

# Board of Directors' rules and regulations

## INTRODUCTION

As a listed company Umicore wishes to adhere to the current standards and recommendations with regard to good corporate governance, both at the national and international level.

These rules are to be read together with the applicable statutory provisions and Umicore's articles of association.

## ARTICLE 1      ROLE OF THE BOARD.

In accordance with the articles of association, the Board of Directors is authorised to perform whatever acts are necessary to achieve the company's purpose. It shall define the company's missions and values This includes approving strategic plans, budgets and ensuring that they are duly implemented, taking the necessary steps to ensure that the organisational structures and procedures meet the company's requirements and that a system of reporting and efficient internal controls exists. It shall ensure that the shareholders and the public are duly informed.

Appropriate information must be given on all aspects of our strategy and organisation, for example on Human Resources policies, Technology policies etc. The Board needs to better understand the benchmarking with the competitors and the use of the industrial criteria compared to financial criteria in risk assessment of projects.

It is recommended at regular intervals to compare the objectives of the approved programs with the realisation.

The Board should pay explicit attention to the application of corporate governance policies to be agreed on. If ethical issues come up, the Board should be informed immediately about the content and the possible reaction of top-management.

## **ARTICLE 2**      **FUNCTIONING OF THE BOARD OF DIRECTORS**

### **Annual number of meetings**

There will be 5 or 6 regular meetings per year with the possibility to call exceptional meetings or to organise Board meetings by unanimous written consent to the extent permitted by law. The following subject matters should at least be covered by a Board meeting:

1. Approval of annual accounts, Board report and convening of Ordinary Shareholders Meeting – Board meeting to be held in February;
2. Approval of half year results – Board meeting to be held in August;
3. Approval of budget – Board meeting to be held in December;
4. One meeting with visit of an industrial site;
5. One meeting on strategy.

### **Duration and location**

The Board meetings will be planned to last 3 hours in normal circumstances. Members of the Executive Committee will be invited to the lunch following the Board meeting, as the case may be. Meetings including visits of industrial sites would last a full day.

### **Presentations**

Presentations made to the Board must fit with the items on the agenda. The emphasis must be on the strategic implications of the decisions to be taken. Therefore:

1. It may be useful to include an executive summary of any presentation to be made at a Board meeting in the Board documents;
2. A short and clear statement summarising the question to be answered or the decision to be taken by the Board should end the presentations.

### **Communication of Board documents**

Documents should be available to the extent practically possible one week in advance in the format of a Board book. If necessary, documents may also be sent to the directors by e-mail or fax.

### **Deliberation and decisions**

The Board may only validly deliberate and vote provided that the majority of its members are present or represented at the meeting. Each director may only represent one of his/her absent colleagues. Proxies can be submitted by letter or by fax or email, to be confirmed by letter.

Decisions are taken by the majority of the votes cast. In the event of a tie, the person chairing the meeting shall have the casting vote.

The minutes of the Board are drafted by the Secretary of the Board and signed by the directors having attended the meeting at the next Board meeting.

The Secretary of the Board is empowered to certify copies or extracts of minutes of the meetings.

### **ARTICLE 3      COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors, whose members are appointed by the Ordinary General Meeting, must comprise at least ten members. The period of office of each director may be differentiated but may not exceed six years. Directors may be re-elected. The appointment and re-election of directors shall be subject to a recommendation by the Nomination and Remuneration Committee (see below).

A number of Board members between 10 and 12 allows the right diversity in experience and knowledge and a sufficient availability of directors as members of the Board Committees (see below).

The Board should consist of a majority of non-executive directors of sufficient calibre for their view to carry significant weight in the Board decisions.

Due to recent developments in Umicore's business, 1 or 2 directors with an international background and a good knowledge of the Advanced Materials area are necessary.

With the exception of the Chief Executive Officer, no member of the Executive Committee should become member of the Board.

The age limit for directors is set at 67, but the Board may make an exception to this rule in the interest of the company. A director can be appointed or re-elected at the latest at the age of 65.

The succession planning of the Chairman of the Board, Chief Executive Officer and the members of the Executive Committee must be periodically reviewed.

#### **ARTICLE 4      REMUNERATION OF DIRECTORS**

The global amount of the Board remuneration is decided by the General Meeting of Shareholders upon proposal of the Board.

Board members should not receive stock options, except for the Chief Executive Officer. However, the Board remuneration may be structured partly in shares and in cash, with a constraint to keep the shares for a certain period to be defined.

#### **ARTICLE 5      COMMITTEES APPOINTED BY THE BOARD OF DIRECTORS (“BOARD COMMITTEES”)**

##### **Executive Committee (“Comité de direction / Directiecomité”)**

The Executive Committee supervises and co-ordinates the day-to-day management of the company. It submits for approval to the Board of Directors any proposal concerning acquisitions, investments and disposals involving amounts in excess of EUR 12,500,000.

The Executive Committee has full authority for any decision with respect to matters delegated by the Board of Directors, in particular decisions connected with the Group's operational organisation, acquisitions, investments and disposals involving amounts of less than EUR 12,500,000.

##### **Strategy Committee**

The Strategy Committee has no decision power. Its purpose is to analyse the strategic objectives of the Company to assess the validity and the consequences of the strategic decisions to review the strategic business plans of the Umicore Group, as well as major acquisitions and divestments, and to submit its conclusions as recommendations to the Board of Directors for decision

The Strategy Committee has at least five members, appointed by the Board.

The period of office of a Committee member coincides with his/her term as director.

The Committee appoints its Chairman.

The Committee appoints the secretary of the Committee. He/she may be a member of the management staff.

The Committee meets at least twice annually. The Chairman of the Board or two of its members may call an additional meeting.

At least half of the Committee members must be present at a meeting to be valid.

The minutes of the Committee meetings are communicated to the members of the Strategy Committee and to the Board.

The Strategy Committee members' compensation is decided by the Board.

### **Audit Committee**

The mission of the Audit Committee is the following:

- In terms of the financial statements:
  - to in-depth examine the yearly and half-yearly [consolidated] accounts and statements before they are submitted to the Board;
  - to review the changes and amendments of the main accounting principles and valuation rules and forestall their impact on the reporting of the Company;
  - to validate the existing procedures enabling the compliance with legal and stock market regulations.
- In terms of the external auditing:
  - to recommend to the Board the appointment or the dismissal of the statutory auditors and their remuneration;
  - to approve the annual audit plan and examine with the auditors their conclusions, recommendations and follow-up.
- In terms of internal control:
  - to review with the statutory auditors the nature, extent and results of the auditing work, and more particularly any remark, reservations or recommendations to improve internal control procedures;
  - to review periodically with the Chief Financial Officer and the Controller the company's control methods and procedures and the results thereof.
- In terms of risks:
  - to review on a regular basis the main financial risks or other risks which may have a significant financial impact on the Umicore Group.

To accomplish its duties, the Chairman of the Committee may require the presence of any relevant person, which can provide appropriate information.

The Committee consists of three members who are appointed by the Board. They must be non-executive Board members, two of them being independent directors.

The period of office of a Committee member coincides his/her term as Director.

The Committee appoints its Chairman. He reports to the Board on the outcome of the audit committee work and examinations and makes recommendations.

The Committee appoints the Secretary of the Committee. He/she may be a member of the management staff.

The Committee meets at least four times annually. However, the Chairman of the Committee may call additional meetings if needed.

At least, two of the Committee members must be present for a meeting to be valid.

The Committee meetings may be attended by:

- The Chairman of the Board and/or the Chief Executive Officer;
- The representatives of the statutory auditors;
- Any individual the Committee wishes to hear.

The minutes of the Committee meetings are communicated to the members of the Committee and to the Board

The Audit Committee members' compensation is decided by the Board of Directors.

### **Nomination and Compensation Committee**

The mission of the Nomination and Compensation Committee is the following:

- to recommend the appointment of new directors and the re-election of directors to the Board on the basis of profiles which have been agreed on with the Board;
- to recommend to the Board the appointment or the dismissal of the members of the Umicore Executive Committee;
- to prepare in a timely manner recommendations for the succession of the Chairman of the Board, the Chief Executive Officer and the members of the Umicore Management Committee;
- to recommend a competitive management remuneration policy;
- to recommend stock option plans or similar programs;
- to make recommendations to the Board on the compensation policy for the members of the Board of Directors.

The Committee consists of three members who are all non-executive directors, one of them being an independent director.

The period of office of a Committee member coincides with his/her term as director.

The Chairman of the Committee is the Chairman of the Board of Directors as part of his duties related to the composition and conduct of the Board.



The Committee appoints its Secretary. The Chairman of the Committee reports to the Board on the outcome of the Nomination and Remuneration work.

The Committee meets at least twice annually. One of the meetings must be scheduled prior to the approval of the Annual General Meeting agenda to review the draft resolutions regarding the composition of the Board of Directors.

The Committee is convened by its Chairman.

At least two members must be present for a meeting to be valid.

The minutes of the Committee meeting are communicated to the Board and members of the Committee.

#### **ARTICLE 6      CONFIDENTIALITY**

Information provided to the members of the Board of Directors within the scope of their functions is provided “intuitu personae”. Members of the Board of Directors personally take the necessary measures to preserve the confidential character of such information and do not divulge it under any circumstances.