
Zakovitch-Damon Dominique Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	20,000.00 4,500.00 24,500.00	

Gendry Antoine Non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	20,000.00 4,000.00 24,000.00	
Michiels Baudouin Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	20,000.00 5,000.00 25,000.00	
Piessevaux Thierry Non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	16,666.00 3,750.00 20,416.00	End Mandate 05/11/2014
Siaens Alain Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	10,000.00 2,500.00 12,500.00	End Mandate 03/06/14
Vinck Karel Independent non-executive director	Fixed annual fee Audit Ctee - attendance fee Travel fee Total remuneration	20,000.00 20,000.00	
TOTAL (including executive and non-executive directors		272,666.00	

excluding company car and mobile phone

GROUP MANAGEMENT COMMITTEE (GMC)

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 Appointment and Remuneration Committee defines the remuneration policy principles of the GMC 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.

The Company's competitive landscape is changing fast. In order for the Company 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 the Group and the business units. By doing this, the Company creates a globally consistent framework for developing, rewarding and empowering its people. The Company sees recognition and leadership as the key foundation for employee engagement. Our compensation system allows the Company 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 is 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

Each year, the Appointment and Remuneration Committee considers the appropriate compensation to be offered for the GMC. 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 GMC's total cash compensation against a defined peer group of companies of similar size with the same type of activities of Tessenderlo Group. Non-Belgian GMC members are benchmarked with reference to their local market. 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 GMC members is reviewed on an annual basis by the Appointment and Remuneration Committee on the recommendation of the CEOs, while compensation of the CEOs is reviewed on the recommendation of the Chairman of the Board of Directors.

Compensation package

The GMC compensation package consists of the following items:

Base salary
Variable salary (including short and long-term incentive plans)
Other compensation items

Details on the contents of each of these items are provided hereafter.

Base salary

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

Variable compensation

The variable compensation of the members of the Group Management Committee is set at 35% (50% for non-Belgian GMC member) of the overall yearly base salary based upon yearly objectives entirely linked to Group results. As such, the variable compensation of the GMC members is considered through the obligation set forward in the Company Code (article 520ter). The General Shareholder meeting of June 3, 2014 has approved an exception to the principle in article 520ter and allowed performance criteria for the GMC members measured over 1 year.

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 GMC members are compensated according to the overall performance of Tessenderlo Group.

The short term incentive for the co-CEOs varies between 0% and 70% of the base salary. The objectives measured over the calendar year are set for 100% of the Group financial objectives with a modifier for individual performance, established by the Appointment and Remuneration Committee.

For 2014, the financial objectives of the Group were set at ROCE and EBIT. The personal modifier is linked to progress in strategy execution and business transformation within the Group. The evaluations of the co-CEOs target objectives against the realizations are performed by the Appointment and Remuneration Committee after the end of the financial year and submitted for approval towards the Board of Directors.

For the European GMC members, the target short term incentive varies, between 0% and 70% of the base salary. The US GMC member has a target short term incentive varying between 0% and 100% of the base salary. The performance objectives for all the GMC members are for 100% linked to the financial objectives of the Group (ROCE, and EBIT) including a personal modifier linked to progress in strategy execution and business transformation within the Group. The GMC target objectives are evaluated on a calendar year basis; the evaluations are done after the end of the financial year by the Co- CEOs and submitted for approval to the Appointment and Remuneration Committee and Board of Directors.

II. Long-term variable compensation

The Board of Directors decided not to allocate share options (warrants) for 2014 nor any other long term incentive.

In 2012 a long term cash plan was developed next to the share option plan for both GMC members as all other Leadership Team members. The long term cash plan is a one-time individual selective grant of a deferred cash bonus covering a four year period (2012-2015). Pay-out will occur early 2016 based on an employment condition as well as a mix of the Group and Business Unit ROCE and REBITDA target achievement.

There was no additional grant in 2014.

Other compensation items

Members of the GMC (including the co-CEOs Mel De Vogue and Luc Tack) are eligible to participate in the extra-legal pension plan, a hospitalization plan, a life insurance plan, etc., which are also available to the members of the Leadership Team. Since the GMC has members of different nationalities, plans may vary according to the local legal and competitive environment.

GMC members also benefit from certain other benefits such as a company car and representation allowance.

The co-CEOs, Mel De Vogue and Luc Tack, and GMC members participate in either a “defined benefit” plan or a “defined contribution” plan. The “defined contribution” plan applies to GMC members that have a Belgian employment contract or management agreement which took effect on or after January 1, 2008. All GMC members that have a Belgian employment contract in effect prior to December 31, 2007, remain affiliated with the “defined benefit” plan. All these compensation elements are included in the tables below ("Remuneration earned in 2014"). The US GMC member participates in a 401K plan in the United States.

As of April 1, co-CEO Mel De Vogue, has been allocated an individual pension promise, in view of his change from employee to self-employed status (cf. Infra) with the intention of providing a similar type of pension arrangement as under the employee status.

Changes in reward policy

As of April 1, 2014 Mel De Vogue, co-CEO is transferred from an employee status to an Executive self-employed Director of Tessenderlo Group, resulting in the termination of his employee status. This aligns with the second co-CEO, Luc Tack, who already had the capacity of Executive self-employed Director as from his nomination towards co-CEO on December 18, 2013. Luc Tack only became a remunerated self-employed Director of

Tessenderlo as from January 1, 2014.

The Company is investigating if a new Long Term Incentive plan will be established for (some) key personnel from end 2015/start 2016, which is the moment the old Long Term Performance Cash plan (2012-2015) will end. A discussion will be held with the Appointment & Remuneration Committee on this subject during 2015.

At the moment of publication, no further changes are anticipated.

Remuneration earned in 2014

Co-CEOs – Mel De Vogue and Luc Tack

Annual gross compensation earned by the Co-CEOs in 2014 is detailed below:

Component	**Amount Mel De Vogue**	**Amount Luc Tack**
Fixed compensation (excluding Director fees)[1]	EUR 345,300	EUR 231,350
Variable compensation[1/8]	EUR 177,608	EUR 120,568
TOTAL (in cash)	**EUR 522,907**	**EUR 351,918**
Pension[2]	EUR 51,667	EUR 20,139
Other benefits[3]	EUR 61,403	EUR 25,435

GMC (excluding Co-CEOs) gross compensation earned in 2014 [5/7]

Component	**Amount**
Fixed compensation[1/4]	EUR 1,226,529
Variable compensation[1/4/6/8]	EUR 784,554
TOTAL	**EUR 2,011,083**
Pension[2]	EUR 157,239
Other benefits[3]	EUR 127,720

(1) Excluding social security contributions.
(2) Defined Benefit Plan: annual service cost for 2014, as calculated by an actuary.
(3) Other benefits include coverage for death, disability, work accident insurance, taxes (4,40%) on an additional contribution pension plan, meal vouchers, company car - all under the same conditions applicable to other Leadership Team members and the ruling approved by the Belgian Tax authorities for representation allowance.
(4) Exchange rate used : 1 USD = 0,8075 EUR (for all conversions related to the US package for Jordan Burns).
(5) Excluding the fees paid to MAS BVBA, a company controlled by Mr. Stefaan Haspeslagh, for various consulting services performed during the period November 2013 – January 2014 period, and paid in March 2014, at a sum of EUR 100,716.
(6) Some of the GMC members convert variable compensation in options resulting in a deferral of payment.
(7) Rudi Nerinckx left the Company on 16/1/2014. His remuneration, excluding termination, is included in this overview.
(8) Subject to final approval of the Board of April 23, 2015 – maximum.

Stock options (warrants) granted to GMC members[20]

During 2014, no stock options are awarded to GMC members. The following table shows the respective number of options that were lost during 2014 (as the term for exercise elapsed) and the number of stock options exercised

[20] Findar BVBA, represented by Stefaan Haspeslagh and Luc Tack have never received options of Tessenderlo.

during 2014:

Name	2014 grant	Options time period elapsed in 2014	Options exercised in 2014
Pol Deturck	0	0	9,333
Jan Vandendriessche	0	0	9,333
Jordan Burns	0	9,333	0
Mel de Vogue	0	0	0

Agreements on severance pay

It should be noted that the Board of Directors decided on 14 January 2015, to replace the Current Group Management Committee by an ExCom, consisting of the CO-CEOs (Luc Tack/Mel De Vogue), the Executive Directors (currently Findar BVBA through Stefaan Haspeslagh) as well as any other member appointed by the Board (no one at this stage).

The management agreement of each member of the ExCom contains a provision stipulating a notice period of maximum eight months, which notice period increases for the Co-CEOs to a maximum of twelve months as of 2021.

The other employment contracts of the previous Group Management Committee entered into on or after May 3, 2010 are compliant with art. 554, §4 CC. Any agreements entered into prior to such date, have been entered into in compliance with the then applicable legislation.

Furthermore, employment contracts of those members of the GMC may contain provisions recognizing part of the seniority build up with previous employers for purposes of calculating any termination indemnity and severance pay may therefore be in excess of twelve months pay. The employment contract of the American member of the GMC contains a termination indemnity equal to 1 ½ year's salary, in line with usual practice for this level of function.

Rudi Nerinckx, chief human resources officer, left the Company at January 16, 2014. The total departure indemnity for Rudi Nerinckx equalled EUR 246,882 (excluding employer social security contributions).

Main features of the Company's Internal Control & 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 GMC.

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 TG Headquarter 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 activities in 2014

The Internal Control department continued reviews of certain processes on both entity and Group level with special attention to entities that recently completed IT systems conversions. On Group level focus was on authorization matrixes and the development of a revised set of key management processes that will be rolled out in 2015.

The identification and implementation of IT General Control systems continued with particular emphasis on the US operations. This project should be completed by the end of 2015.

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 a 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.

Enterprise Risk Management (ERM) System

Risks are an important and inherent aspect of conducting business. The Company has developed a number of policies and procedures with the aim of managing and reducing risks to an acceptable level.

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

A risk management structure has been rolled out, both on Company 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 GMC 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

Chapter 7 of the Charter sets out the corporate policy with regard to inside information and market manipulation.

The Compliance Officer is responsible for supervising compliance with the policy that the Company has laid out concerning inside information and market manipulation. He/she is also the point of contact for questions about the application of the policy.

Mr John Van Essche, legal counsel, holds the title of Compliance Officer.

External Audit

PwC Bedrijfsrevisoren bcvba (PwC), represented by Peter Van den Eynde BVBA, represented by its fixed representative Peter Van den Eynde, was appointed as Group statutory auditor by the shareholders meeting of the Company on June 4, 2013, following an audit tender.

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

(Million EUR)	2014			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	0.0	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**0.0**	**0.3**	**1.1**

(Million EUR)	2013			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	0.0	0.1	0.3
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	**0.8**	**0.0**	**0.1**	**0.9**

Subsequent Events

No significant subsequent events occurred after the balance sheet date.

Application of art. 523 of the companies code

The remuneration of the co-CEOs for their performance in 2014

Excerpt from the minutes of the Board of Directors held on February 24, 2014

[…]

Prior to deliberating and adopting the resolution on the salary package of the GMC and on the service fee with Findar BVBA the Co-CEOs Messrs Luc Tack and Melchior de Vogüé as well as 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 2013 and 2014 (Luc Tack and Melchior de Vogüé) and remuneration and/or service fee with Findar BVBA, a company in which Stefaan Haspeslagh is also managing director.

The CEOs and executive director Stefaan Haspeslagh declare that they will inform the Company auditors of this conflict of interest of a proprietary nature and they all leave the meeting for this specific agenda item.

After hearing the proposal and recommendation of the proposal by Mr Karel Vinck, chairman of the Appointment and Remuneration committee, the Board unanimously decides to attribute the following remuneration package to the Co-CEO Luc Tack and Melchior de Vogüé and to approve the following service fee for the services rendered by Findar BVBA, represented by Stefaan Haspeslagh:

Co-CEO Luc Tack

- To fix the base salary for the year 2014 at EUR 231,350 (excluding the board fee of EUR 20,000)
- To fix the termination package at 8 months notice until 12 years of service with Tessenderlo Group.

For Luc Tack, who is estimated to grant 66% of its time to the Co-CEO role, the other conditions of the contract are summarized below:

- The Tessenderlo Group Defined Contribution plan.
- The company car policy.
- The fixed monthly net cost allowance amounting to EUR 340/month.
- The Medical insurance plan.
- The continuation of the current termination protection amounting to 8 months of break-up fee until twelve months of service with the Company. After twelve years of service the termination allowance will be capped at 12 months. This fee is to be calculated based on total remuneration, including variable pay of the last 12 months and valuation of all benefits.
- Additional director fee of EUR 20,000 will be granted and is not included in above package.
- Implementation date 1/1/2014.

CEO Melchior de Vogüé

- To fix the base salary for the year 2014 at EUR 340,800 (excluding the board fee of EUR 20,000)
- To fix the termination package at 8 months notice until 12 years of service with Tessenderlo Group.

For Mel de Vogüé, Co-CEO the main conditions of the contract are summarized below.
For social security purposes, Melchior de Vogüé will have the status as independent and will further be granted the following advantages:

- The Tessenderlo Group Defined Contribution plan.
- The company car policy.
- The fixed monthly net cost allowance amounting to EUR 340/month.
- The Medical insurance plan.
- The continuation of the current termination protection amounting to 8 months of break-up fee up to twelve months of service with the Company. After twelve years of service the termination allowance will be capped at 12 months. This fee is to be calculated based on total remuneration, including variable pay of the last 12 months and valuation of all benefits.
- Additional director fee of EUR 20,000 will be granted and is not included in above package.
- An additional complementary pension plan with AG with an estimated yearly fee of EUR 8,300.
- Implementation date 1/4/2014, where at the same date Mr. de Vogüé his employment contract will be ended in mutual agreement without termination fees.

In view of the 2013 results of the Company, no 2013 related bonus has been attributed on the variable part (35%) of the base salary of Mr de Vogüé.

The Company Findar BVBA, represented by Stefaan Haspeslagh will receive a service fee equal to EUR 302,150 (VAT not included) for services rendered as member of the Group Management Committee.

For the year 2014, the variable part of the fixed salary is fixed at 35% for both Melchior de Vogüé and Luc Tack.

The Board agrees that the fixed and variable parts of the salary of the co-CEOs as well as the terms of conditions of the service agreement are -although below the market- taken into the interest of the Company. The cost of the remuneration will be reflected in the accounts of the Company.

Full details on the remuneration package as well as on the terms and conditions are included in the minutes (and attachments) of the Appointment and Remuneration Committee of February 24, 2014.

[…]

Amendment of the terms and conditions of the warrants

Excerpt from the minutes of the Board of Directors held on September 17, 2014

[...]

Prior statements of the directors in accordance with article 523 of the Belgian Companies Code are made:

Melchior de Vogüé states that:
He has a conflict of financial interest with the decision referred to in agenda item V, whereby the board of directors is to discuss and possibly decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection, as he is a beneficiary under said Plans and currently holds 62,000 warrants under Plan 2010, 2011 and 2012 (he also holds a limited amount of shares in the Company);

He has requested that the auditor is informed of this conflict of interest; and
He will step out of the meeting in accordance with article 523, § 1, part 4 of the Belgian Companies Code (BCC) before the deliberation and vote in respect to agenda item V and will rejoin the meeting for the deliberation of the remaining agenda items.

Luc Tack states that:
He has an indirect conflict of financial interest with the decision referred to in agenda item V, whereby the board of directors is to discuss and possibly decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection, as he is the ultimate beneficial owner of the shareholding of Verbrugge NV in the Company and the contemplated amendment may have a dilutory effect on the existing shareholding of Verbrugge NV in the Company;

He has requested that the auditor is informed of this conflict of interest; and
He will step out of the meeting in accordance with article 523, § 1, part 4 of the BCC before the deliberation and vote in respect to agenda item V and will rejoin the meeting for the deliberation of the remaining agenda items.

The chairman asks if other members of the board have a conflict of interest in the sense of article 523 of the BCC.

At the meeting
Thierry Piessevaux states that :

He has an indirect conflict of financial interest with the decision referred to in agenda item V, whereby the board of directors is to discuss and possibly decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection, as he is a member of a family which is the ultimate owner of an important shareholding into the Company and the contemplated amendment may have a dilutory effect on his/their existing shareholding in the Company;

He has requested that the auditor is informed of this conflict of interest; and
He will step out of the meeting in accordance with article 523, § 1, part 4 of the BCC before the deliberation and vote in respect to agenda item V and will rejoin the meeting for the deliberation of the remaining agenda items.

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 in accordance with article 523 BCC.

The chairman deals with the first point on the agenda:

…….

Before starting the deliberation on agenda item V, Melchior de Vogüé, Luc Tack and Thierry Piessevaux step out of the meeting.

5. Deliberation and decision on the amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection

The chairman refers to the warrants currently issued by the Company and states that in general, at the time warrants are issued, it is not uncommon to include some sort of anti-dilution protection in their terms and conditions, in order to manage certain restrictions on future transactions by the Company arising out of article 501, §1 of the Belgian Companies Code. However, it is unclear whether the warrant holders would have a legal entitlement to an adjustment of the exercise price in the specific case at hand.

Mr Karel Vinck says that the matter has been discussed in the meetings of the ad hoc committees and that after seeking the advice of our legal advisor Stibbe, it has been agreed upon by the ad hoc committee members that the adjustment of the exercise price of the warrants is the best approach from a risk management perspective. Following a question of Mr Baudouin Michiels, the board members discuss the potential tax impact of the adjusted exercise price.

The management says that they are currently reviewing the tax aspects of the transaction and that some fee quotes for introduction of a tax ruling have been asked to our tax advisors. The chairman of the ad hoc committee also informs that the formula for the adjustment has been discussed in the ad hoc committee and that in order to determine the price adjustment proper advice has been taken with KBC.

The adjustment of the exercise price is inspired by the ratio-method which is a commonly accepted technique used for compensation of warrant holders for the dilution impact due to a major change in the capital structure of a company.

The board of directors discusses and, in order to limit as much as possible any potential litigation threat from warrant holders, unanimously decides, subject to the rights issue being effectively launched following its approval by the extraordinary general meeting, to adjust the exercise price of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 in accordance with the right provided thereto in the terms and conditions under which such warrants were issued and, whereby the exercise price of the existing warrants shall then be adjusted according to the following formula:

Whereas[1]

X = Closing share price before start of subscription period
Y = Rights value
Z = Issue Price
R (adjustment factor) = (X-Y) / X

Whereby
- Y = (TERP – Z) * Ratio; and

- TERP = $\dfrac{\text{(number of outstanding shares * X) + (numbers of shares issued * Z)}}{\text{total number of shares after the offering}}$

So that the existing strike price of the warrants will be multiplied by R

[1]*This formula disregards any (interim) dividend payments*

Excerpt from the minutes of the Board of Directors held on 27 October, 2014

[….]

-*Preliminary statement*-

The Chairman gives the following statement :

1. Agenda.
   Following agenda item is discussed in presence of the notary :
   II. Further formalization of the extension with five (5) years of the exercise period of certain warrants that were issued within the framework of (i) 2002-2006 Plan and (ii) 2007-2011 Plan.

2. Convocations.
   The convocations with mention of the agenda were forwarded to the directors on October 17, 2014.

3. Quorum
   The Chairman states that, as the majority of the board members is present or validly represented, the board can validly deliberate on the agenda items.

-*Article 523*-

The Chairman sets forth to the board that the following directors have informed that they have a conflict of financial interest with the execution of the decision referred to in agenda item II, whereby the board of directors is to discuss and decide upon an amendment of the terms and conditions of the warrants currently outstanding under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of anti-dilution protection (hereafter the "Extension") :

(i) Mr Melchior de Vogüé states that he has a conflict of financial interest with the Extension as he is beneficiary under said Plans and currently holds 62,000 warrants under Plan 2010, 2011 and 2012 (he also holds a limited amount of shares in the Company);

(ii) Mr Luc Tack states that he has an indirect conflict of financial interest with the Extension, as he is the ultimate beneficial owner of the shareholding of Verbrugge NV in the Company and the contemplated amendment may have a dilutory effect on the existing shareholding of Verbrugge NV in the Company;

(iii) Mr Thierry Piessevaux states that he has an indirect conflict of financial interest with the Extension, as he is a member of a family which is the ultimate owner of an important shareholding in the Company and the contemplated amendment may have a dilutory effect on his/their existing shareholding in the Company.

They have requested that the auditor is informed on this conflict of interest.

In accordance with article 523 BCC these directors refrain from taking part at the deliberations of the board of directors on this decision and from taking part at the vote.

The other directors of the Company who are present or validly represented state that they do not have a direct or indirect conflict of financial interest with the above-mentioned decision.

-"Resolution"*-

Taking into account the above-mentioned statement, the board of directors unanimously decide to take the following resolution.

RESOLUTION

The chairman reminds the board of directors of the fact that during its meeting of April 23, 2009, within the framework of the Economic Recovery Law of March 27, 2009 the board decided to extend the exercise period of the following warrants with five (5) years :

- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 6, 2003;
- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 9, 2004;
- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Thierry Van Halteren, in Brussels, on November 10, 2005;
- the warrant issued under the five-year warrants issue plan 2002-2006 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 9, 2006;
- the warrant issued under the five-year warrants issue plan 2007-2011 following minutes of the board of directors executed before notary Damien Hisette, in Brussels, on November 8, 2007.

The board of directors decide to establish a special report that will implement this contractually valid granted extension and request the notary, where applicable, also to execute this extension by notary deed. A copy of this report will remain annexed to this document. The auditor also establishes a dated special report.

Following the extension and taking into account the warrants already exercised, the remaining outstanding warrants currently amount to 1,094,461.

Information required by art. 34 of the Royal Decree of November 14, 2007.

Art. 34 of the Royal Decree of November 14, 2007 requires Tessenderlo Chemie NV to disclose in the management report a list of, and explanations of certain items listed in said Royal Decree, to the extent these items have consequences in the event of a public takeover bid. Said information is disclosed hereunder.

In accordance to 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 Board of Directors has been authorized to proceed to capital increases in the context of the authorized capital within the framework of an optional dividend; as such capital increases do not occur with limitation or annulment of the right of preference of the shareholders, such capital increase could – theoretically – be done during a public takeover bid and have an impact thereon.

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 Facilities Agreement executed on February 26, 2010 (as amended on December 20, 2010 and amended and restated on April 28, 2011) for a maximum amount of EUR 300 million[21] between, among others, Tessenderlo Chemie NV as company, guarantor and borrower, Tessenderlo NL Holding BV as guarantor and borrower, certain subsidiaries of Tessenderlo Chemie NV as guarantors, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank SA, Fortis Bank NV/SA, ING Bank NV and KBC Bank NV as mandated lead arrangers, ING Bank NV as facility agent and swingline agent and KBC Bank NV as issuing bank (the "Facilities Agreement"): according to the terms of this agreement, a change of "control" over Tessenderlo Chemie NV can lead to partial or full cancellation of the facilities and hence, the obligation for Tessenderlo Chemie NV to repay part or all monies lent under the facility agreement and to provide full cash cover for part or all letters of credit which are at that time outstanding under the Facilities Agreement; for purposes of the Facilities Agreement, "control" of Tessenderlo Chemie NV means either the direct or indirect ownership of more than 50 percent of the voting rights in the Company. The change of control clause described above has been approved by the General Assembly of shareholders of Tessenderlo Chemie NV on June 1, 2010 and again on June 7, 2011 (due to the amendment and restatement of the Facilities Agreement) and a copy of these resolutions have been filed at the registry of the Court of Commerce promptly thereafter;

- the prospectus dated October 25, 2010 of Tessenderlo Chemie NV regarding the issue of senior unsecured bonds, due October 27, 2015, for an amount of EUR 150 million: according to the terms and conditions of these bonds, a "change of control" over Tessenderlo Chemie NV will entitle each bondholder to require Tessenderlo Chemie NV to redeem their bonds by submitting a change of control put exercise notice. If as a result thereof, bondholders submit change of control put exercise notices in respect of at least 85 percent of the aggregate principal amount of the bonds for the time being outstanding, Tessenderlo Chemie NV may redeem all of the bonds then outstanding. For purposes of the change of control clause described above, a "change of control" shall occur if an offer is made by any person to all such shareholders of Tessenderlo Chemie NV other than the offerer and/or any parties acting in concert, to acquire all or a majority of the issued ordinary share capital of Tessenderlo Chemie NV and the offerer has acquired or, following the publication of the results of such offer by the offerer, is entitled to acquire as a result of such offer, post completion thereof, ordinary shares or voting rights of Tessenderlo Chemie NV so that it has either the direct or indirect ownership of more than 50 percent of the voting rights in Tessenderlo Chemie NV. The change of control clause described above has been approved by the General Assembly of shareholders of Tessenderlo Chemie NV on June 7, 2011 and a copy of this resolution has been filed at the registry of the court of commerce promptly thereafter;

- 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 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, 2014, 870,073 warrants were outstanding. The clauses described above have been approved by the General Assembly of shareholders 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 in respect of the financial year ending on December 31, 2014. 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

[21] The original amount of the credit facility amounted to EUR 450.0 million, but this amount was decreased by EUR 50 million in August 2014 and by another EUR 100 million in January 2015.

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.

The Company does not currently plan to implement a distribution pay-out policy in the near future.

Information required by art. 96, §2, 2° Companies Code

Provision 2.1 of the Corporate Governance Code

The composition of the Board of Directors fulfils the objective of assembling complementary skills in terms of skills, experience and business knowledge. However, in light of the mandates currently in effect, the composition does not fully comply with the provision of the code with respect to gender diversity (deviation from 2.1 Corporate Governance Code). At the shareholders meeting of June 7, 2011, a step was taken towards gender diversity by the appointment as independent Director of Ms Dominique Zakovitch-Damon. The above efforts have been continued and at the shareholder's meeting of June 4, 2013, Ms Véronique Bolland has been appointed independent director.

Provision 4.7 of the Corporate Governance Code

The current Chairman of the Company previously was appointed as an executive director. The Company has carefully considered the positive and negative aspects in favour 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.

Provision 4.13 of the Corporate Governance Code

Currently, no formal evaluation procedure exists with respect to 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 up 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 9, 2015

The Board of directors

Melchior de Vogüé Director and co-CEO	Luc Tack Director and co-CEO	Stefaan Haspeslagh President Board of Directors