

**Tessengerlo 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 2015
(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 2015.

OPERATING RESULT, FINANCIAL SITUATION AND CASH FLOWS

Total operating income increased from EUR 405,534,694 in 2014 to EUR 455,868,523 in 2015. The turnover increased from EUR 373,650,626 in 2014 to EUR 398,810,223 in 2015, mainly as a result of the increase of revenue in the Agro segment. The other operating income which mainly consists of intragroup recharging of services has decreased from EUR 50,045,568 in 2014 to EUR 45,265,426 in 2015.

The operating result amounted to EUR 28,567,236 in 2015 compared to a profit of EUR 18,188,781 in 2014. The key contributor to the improved operating result is the operating segment Agro, while the operating result in the segment Bio-valorisation experienced a decrease.

The financial result decreased from EUR 77,076,596 in 2014 to EUR 57,246,172 in 2015 and can be explained mainly by the decrease of dividends received from affiliated companies and by foreign exchange results on intercompany loans.

The non-recurring result amounted to EUR -106,573,926 in 2015 and is mainly explained by impairment losses recognized on financial fixed assets.

Tessengerlo Chemie NV recorded a net loss of EUR -20,735,125 in 2015 compared to a profit of EUR 48,610,567 last year.

Proposal for appropriation of the result.

The board proposes to appropriate:	EUR
- the loss of 2015, being	-20,735,125
- increased by a transfer from untaxed reserve	208,540
- increased by the result brought forward from previous year	271,402,050
being a total of:	250,875,465
as follows:	
- legal reserves	
- profit to be carried forward	250,875,465

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, 2015.

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.

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

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

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

- The Company depends on the availability of sufficient volumes of raw materials, with the required specifications, at competitive prices.
- If the Company is unable to sell, store, reuse or dispose of certain materials that it produces, it may be required to limit or reduce its overall production levels.
- The Company's results are dependent on seasonal weather conditions.
- The Company's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and 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 Group has incurred important losses in recent years as a result of the transformation of the Group 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, know-how 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.
- If the Company does not generate positive cash flows it will be unable to fulfil its debt obligations.
- The Company entered into contracts subject to change of control clauses.
- The Company is exposed to liquidity risks and 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 risks¹

Credit risk

The Company is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the Company, are unable to make such payment in a timely manner or at all. A large majority of the receivables is covered under a Group credit insurance program. The Company is confident that the current level of credit insurance coverage can be sustained in the future.

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

Liquidity risk

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

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

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

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

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

Foreign currency risk

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

¹ For a more detailed overview of the financial risks relating to the situation in 2015, and the Tessengerlo Group policy regarding the management of such risks, please see the Financial Instruments section in the Financial Report (note 28 - Financial Instruments).

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. Group borrowings are generally carried out by the Group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities.

In principle, operating entities are financed in their own local currency. As from March 2015, the Company no longer uses currency swaps to hedge intragroup loans.

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

Interest 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.

At the end of 2015, the financial debt position was mainly funded by fixed interest rate instruments, i.e. issued bonds.

An increase (decrease) of 100 basis points in interest rates in 2015 would have a negative (positive) impact on profit and loss of EUR 0.5 million (2014: EUR 1.0 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 top priority for Tessengerlo Group and its subsidiaries. In order to further improve our SHEQ performance, we continued to launch initiatives and undertake actions in 2015 with a permanent focus on people and the environment.

Safety Performance

The efforts to implement a real safety culture within each and every Tessengerlo Group Business Unit are beginning to pay off. In 2015, the number of Lost Time Incidents (LTI) decreased across most of our businesses. The severity rate remained stable throughout the year.

As safety is key for Tessengerlo Group, all Business Units need to continue to ensure that health & safety is the number one priority on their agenda because ensuring the safety of everyone at work is the joint responsibility of the Company and all of its employees.

HUMAN RESOURCES

The Company relies on a team of experienced professionals which contributes to realizing the business and strategic objectives across all areas.

It is essential for the Company to attract, retain and incentivize our employees, as well as to build motivated

teams that will realize the objectives of the Company. To support this, our different businesses applied a clear focus in 2015 and 2016 to identify and communicate their inspiring and motivating strategies and to develop a clear step approach in order to achieve this objective. It is the ambition of Tessenderlo Group to penetrate the business strategy for each BU into the minds, hearts and hands of all our team members.

To achieve best results, supervisors and managers can rely on the support of the HR group. This is initially achieved by nurturing talent in the organization and giving it every opportunity to develop. We strongly believe that our people are our greatest asset. We build on the strength of one another and deploy our people in a complementary manner. In a business where knowledge and expertise are essential, we build on our experienced and motivated employees who thoroughly know and understand both the company and its products.

Tessenderlo Group strongly believes in a permanent feedback culture where employees have at all times a clear view of how they contribute as individuals and as team members to the achievement of the Company's objectives. HR guides the Company through the changes necessary for 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

Innovation at Tessenderlo Group goes beyond Research & Development/Technology or New Business Development. In every function and business process, close attention to realizing improvements and adaptation to change forms part of the culture. In 2015 initiatives were launched to enhance efficiency and effectiveness in capturing, evaluating and bringing ideas into practice. Moreover, the further embedding of intellectual property awareness improved the creation and retention of value for the Group.

In R&D and New Business Development, Tessenderlo Group aims to improve product and process technologies, explore new applications for existing products as well as to enhance sustainability and environmental protection.

Customers recognize Tessenderlo Group's innovative and entrepreneurial strengths. Tessenderlo Group welcomes close collaborations that will lead to unique applications and products.



BRANCH OFFICES

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

CORPORATE GOVERNANCE STATEMENT

Transparent Management

Tessengerlo 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 and dated 23 April 2015. The Charter is available at:

http://www.tessengerlo.com/tessengerlo_group/governance/corporate_governance_charter/.

Capital & shares

Capital

The capital of Tessengerlo Chemie NV at December 31, 2015 amounts to EUR 214,967,905.71.

Shares

The share capital is represented by 42,902,722 shares without par value, entitling the shareholder to one vote per share.

All Tessengerlo Chemie NV's shares are admitted for listing and trading on Euronext Brussels.

Compliance confirmation dematerialisation of bearer securities

The Company complied with the requirements of article 11 of the Law of 14 December 2005 related to the dematerialisation of bearer securities. The statutory auditor issued a certification (agreed-upon-procedures report) in that respect on March 7, 2016.

As per December 31, 2014 the number of bearer securities for which the identity of the owner was unknown amounted to 20,055. On September 3, 2015 and on September 7, 2015, the Company published notices on the website of Euronext and in the Belgian Law Gazette, respectively, to sell the outstanding bearer shares. After expiration of the waiting period, the number of bearer securities available for sale amounted to 15,464 and were sold on October 13, 2015 for a total proceed of EUR 429,783. The total sales proceeds resulting from the sale of these shares were transferred to the *Deposito- en Consignatiekas/Caisse des Dépôts et Consignations*.

Warrants

As of December 31, 2015, there were in total 338,598 outstanding warrants 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 (December 31, 2015) is as follows:

Tranche	Exercise period	Number of warrants	Exercise price
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Tranche 3 (2004)*	2008-2016	8,600	EUR 29.77
Tranche 4 (2005)*	2009-2017	9,600	EUR 25.46
Tranche 5 (2006)*	2010-2018	24,240	EUR 28.20
Tranche 1 (2007)*	2011-2017	76,325	EUR 40,48
Tranche 2011	2015-2016	69,833	EUR 20.40 ²
Tranche 2012	2016-2019	150,000	EUR 20.76 ³
TOTAL		338,598	
* 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 338,598.

Shareholders & shareholders structure

On the basis of the notifications provided to the Company, the shareholders of the Company at December 31, 2015 are as follows:

Shareholder	Number of Shares	%
Verbrugge NV	13,482,812	31.42%
Symphony Mills NV	1,291,076	3.01%
Blocked shares (shares held by personnel or former personnel)	187,037	0.44.%
Free float ⁴	27,941,797	65.1%
Total	42,902,722	100%

Verbrugge NV is controlled by Picanol NV, which in its turn is controlled by Artela NV. Artela NV and Symphony Mills NV are controlled by Mr. Luc Tack.

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

Board of Directors

Composition

At December 31, 2015, the composition of the Board of Directors of Tessenderlo Chemie NV was as follows⁵:

² EUR 20,94 for US residents

³ EUR 20,95 for US residents

⁴ I.e. shareholders with a stake below 5%

⁵ During the year 2015, the following changes have occurred:

- Mel de Vogüé , Co-Chief Executive Officer has resigned as a director of the Company as of April 30, 2015.
- The term of Mr. Baudouin Michiels has ended at the General Meeting of Shareholders of June 2, 2015.
- The term of Mr Philippe Coens has ended at the General Meeting of Shareholders of June 2, 2015 and was replaced by Philiium BVBA (represented by Mr. Philippe Coens).

Non-Executive Directors	Start of initial term	End of term ⁶
Mr. Karel Vinck ⁷	March 17, 2005	June 2019
Independent Non-Executive Directors⁸		
Ms. Véronique Bolland	June 4, 2013	June 2017
Philium BVBA represented by Mr. Philippe Coens	June 2, 2015	June 2019
Ms. Dominique Zakovitch-Damon	June 7, 2011	June 2019
Executive Directors⁹		
Mr. Luc Tack – Chief Executive Officer	November 13, 2013	June 2019
Mr. Stefaan Haspeslag – Chairman	November 13, 2013	June 2018

Almost all meetings of the Board of Directors were attended by the Group Controlling and Consolidation Director 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 fulfills the objective of assembling complementary skills in terms of competencies, experience, and business knowledge.

On December 31, 2015, the Board of Directors is in full compliance with the Law of July 28, 2011 requiring that as of January 1, 2017, one-third of the members of the Board of Directors should be of the opposite gender. In the Board selection process, the necessary attention will further be given to the implementation of this rule.

Activities of the Board of Directors

The Board of Directors convened according to a previously determined schedule. The Board of Directors physically met eight times during 2015.

During 2015, the Board's main areas of discussion, review and decision were:

- the Group's long-term strategy and 2015 budget;
- the financial statements and reports;
- the funding strategy and foreign exchange policy of the Group;
- proposals to the Shareholders' Meetings;
- the approval of a new corporate governance charter including the set-up of an Executive Committee;
- approval of new members of the Audit Committee and approval of a new member in the Nomination and Remuneration Committee;
- the remuneration policies and packages for the directors and Executive Committee members;
- the financial communication and segment reporting;

⁶ The terms of the directors will end immediately after the annual Shareholders' Meeting held in the year corresponding to each director's name.

⁷ Mr Karel Vinck is no longer considered to be an independent director since his term with the Company has been for more than three consecutive terms.

⁸ Pursuant to paragraph 3.10 of the Charter, a Director is considered to be independent if he or she at least complies with the independence criteria provided for under art. 526ter of the Companies' Code. When assessing the independence of a Director, the requirements set out under appendix A of the Belgian Corporate Governance Code are also taken into account. According to the information available to the Board of Directors, the independent Directors of Tessengerlo Group all comply with the aforementioned independence criteria. No exceptions were reported to the Board.

⁹ Both Luc Tack and Stefaan Haspeslagh are members of the Executive Committee.

- approval of the issue and public offer of two series of bonds with a maturity of 7 years (the “2022 Bonds”) and 10 years (the “2025 Bonds”) for an expected minimum amount of EUR 75.0 million for the 2022 Bonds and an expected minimum amount of EUR 25.0 million for the 2025 Bonds and for a combined maximum amount of EUR 250 million including the approval of Prospectus with respect to the public offer;
- approval of the acquisition of the Hexazinone business from DuPont;
- approval of the investment into the electrolysis investment project in Produits Chimiques de Loos (France);
- approval of the main contracts relating to the construction of the Rouen plant;
- examination and preparation (including approval contribution agreement and convening extraordinary shareholders’ meeting) of the potential combination of Picanol NV and Tessenderlo Group and approval of advisors, members of the special Ad Hoc Committee of the Board of Directors and of the independent expert.

Announcement of the plan to combine the activities of Tessenderlo Chemie and Picanol into one large industrial group

On December 16, 2015, Tessenderlo Group and Picanol Group announced their plans to combine the industrial activities of both companies into one large industrial group. The deal involves the transfer of the current industrial activities of Picanol into Tessenderlo. On March 7, 2016, Tessenderlo Group and Picanol Group announced that the Boards of directors of both companies each decided to withdraw the proposal to combine; see section “Subsequent Events”.

Ad Hoc Committee

Although article 523 of the Belgian Companies Code was not applicable in this particular case since the ultimate decision will be taken by the extraordinary shareholders’ meeting, Mr Luc Tack and Mr Stefaan Haspeslagh have not participated in the deliberation and decision making process of the Board of Directors regarding the decisions related to the contemplated transaction of a contribution in kind of all shares of Picanol Group NV into the share capital of the Company. In this respect, the Board of Directors meeting dated November 9, 2015 has decided to establish an Ad Hoc Subcommittee of the Board of Directors consisting of Mr Philippe Coens, Mrs Dominique Zakovitch-Damon, Mrs Véronique Bolland and Mr Karel Vinck.

The scope of work of the Ad Hoc Subcommittee was to assist and advise the Board of Directors regarding the contemplated capital increase and to take such action as may be required with a view on the implementation of the transaction.

The Ad Hoc Subcommittee met twelve (12) times during the year 2015.

Independent Committee (article 524BCC)

Given the preparation of the contemplated transaction relating to the contribution in kind of all shares of Picanol Group NV into the share capital of the Company, the Board of Directors of November 9, 2015 has appointed a committee of three independent directors: Mr. Philippe Coens, Mrs. Dominique Zakovitch-Damon and Mrs. Véronique Bolland. The independent directors have subsequently appointed Mr. Karel Vinck as an authorized representative in order to enter into negotiations regarding the contribution agreement, and Mrs. Hilde Laga as an independent expert. The Independent Committee has advised on the terms of a contribution agreement and has furthermore requested that Degroof Petercam Corporate Finance issue a second opinion regarding the fairness, from a financial point of view, of the consideration for the proposed transaction.

The Independent Committee met twelve (12) times during the year 2015.

For an excerpt of the advice of the independent expert and of the statutory auditor see section Application of Art. 524 of the Companies Code.

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 of Directors and the committees, the interactions between directors, the conduct of the meetings and evaluation of the training and resources used by the Board of Directors and/or the committees.

Where appropriate, the individual directors also share their view on how the Board of Directors and the committees could improve their operation. The Chairman and the Secretary of the Board of Directors share the results of the evaluation with the directors and formulate initiatives for improvement.

Board Committees

General

On December 31, 2015, the following Committees are active within the Board of Directors of Tessenderlo Chemie NV:

The Nomination 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/

Nomination and Remuneration Committee

On December 31, 2015, the Nomination and Remuneration Committee was constituted as follows:

Mr. Karel Vinck (Chairman)
Philium BVBA represented by its permanent representative Mr. Philippe Coens (Independent) ¹⁰
Ms. Dominique Zakovitch-Damon (Independent)

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

The Nomination and Remuneration Committee met four (4) times during 2015.

Activities of the Nomination and Remuneration Committee

In 2015, the Nomination and Remuneration Committee discussed and made recommendations regarding the Executive Committee remuneration package, including the package for the Chief Executive Officer(s). The committee made recommendations for the nomination of the directors and changes in the committees. The Nomination and Remuneration Committee also prepared the remuneration report, as included in the 2014 annual

¹⁰ On June 2, 2015 at the General Meeting of Shareholders, the term of Mr. Philippe Coens ended and was replaced by Philium BVBA (represented by Mr. Philippe Coens).

report.

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

Evaluation of the Nomination and Remuneration Committee

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

Audit Committee¹¹

At December 31, 2015 the Audit Committee was constituted as follows:

Philium BVBA represented by Mr. Philippe Coens (Independent) ¹² . (Chairman)
Ms. Véronique Bolland (Independent)
Mr. Karel Vinck

The Audit Committee met according to a previously determined schedule.

The Audit Committee met four (4) times during 2015.

The CFO, the Group Controlling and Consolidation Director as well as the statutory auditor attended the meetings of the Audit Committee. The Group internal audit director and the manager internal control attended the meetings dealing with internal audit and internal control.

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

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

Evaluation of the Audit Committee

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

Activities of the Audit Committee

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

The Audit Committee also followed up on the findings and recommendations of the external auditors and reviewed their independence.

The Audit Committee also heard the Group internal audit director on the Internal Audit program for 2015, the new

¹¹ Including justification required by art. 119, 6 ° Belgian Companies Code.

¹² On June 2, 2015 at the General Meeting of Shareholders, the term of Mr. Philippe Coens ended. and was replaced by Philium BVBA (represented by Mr. Philippe Coens).

internal audit charter, the risk assessment analysis and the activity reports of the internal audits which had been carried out, as well as on a review of the follow-up actions taken by the Company to remedy certain weaknesses identified by the Internal Audit Department.

The Audit Committee also approved the internal control plan for the year 2015 and heard reports from the Manager of internal control on its various findings.

Further, the Audit Committee reviewed the status of the ongoing litigation.

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

Attendance rate for the Board of Directors meetings and the special committees meetings in 2015:

	Board of Directors	Audit Committee	Nomination & Remuneration Committee
Number of meetings in 2015	8	4	4
Ms. Véronique Bolland	8/8	4/4	
Mr. Philippe Coens (until June 2, 2015)	3/8	2/4	2/4
Philium BVBA with Philippe Coens as a permanent representative (as of June 2, 2015)	5/8	2/4	2/4
Ms. Dominique Zakovitch-Damon	8/8		4/4
Mr. Mel de Vogüé ¹³	3/8		
Mr. Stefaan Haspelslagh	8/8		
Mr. Antoine Gendry ¹⁴	3/8		
Mr. Baudouin Michiels ¹⁵	3/8	2/4	
Mr. Luc Tack	8/8		
Mr. Karel Vinck ¹⁶	8/8	2/4	4/4

¹³ Mr. Mel de Vogüé resigned from the Board of Directors on April 30, 2015

¹⁴ Mr. Antoine Gendry resigned from the Board of Directors on May 12, 2015

¹⁵ The term of Mr. Baudouin Michiels as a non-executive director ended at the General Shareholders' Meeting of June 2, 2015

¹⁶ Mr. Karel Vinck has been appointed as a member of the Audit Committee as of August 24, 2015

Executive Committee (ExCom)¹⁷

Roles and responsibilities

It should be noted that the Board of Directors decided on January 14, 2015, to replace the Group Management Committee (“GMC”) by an Executive Committee (“ExCom”), consisting of the Co-CEO’s (Luc Tack/Mel de Vogüé), the Executive Directors as well as any other member appointed by the Board (no one at this stage).

On April 30, 2015, Co-CEO Mel de Vogüé decided to end his management agreement and left the Company by mutual agreement.

Luc Tack took over the role of sole CEO and Stefaan Haspeslagh, through Findar BVBA, as CFO from May 1, 2015 onwards.

As a result, the day-to-day management and where applicable, additional responsibilities are entrusted to one Chief Executive Officer (“CEO”), who is assisted in his or her tasks by the members of the ExCom.

As per December 31, 2015, the ExCom of Tessenderlo Chemie NV was constituted as follows:

Luc Tack	Chief Executive Officer and CEO Tessenderlo Kerley
FINDAR BVBA represented by Stefaan Haspeslagh	CFO

Evaluation of the ExCom

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

Activities of the ExCom

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

The CEO chairs the ExCom and ensures its organization and proper operation. The Group Strategic Planner acts as secretary and advisor to the ExCom for the organization and operation of the ExCom.

In principle, the ExCom meets every week, and additional meetings may be convened at any time by the CEO or at the request of its members.

The ExCom is responsible for:

- advising the CEO in the day-to-day management of the Company;
- overseeing the proper organization and operation of the Company, ensuring oversight of its activities, including the introduction of internal control processes for the identification, assessment, management and monitoring of financial and other risks;
- the appointment of senior executives of the Company and determination of the senior executives compensation policies;
- the main decisions and investments involving amounts under the thresholds as defined by the Board of Directors;
- preparing the proposals for decisions on those matters under the competence of the Board of Directors, including the complete, timely, reliable and accurate preparation of the Company’s annual accounts, in accordance with the applicable accounting standards and policies of the Company, as well as the Company’s required disclosure of the financial statements and other material financial and non-financial information;

¹⁷ It should be noted that the Board of Directors decided on January 14, 2015, to replace the Group Management Committee (previous GMC) by an ExCom.

- providing the Board of Directors a balanced and understandable assessment of the Company's financial situation;
- providing the Board of Directors in due time all information necessary for the Board of Directors to carry out its duties;
- executing and implementing the decisions made by the Board of Directors.

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

Remuneration report Directors¹⁸

Remuneration policy

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

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

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

In order to determine the remuneration of the Directors, a benchmarking exercise of similar Belgian companies is performed, and a proposal is made to the Nomination and Remuneration Committee. 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.

Given the financial situation and the new size of the Group, it has been proposed by the meeting of the Board of Directors of March 26, 2014 to the June 2014 General Shareholders' Meeting to reduce the Board of Directors 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 Nomination and Remuneration Committee are included in the fixed annual fees except for the Audit Committee members where the annual fixed fee is increased by EUR 5,000 (EUR 25,000). As of 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 2015

No specific procedure has been implemented in 2015 to develop a remuneration policy for the directors. As mentioned above, a reduction of Board of Directors 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 during the following 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.

The non-executive members attending the Ad Hoc Committee and Independent Committee will receive in 2016 a

¹⁸ Including executive directors for their remuneration as director.

fixed remuneration of EUR 20,000¹⁹ for the preparation of the transaction related to the contribution in kind of all shares of Picanol Group NV into the share capital of the Company.

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

Member	2015	Earned Fees (in EUR)	Remarks
de Vogüé Mel Executive director	Fixed annual fee Audit Ctee. - Attendance fee Travel fee Total remuneration	6,666.00 6,666.00	Until April 30, 2015
Haspeslagh Stefaan Executive director	Fixed annual fee Audit Ctee. - Attendance fee Travel fee Total remuneration	50,000.00 50,000.00	
Tack Luc Executive director	Fixed annual fee Audit Ctee. - Attendance fee Travel fee Total remuneration	20,000.00 20,000.00	
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	10,000.00 2,500.00 12,500.00	Until June 2, 2015
Philiium BVBA Represented by Philippe Coens Independent non-executive director	Fixed annual fee Audit Ctee- Attendance fee Travel fee Total remuneration	10,000.00 2,500.00 12,500.00	As of June 2, 2015

¹⁹ As regards Mr. K. Vinck this amount (excl. VAT) was paid to its management company Almavi Comm.V.A.

Zakovitch-Damon Dominique Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee Total remuneration	20,000.00 3,000.00 23,000.00	
Michiels Baudouin Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee Total remuneration	10,000.00 2,500.00 12,500.00	Until June 2, 2015
Vinck Karel Independent non-executive director	Fixed annual fee Audit Ctee - Attendance fee Travel fee Total remuneration	20,000.00 2,500.00 22,500.00	Member of Audit Ctee as of Aug 24, 2015
TOTAL (including executive and non-executive directors)		184,666	

* as regards the executive directors: excluding company car and mobile phone

* excluding EUR 80,000 fees for attendance to the Ad Hoc Committee meetings

REMUNERATION REPORT EXECUTIVE COMMITTEE (EXCOM)

Remuneration policy

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

The Company's competitive internal and external landscape is changing fast. 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 Tessengerlo 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 are based on an objective methodology and measurable market data
Our compensation system will never knowingly discriminate between employees on any grounds
Our benefits plans are designed to provide a safety net for our employees and their families. In many cases, they are a key element of deferred compensation

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

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

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

Compensation package

The ExCom compensation package consists of the following items:

Base salary/Management fee
Variable salary/Success fee
Other compensation items

Base salary

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

Variable compensation

The variable compensation/success fee of the members of the ExCom is set at 35% of the overall yearly base salary/management fee based upon annual objectives entirely linked to Group results. As such, the variable compensation/success fee of the ExCom members is considered through the obligation set forward in the Company Code (article 520ter). The General Shareholder meeting of June 2, 2015 has approved an exception to the principle in article 520ter and allowed performance criteria for the ExCom members to be 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

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

The short term incentive/success fee for all current ExCom members (including CEO) varies between 0% and 70% of the base salary. The objectives measured over the calendar year are set for 100% on the group financial objectives with a modifier for individual performance, established by the Nomination and Remuneration Committee.

For 2015, the financial objectives of the Group were set at Total Comprehensive Income and EBIT. The personal modifier is linked to progress in strategy execution and business transformation within the Group. The evaluations of the CEO target objectives against the realizations are performed by the Nomination and Remuneration Committee after the end of the financial year and submitted for approval towards the Board of Directors. The evaluation for the other ExCom member(s) is performed after the end of the financial year by the CEO and submitted for approval to the Nomination and Remuneration Committee and Board of Directors.

II. Long-term variable compensation

The Board of Directors decided not to allocate share options (warrants) for 2015 nor any other long-term incentive.

In 2012 a long-term performance cash plan was developed for both GMC (ExCom) members at that time and all other Leadership Team members. The long-term performance cash plan is a one-time individual selective grant of a deferred cash bonus covering a four year period (2012-2015). Payout will occur early 2016 based on employment condition as well as a mix of the Group and Business Unit ROCE and REBITDA target achievement. No current ExCom member falls under the eligibility criteria for this plan.

There was no additional grant in 2015.

Other compensation items

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

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

The ExCom member, operating through a management company, does not receive any other compensation items for its activities as CFO.

Changes in reward policy

A new long-term incentive plan will be established for (some) key personnel in the future, as the existing long-term performance cash plan (2012-2015) has come to an end. This item was discussed within the Nomination and Remuneration Committee and subsequently approved by the Board of March 7, 2016.

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

Remuneration earned in 2015

Annual gross compensation earned by the co-CEO's in 2015 is detailed below:

Component	Amount Mel de Vogüé	Amount Luc Tack
Fixed compensation (excluding Director fees) ^{1/4}	EUR 113,600	EUR 231,350
Variable compensation ^{1/5}	EUR 0	EUR 282,071
TOTAL (in cash)	EUR 113,600	EUR 513,421
Pension ²	EUR 16,995	EUR 20,105
Other benefits ³	EUR 13,565	EUR 31,970

ExCom (excluding co-CEO's) gross compensation earned in 2015⁶

Component	Amount
Fixed compensation (Excluding Director fees) ^{1/4}	EUR 336,082
Variable compensation ^{1/5}	EUR 343,457
TOTAL	EUR 679,539
Pension ²	EUR 4,789
Other benefits ³	EUR 3,820

(1) Excluding social security contributions.

(2) Pension Plan: annual service cost for 2015, as calculated by an actuary.

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

(4) Exchange rate used: USD 1 = EUR 0.8942 (for all conversions related to the US package).

(5) Short term incentive realization as determined by Nomination and Remuneration Committee of March 7, 2016

(6) It should be noted that the Board of Directors decided on January 14, 2015, to replace the Group Management Committee (previous GMC) by an ExCom, consisting of the co-CEO's (Luc Tack/Mel de Vogüé), the Executive Directors as well as any other member appointed by the Board (no one at this stage). Mel de Vogüé resigned as CEO on April 30, 2015. His remuneration until that moment is included in the above overview. Luc Tack became the sole CEO and Stefaan Haspeslagh, through Findar BVBA, took over the role of CFO of the Company.

Stock options (warrants) granted to ExCom members²⁰

During 2015, no stock options are awarded to ExCom members. In 2015, the former GMC members exercised 143,320 options, i.e. 37,000 by Mr. Pol Deturck, 24,320 by Mr. Jordan Burns, 37,000 by Mr. Jan Vandendriessche and 45,000 by Mr. Mel de Vogüé²¹.

Agreements on severance pay

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

On April 30, 2015, co-CEO Mel de Vogüé decided to end his management agreement and left the Company by mutual agreement whereby a total fee of EUR 130,000 was paid.

Main features of the Company's Internal Control & Risk Management Framework.

Internal control framework

Responsibilities

²⁰ Findar BVBA, represented by Stefaan Haspeslagh and Luc Tack, has never received stock options from Tessenderlo Chemie NV.

²¹ Mr. Pol Deturck and Mr. Mel de Vogüé left the Company in 2015. Mr. Jordan Burns left the Company in February 2016.

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

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

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

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

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

Scope of the Internal Control Framework

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

Internal Control activities in 2015

The Internal Control department continued reviews of certain processes of entities that either completed ICT system conversions or were identified by the risk management process.

A Group Decisions Matrix was developed and launched in 2015. This matrix gives guidance to all entities which decisions require approval from Group Experts, the Executive Committee or the Board of Directors.

Internal Control monitoring

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

The Audit Committee is informed of the planning and the results of the internal audits and the proper implementation of the recommendations.

The Internal Audit department conducts a risk based compliance audit program with the objective to validate the internal control effectiveness in the various processes at entity and Group level.

The ultimate goal of these reviews is to provide reasonable assurance on the reliability of the financial reporting.

Preparation and Processing of Financial and Accounting Information

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

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

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

Compliance

The Internal Audit department is responsible for compliance testing of both the Internal Control Framework and the key control procedures on the preparation and processing of financial and accounting information.

Enterprise Risk Management (ERM) System

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

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

A risk management structure has been rolled out, both on 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 ExCom and to the Audit Committee at regular intervals.

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

Policy on Inside Information and Market Manipulation

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

In accordance with the Dealing Code, the Board of Directors has appointed a Compliance Officer. The Compliance Officer is responsible for supervising compliance with the Dealing Code. He/she is also the point of contact for questions about the application of the Dealing Code.

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

External Audit

PwC Bedrijfsrevisoren bcvba (PwC), represented by Peter Van den Eynde 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)	2015			
	Audit	Audit related	Other	Total
PwC (Belgium)	0.3	-	0.2	0.5
PwC (Outside Belgium)	0.5	-	0.1	0.6
Total	0.8	-	0.3	1.1

(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

Subsequent Events

On December 16, 2015 Tessenderlo Group and Picanol Group (Picanol NV, Euronext: PIC) announced their plans to combine the industrial activities of both companies into one larger industrial group, Picanol Tessenderlo Group NV. The deal involved the transfer of the current industrial activities of Picanol into Tessenderlo. At an extraordinary shareholders meeting on January 29, 2016, the Board of Directors of Tessenderlo would call on shareholders to issue 25,765,286 new Tessenderlo shares at EUR 31.5, to compensate for the planned transaction to Picanol NV.

Following the announcement by Tessenderlo Group and Picanol Group on January 25, 2016, that there was no certainty that the proposal would be approved by the extraordinary general meeting of Tessenderlo Chemie NV, the Board of Directors of Tessenderlo Group cancelled the meeting of January 29, 2016, whereas the extraordinary shareholders meeting of February 23, 2016, was not called. In parallel, the Boards of Directors of Picanol Group (and subsidiary Verbrugge NV) and Tessenderlo Group entered into discussions to determine whether and how, also taking into account the comments formulated by shareholders, the terms and conditions of the proposed transaction could be adapted with a view to the approval by the extraordinary shareholders meeting of Tessenderlo Chemie NV.

Taking into account the market feedback, both companies have, with the assistance of their respective advisers and in consultation with each other, analyzed whether the terms and conditions of the proposed transaction could be amended to accommodate and reconcile the different views expressed. After proper consideration, the Board of Directors of Picanol NV (and its subsidiary Verbrugge NV) concluded that there was insufficient market support at terms reasonable for Picanol NV and its shareholders to complete the transaction successfully. Hence, the Board of Directors of Picanol NV decided not to endorse any changes to the terms of the transaction.

On March 7, 2016, Tessenderlo Group and Picanol Group announced that on this basis, the Boards of Directors of both companies each decided to terminate their negotiations and to withdraw the proposal to combine. Both Picanol Group and Tessenderlo Group have the means and will continue to focus on an enhanced value creation in each of its businesses. Although Picanol Group regrets that the proposed transaction cannot be concluded, it intends to continue to support Tessenderlo Group as a long term shareholder.

Application of Art. 523 of the Companies Code

Meeting of the Board of Directors dated April 23, 2015

[...]

"Prior to deliberating and adopting the resolution on the salary package of the GMC and on the service fee with Findar BVBA, Messrs. Luc Tack, Mel 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 2014 (Mel de Vogüé) and 2015 (Luc Tack) 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 report 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. Mr. Mel de Vogüé, Sam Daems and Kurt Dejonckheere will also leave the meeting.

Prior to deliberating on the appointment of directors' remuneration packages, the Chairman gives the word to the chairman of the Nomination and Remuneration Committee to hear the proposal on the replacement of Melchior de Vogue. Mr. Vinck says that the proposal of the Nomination and Remuneration Committee is that Stefaan Haspeslagh continue to chair the Board and that he assume the role of CFO within the Company (as representative of Findar).

After hearing the proposal and recommendation of the Nomination and Remuneration Committee presented by its chairman Mr. Karel Vinck, the Board unanimously decides to attribute the following 2014-2015 remuneration packages to the Co-CEO Luc Tack, to Mel de Vogüé resigning as of May 1 2015 and decides to attribute the following service fee for the services rendered by Findar BVBA, represented by Stefaan Haspeslagh:

For Luc Tack, who is estimated to grant 66% of its time to the Co-CEO/ CEO role:

- *To set the yearly base salary for 2015 at 231,350 € - excluding the 20K€ director fee*

- Part of the yearly base salary paid in Belgium as from 1/1/2015: 171,350 €
- Part of the yearly base salary paid in the US as from 1/1/2015: 60,000 €, paid as a fixed USD amount of 67,100
- To fix the short term incentive bonus for the year 2014 (paid over performance 2013) at 120,568 €

For the Co-CEO, Mel de Vogüé who leaves the Company on 30.04.2015, to pay a lump sum amount of 130,000 € as termination fee.

For the Company Findar BVBA, represented by Stefaan Haspeslagh to fix the 2015 service fee to be equal to 302,150 € (VAT not included) for services rendered as member of the ExCom. For the year 2014, the Company Findar BVBA is entitled to an additional service fee of 196,831 €.

For the year 2015, the variable part of the fixed salary of Luc Tack is fixed at 35% and the success fee linked to the services rendered by the company Findar BVBA hereby represented by Stefaan Haspeslagh is also fixed at 35% of the fixed service fee.

Full details on the remuneration package as well as on the terms and conditions are included in the minutes (and attachments) of the Nomination and Remuneration Committee of April 23 2015.
[...]"

Application of Art. 524 of the Companies Code

Meeting of the Board of Directors dated December 15, 2015

[...]

7. Independent advise (art. 524 BCC)

The board of directors discusses the advise of Independent Committee regarding the Merger Agreement (art. 524 BCC).

The conclusion of such advise is the following:

"The Committee has finalized its advice on December 15, 2015 given the meeting of the Ad Hoc Committee and Board of Directors of December 15, 2015, on the basis of the information available at that time. The Committee reserves the right to amend its advice to the Board of Directors, in case any relevant information would be made available between December 15, 2015 and the date on which the Company's extraordinary general meeting of shareholders will decide on the Contribution that is likely to change the content or conclusion of this advice.

The Committee considers the items in the Contribution Agreement, exceeding mere preparatory actions, being (i) the transfer of Picanol's Chinese business license to Picanol Group, (ii) the application of the patent income tax deduction, (iii) the obtaining of the tax ruling, and (iv) the non-compete obligation of Picanol, Verbrugge and Mr Luc Tack, not of such nature as to cause the Company a disadvantage that, in view of the general policy of the Company, is manifestly abusive ("kennelijk onrechtmatig" / "manifestement abusifs").

Taking into account the findings of the respective due diligence reports, the Committee considers that the customary ("gebruikelijke" / "habituel") and limited ("beperkte" / "limité") set of representations and warranties provided by all parties involved, as well as the indemnification mechanism (de minimis, basket, cap), are not of such nature as to cause the Company a disadvantage that, in view of the general policy of the Company, is manifestly abusive ("kennelijk onrechtmatig" / "manifestement abusifs")."

The board of directors agrees with the conclusions of such advice.

8. Approval Transaction

In view of the valuation as prepared by KBC Securities NV, the second opinion on such valuation as prepared Degroof Corporate Finance NV and after giving due consideration to the advice of the Independent Committee as prepared in accordance with Article 524 BCC, the board of directors approves the transaction consisting of a capital increase by means of a contribution in kind of all shares in Picanol Group NV into the share capital of the Company.

The board determines the value of the Contribution at EUR 811,606,500.00 against issuance of 25,765,286 shares at a price per share of the Company of EUR 31,50, which implies a valuation of the Company (before the Contribution) of EUR 1,350.4 million.

The board of directors discusses the terms of the final version of the Contribution Agreement and approves the Contribution Agreement.

The board discusses the report of the statutory auditor (PWC) (Art. 602 BCC) regarding the contribution in kind.

The board of directors discusses and approves the special report in accordance with art. 602 BCC.

[...]

Conclusion of the report of the statutory auditor dated March 7 2016 regarding article 524 of the Belgian Companies Code

"In accordance with the requirements of article 524 of the Companies' Code in respect of the information included in the advice rendered by the committee of independent directors and in the minutes of the meeting of the board of directors concerning the Transaction, we have identified the following factual findings:

a. We assessed that the information included in the advice rendered by the committee of independent directors and in the minutes of the meeting of the board of directors was derived from the documents that the committee of independent directors has taken into account;

b. We ensured that the conclusion included in the minutes of the meeting of the board of directors is the same as that appearing in the opinion rendered by the committee of independent directors;

c. We ascertained that the parameters and valuation methods set out in the draft special report in accordance with article 602 BCC in respect of the Contribution, prepared by the Board of Directors of Tessenderlo Chemie NV are justified from a business-economic perspective."

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

According to article 34 of the Royal Decree of November 14, 2007 Tessenderlo Chemie NV hereby discloses the following items:

The share capital of the Company is represented by ordinary shares. By decision of the Extraordinary General Shareholders' meeting 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). 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 carried out during a public takeover bid and have an impact thereon.

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

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.

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

- the bilateral revolving facilities agreements entered into on December 23, 2015 for a total amount of EUR 142.5 million with the Company and Tessenderlo USA, Inc. as borrowers and KBC Bank NV, ING NV, Belfius Bank NV and BNP Paribas Fortis NV as lenders: according to the terms of these agreements, a change of "control" over Tessenderlo Chemie NV will entitle each lender to ask for termination of the bilateral facility agreement. For purposes of the change of control clause described above, a "change of control" shall occur if a third party (i.e. any party other than Verbrugge NV or any person acting in concert with Verbrugge NV) acquires 30% or more of the voting rights of the Company (unless Verbrugge NV (alone or together with or any person acting in concert) holds more voting rights than such third party);
- the prospectus dated 15 June 2015 of Tessenderlo Chemie NV regarding the issue of and public offer of

two series of bonds with a maturity of 7 years (the “2022 Bonds”) and 10 years (the “2025 Bonds”, and together with the 2022 Bonds, the “Bonds”) for an expected minimum amount of EUR 75.0 million for the 2022 Bonds and an expected minimum amount of EUR 25.0 million for the 2025 Bonds and for a combined maximum amount of EUR 250 million including: according to the terms and conditions of these Bonds, the Bonds will be redeemable at the option of the bondholders prior to maturity in the case of a change of control. Only the Bonds held by the bondholders who submit put option notices shall be immediately due and repayable in case of a change of control, with exception of all other bonds. If bondholders submit put option notices in respect of at least 85 percent of the aggregate nominal amount of the outstanding 2022 bonds, all (but not some only) of the 2022 bonds may be redeemed at the option of the Company prior to maturity. If bondholders submit put option notices for at least 85 percent of the aggregate nominal amount of the outstanding 2025 Bonds, all (but not some only) of the 2025 Bonds may be redeemed at the option of the issuer prior to maturity. A “change of control” shall occur if a third party (i.e. any party other than Verbrugge NV or any person acting in concert with Verbrugge NV) acquires 30% or more of the voting rights of the Company (unless Verbrugge NV (alone or together with or any person acting in concert) holds more voting rights than such third party);

- terms and conditions of the bond loan with warrants issued under the 2002-2006 Plan, and terms and conditions of the warrants issued under the 2007-2011 Plan, under the 2011 Plan and under 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, 2015, 338,598 warrants were outstanding. The clauses described above have been approved by the General Shareholders’ Meeting of Tessenderlo Chemie NV and a copy of the resolutions has been filed promptly thereafter at the registry of the court of commerce.

Dividend Policy

Tessenderlo Chemie NV has not declared or paid dividends for the financial year ending on December 31, 2015. The Company’s dividend policy may be amended from time to time, and each dividend distribution remains subject to the Company’s earnings, financial condition, share capital requirements and other important factors subject to proposal and approval by the competent corporate body of the Company and subject to the availability of distributable reserves as required by the Company Code and the Articles of Association. Any distributable reserves of the Company have to be computed in respect of its statutory balance sheet prepared in accordance with Belgian GAAP, which may differ from the consolidated financial statements in IFRS reported by the Company.

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

Provision 4.7 of the Corporate Governance Code

The current Chairman of the Company was previously appointed as an executive director. The Company has carefully considered the positive and negative aspects in favor of such a decision and has concluded that such appointment is in the best interest of the Company given his extensive experience, expertise, in-depth knowledge and proven track-record in relevant business environments. The Board of Directors furthermore clarifies that provision 3.9 of the Corporate Governance Charter provides additional conflict of interest procedures in case any material transaction is being considered by the Company with a company in which Directors are also a director or executive. In this respect it is stressed that although article 523 of the Belgian Companies Code was not applicable in the case at hand, Mr. Luc Tack and Mr. Stefaan Haspelslagh have not participated in the deliberation and decision making process of the Board of Directors regarding the decisions related to the contemplated transaction of a contribution in kind of all shares of Picanol Group NV into the share capital of the Company.

Provision 4.13 of the Corporate Governance Code

Currently, no formal evaluation procedure exists regarding individual Directors (deviation from 4.13 Corporate Governance Code). The Company is of the opinion that the individual evaluation of the Directors is only feasible to the extent that the evaluation process is entrusted to an external company, an option which is not retained by the Company. However, the Company is convinced that the formal evaluation of the Board of Directors, for which

the Company uses a standard questionnaire as developed by Guberna (Belgian Institute of Directors) as described under section Activities of Board of Directors is sufficient in order to ensure the active and proper contribution of each member of the Board.

Provision 5.2./14 of the Corporate Governance Code

For mere practical reasons (i.e. calendar related), the Audit Committee had not been able to comply with provision 5.2./14 of the Corporate Governance Code (i.e. the yearly monitoring of the effectiveness of the company's internal control and risk management systems). As a consequence provision 5.2./6, second bullet has also not been complied with. However, on April 25, 2016 the Company's risk manager will report to the Audit Committee on the comprehensive risk report in line with the presentations held in previous calendar years. On the meeting of the Board of Directors of April 25, 2016, the Audit Committee will summarize the main highlights of this reporting to the Board of Directors.

Brussels – March 7, 2016

On behalf of the Board of Directors

Luc Tack
Director and CEO

Stefaan Haspeslagh
Chairman of the Board of Directors