

## UMICORE

Limited Company ("Naamloze Vennootschap" / "Société Anonyme")  
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### **STATUTORY ANNUAL REPORT – FISCAL YEAR 2020**

To the shareholders,

In accordance with legal and statutory obligations, we hereby report to you on the execution of our appointment for the year ended 31 December 2020 and submit the annual accounts for your approval.

### **1. RESULT AND POSITION OF THE COMPANY**

#### **1.1. PROFIT AND LOSS STATEMENT**

##### 1.1.1. SUMMARY

The statutory accounts of Umicore (also the "**Company**") show a net profit after taxes of 86,476 KEUR versus a profit of 209,258 KEUR in the comparable period of 2019. This corresponds to a decrease of 122,782 KEUR, broken down as follows:

<b>Profit &amp; loss statement (KEUR)</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>Delta</b>
Operating result - recurring	61,548	36,973	24,575
Operating result - non recurring	-83,596	-42,369	-41,227
<b>Operating result</b>	<b>-22,048</b>	<b>-5,396</b>	<b>-16,652</b>
Financial result: dividends	141,206	228,887	-87,681
Financial result: interest	-9,326	-5,966	-3,361
Financial result: FX - other	-15,489	-6,852	-8,636
Financial result recurring	116,391	216,069	-99,678
Financial result - non recurring	-434	1,996	-2,430
<b>Financial result</b>	<b>115,957</b>	<b>218,065</b>	<b>-102,108</b>
<b>Profit before taxes</b>	<b>93,909</b>	<b>212,669</b>	<b>-118,760</b>
Income taxes	-7,433	-3,411	-4,022
<b>Net profit of the year</b>	<b>86,476</b>	<b>209,258</b>	<b>-122,782</b>

### 1.1.2. OPERATING RESULT

The increase of the recurring operating result year on year is mostly attributable to a higher performance in the Precious Metals Refining ("**PMR**") activity partly compensated by lower results in the Energy & Surface Technology ("**E&ST**") units. For a detailed analysis of the recurring operating results we refer to the comments included in the IFRS group financial statements.

The net non-recurring operating result amounting to -83,596 KEUR is mainly composed of additional environmental provisions linked to the plant in Hoboken and some in Olen and restructuring costs and impairments within the E&ST activities at Olen. These costs are partly compensated by the reversal of the lower of cost or market ("**LOCOM**") impairment recognized in 2019 on a significant portion of the non-current cobalt inventory ("**NCI**") then declared "held for sale" and in 2020 effectively sold.

### 1.1.3. ECONOMIC CONTEXT BY ACTIVITY

#### A. RECYCLING

Revenues for **Precious Metals Refining** increased significantly year on year and adjusted EBIT more than doubled, reflecting primarily higher received metal prices, particularly for platinum group metals, and to a lesser extent a supportive supply environment and higher processed volumes.

The performance of the business unit was boosted by a favourable metal price environment. Average received metal prices were well above the level of the previous year for most precious and platinum group metals, in particular rhodium. In a context of tight supply and growing demand from the car industry as a result of increasingly more stringent emission norms, the rhodium price surged from the high levels already reached at the end of 2019. The business unit also benefited, to a more moderate extent, from the price increases of gold, platinum and palladium as it previously hedged a significant portion of its exposure to these metals.

The overall supply of industrial by-products remained favourable over the period, despite the temporary shutdowns of certain mining activities in response to COVID-19. Also the supply of end-of-life materials remained strong and the Hoboken plant benefited from an ample inflow of highly complex spent automotive catalysts. The business unit continued to leverage its unique recycling technology to efficiently treat such highly complex materials. Processed volumes in 2020 were higher compared to 2019 as a result of the process improvements which were introduced in 2019 and which required a longer than usual shutdown during that year. The higher processed volumes, in combination with the valuable mix, further supported the performance of the Hoboken plant.

As part of its endeavours to continuously drive improvement in the robustness of the Hoboken operations and the overall safety performance of the plant, a multi-year investment program has been launched with a priority on fire prevention and emergency planning. In parallel, Umicore continues with the execution of the investment program aimed at further reducing emissions.

### **Lead in blood levels around the Hoboken plant**

In July 2020 the blood readings of the children living close to the Umicore recycling plant in Hoboken, Belgium, showed elevated lead in blood levels after multiple years of steady decreases. This sudden rise in the lead in blood readings came unexpectedly, as the emissions of the plant had consistently been well below the legal norm. Since several decades, the blood levels of children living close to the plant are monitored twice a year by the authorities and the results of the recent October tests showed a clear reduction in the levels with an average lead value again below the norm of 5µg/dl.

Umicore made an in-depth analysis of the root causes. A combination of external factors, such as the exceptional weather conditions and the increased exposure for the children who spent several months at home due to the COVID-19 lockdown measures, contributed to the elevated readings. Umicore took the necessary measures to return to the positive trend of recent years, such as extra cleaning inside and outside the plant, redesigning storage of raw materials and enhancing ventilation systems.

In addition to these measures, and although the root cause investigation has shown no major source of lead emissions in the plant, Umicore has booked a 50 million EUR provision to cover costs related to an offer to buy houses closest to the plant in order to create a green zone and thereby increase the distance between the residential area and the site. Concertation with the city council and residents is ongoing and might result in adjustments to this initial cost estimate.

### **B. ENERGY & SURFACE TECHNOLOGIES**

Revenues and volumes in **Rechargeable Battery Materials** were down compared to 2019 as higher sales of NMC cathode materials used to power EVs were more than offset by lower sales of high energy LCO cathode materials for high-end portable electronics and reduced demand for NMC cathode materials used in energy storage applications.

The global EV market was profoundly affected by the COVID-19 pandemic in the first half of the year and rebounded in the second half of the year, primarily driven by strong EV growth in Europe and, later in the year and to a lesser extent, by increasing EV sales in China. For the full year 2020, EV sales grew 50% to 3.4 million vehicles. This translated in an addressable market for cathode materials producers of some 137 GWh, or a 17% year-on-year growth.

For the full year, Umicore's sales volumes of cathode materials going into EVs grew less than battery demand in GWh as the cathode materials industry, including Umicore, could not immediately benefit from the rebound in battery demand in the second half of the year because of the existence of excess inventories in the supply chain. These excess inventories were largely depleted by year-end. Excluding this inventory effect, Umicore's sales volumes grew broadly in line with EV battery demand. As anticipated, Umicore's sales volumes for EVs grew in the second half of the year, both sequentially and year on year.

In Europe, battery demand for EVs recorded strong momentum throughout 2020, in particular in the second half of the year, and doubled compared to 2019. This growth was driven by new models launched by car OEMs to comply with the more stringent CO<sub>2</sub> directive which kicked in in 2020, local incentives for EV buyers in several countries as part of their recovery plans and more environmentally-friendly choices by consumers when purchasing a new car. Umicore sales of cathode materials in the region grew in line with the market trend. Umicore is currently using its capacity in Korea to serve that growth, until its new greenfield plant in Nysa, Poland will start commercial production. The Nysa plant will be the first industrial cathode materials production plant in Europe and its construction is progressing well with commissioning expected towards the end of the first half of 2021. Once production lines will have gone through

customers' qualifications, initial commercial production volumes are expected in the fourth quarter of 2021, with the full ramp-up of volumes taking place in 2022.

While having production capacities in three different locations (Korea, China and Europe) involves higher capital investments and operating costs than for most competitors, Umicore is convinced that having a presence in multiple key markets will prove a strong competitive differentiator over time as battery and car OEMs will increasingly require electric car components to be produced locally to minimize their CO<sub>2</sub> footprint.

The push towards electric mobility is stronger than ever, driven by regulatory initiatives to protect air quality and reduce greenhouse gas emissions in several regions. Europe recently reconfirmed its ambition to achieve zero-emission mobility and remains committed to increasingly more stringent CO<sub>2</sub> emission targets. The EU ambitions and commitments to a cleaner future imply rapid growth in GWh of battery demand in the coming years. In China, the Ministry of Industry and Information Technology announced an extension of the NEV subsidy plan from 2020 until end 2022. It also confirmed its long-term commitment to achieve a target penetration rate of 20% NEVs in 2025 and 50% by 2035. Although it will take a while before the current excess capacity in China is fully utilized, these targets will boost electrification in the coming years.

Revenues for **Cobalt & Specialty Materials** were below the level of the previous year, reflecting the severe impact of COVID-19 on the activity levels in most of the business unit's end-markets.

Although demand for cobalt and nickel chemicals and activity levels in the distribution activities gradually recovered in the second half of the year, this could not compensate for the volume losses incurred in the first half of 2020. Order levels for tool materials declined substantially year on year, impacted by reduced activity levels in the construction and industrial manufacturing sectors throughout the year. The reduced demand levels for cobalt and nickel chemicals also resulted in lower throughput and contribution from the refining and recycling activities. Revenues from carboxylates remained stable compared to the previous year.

As part of the ongoing assessment of its global production footprint, Umicore announced in September its decision to consolidate the cobalt refining and transformation activities in Kokkola, Finland and Nashville, US in order to achieve synergies and strengthen the unit's competitive position. The transfer of the activities is on track and is anticipated to be finalized by mid-2023.

Revenues for **Electro-Optic Materials** decreased compared to the previous year. This was mainly due to lower demand for high purity chemicals used in optical fibres as a result of a delay in 5G-deployment. Revenues increased both for substrates and for infrared optics, following the successful launch of innovative new products and services.

#### C. DISCONTINUED OPERATIONS

There are no discontinued operations to report.

#### D. CORPORATE

Corporate and shared operation function costs went slightly up year on year.

#### 1.1.4. FINANCIAL RESULT

The recurring financial result decreased by 99,678 KEUR from 216,069 KEUR to 116,391 KEUR and is mainly explained by a lower dividend income (-87,681 KEUR), by more negative net interest results (-3,361 KEUR) and more negative results on foreign currency transactions (-8,636 KEUR).

The dividend income amounted to 141,206 KEUR in 2020 compared to 228,887 KEUR previous year. The Company received intercompany dividends in 2020 from Umicore International (130,000 KEUR), Umicore Korea (7,324 KEUR), Umicore Specialty Materials Brugge (3,771 KEUR) and UMS Taiwan (97 KEUR).

The net interest charges increased by 3,361 KEUR up to a total of 9,326 KEUR. Higher gross interest charges (-4,368 KEUR) on financial debts were partly compensated by higher interest revenues from current assets (1,007 KEUR). The gross interest charges increased compared to last year (29,786 KEUR versus 25,418 KEUR at 31 December 2019) due to an increase of the long-term borrowings. The increase of the interest revenues from current assets up to 20,459 KEUR is largely explained by higher interest income on intercompany funding activities.

The results on foreign currency transactions amount to -15,489 KEUR or a decrease of -8,636 KEUR year on year. This is mainly explained by higher swap points paid on Forex hedging instruments.

The net non-recurring financial result deteriorated by 2,430 KEUR compared to December 2019, mainly explained by less revenues on the sales of financial investments (-1,954 KEUR) and additional unrealized impairment losses on investments (-476 KEUR). The impairment testing of the carrying value of the participations showed no need for additional impairments on 31 December 2020.

#### 1.1.5. INCOME TAXES

The negative tax result of 7,433 KEUR as at 31 December 2020 consists of corporate income taxes for the year of 6,239 KEUR, foreign and domestic withholding taxes amounting to 2,364 KEUR partly counterbalanced by tax credits of 1,170 KEUR which are linked to the research & development activities.

#### 1.1.6. APPROPRIATION OF THE RESULT

The total result available for further appropriation at 31 December 2020 stands at 473,971 KEUR. This takes into account a net profit as at 31 December 2020 of 86,476 KEUR, the profit carried forward of 2019 for an amount of 471,862 KEUR, the interim dividend of 2020 amounting to 60,146 KEUR already distributed in August 2020 and the appropriation to the unavailable reserves related to the movements in the Own Shares for a total amount of 24,220 KEUR.

## **1.2. BALANCE SHEET**

<b>Balance sheet (KEUR)</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>Delta</b>
<b>TOTAL FIXED ASSETS</b>	<b>3,172,625</b>	<b>2,885,295</b>	<b>287,330</b>
1.2.1.1 FORMATION EXPENSES	14,685	6,066	8,619
1.2.1.2 INTANGIBLE ASSETS	99,032	114,726	-15,694
1.2.1.3 TANGIBLE ASSETS	452,430	467,458	-15,028
1.2.1.4 FINANCIAL ASSETS	2,606,478	2,297,045	309,433
<b>TOTAL CURRENT ASSETS</b>	<b>2,060,640</b>	<b>1,748,153</b>	<b>312,487</b>
1.2.2.1 AMOUNTS RECEIVABLE AFTER MORE THAN ONE YEAR	476,214	449,365	26,849
1.2.2.2 STOCKS AND CONTRACTS IN PROGRESS	617,346	534,771	82,574
1.2.2.3 AMOUNTS RECEIVABLE WITHIN ONE YEAR	620,119	519,135	100,984
1.2.2.4 TREASURY INVESTMENTS	294,960	186,892	108,068
1.2.2.6 DEFERRED CHARGES AND ACCRUED INCOME	52,001	57,990	-5,988
<b>Total assets</b>	<b>5,233,265</b>	<b>4,633,448</b>	<b>599,817</b>
<b>1.2.3 CAPITAL AND RESERVES</b>	<b>2,298,167</b>	<b>2,268,309</b>	<b>29,858</b>
<b>1.2.4 PROVISIONS AND DEFERRED TAXATION</b>	<b>206,053</b>	<b>123,600</b>	<b>82,453</b>
1.2.5.1 FINANCIAL DEBT	1,877,729	1,668,179	209,550
1.2.5.2 AMOUNTS PAYABLE WITHIN ONE YEAR	773,308	490,929	282,379
1.2.5.3 ACCRUED CHARGES AND DEFERRED INCOME	78,008	82,431	-4,423
<b>1.2.5 CREDITORS</b>	<b>2,729,045</b>	<b>2,241,539</b>	<b>487,506</b>
<b>Total Liabilities</b>	<b>5,233,265</b>	<b>4,633,448</b>	<b>599,817</b>

### **1.2.1 FIXED ASSETS**

#### **1.2.1.1 Formation expenses**

The formation expenses increased by 8,619 KEUR. This increase is explained by the capitalized expenses on the issue of a Convertible Bond of 500 MEUR on 23 June 2020.

#### **1.2.1.2. Investments in intangible fixed assets**

The net intangible fixed assets decreased from 114,726 KEUR at the end of December 2019 to 99,032 KEUR at 31 December 2020. The decrease is mainly explained by a decrease of additional capitalizations compared to last year.

New investments relate mainly to the capitalization of development projects (21,800 KEUR), the capitalization of research costs (35,732 KEUR) and the capitalization of IS costs (2,484 KEUR), partly compensated by drawing on energy certificates (-3,312 KEUR) and changes related to patents (-1,185 KEUR). In the same period, depreciations on intangible assets amounted to 71,199 KEUR.

Note that the total amount of 35,732 KEUR of research costs incurred by the Company during 2020 have been capitalized on the balance sheet and subsequently immediately amortized in full in the income statement in accordance with the Accounting Norm Commission advise (ref. CBN 2016/6). Therefore, as at 31 December 2020, the net book value of these capitalized research costs equals 0.

#### 1.2.1.3. Investments in tangible fixed assets

The net tangible fixed assets amount decreased from 467,458 KEUR at year-end 2019 to 452,430 KEUR on 31 December 2020. This represents a decrease of 15,028 KEUR, net of investments, depreciations and impairments. The decrease is explained by the fact that the depreciations and impairments of the year were higher than the new investments.

New investments in tangible assets as at 31 December 2020 amounted to a total of 87,740 KEUR. The main investments were made on the Hoboken (52,133 KEUR) and the Olen (32,270 KEUR) sites. In the same period, depreciations and impairments on tangible assets amounted to 102,386 KEUR.

The investments in the Hoboken facility are mainly related to the modernization and replacement of the production equipment, a further increase of the investments in safety equipment and a continued in- depth investment program in order to reduce the environmental impact, among others regarding metal emissions.

In the CSM plant in Olen, the decision was taken to gradually shut-down the cobalt activities, leading to a material write-off of the installations. Instead, projects for Nickel refining and production have been pursued.

RBM invested in Olen in a '*Process Competence Center*', where research activities take place towards innovative processes for the synthesis of materials for rechargeable batteries. The first phase of the centre was delivered per end of 2019, the investments in 2020 relate to finalizations.

In Olen's EOM plant, the renovation of the metallurgy production facility and administrative offices was initiated at the end of 2018 and is foreseen to be finalized by Q1 2021.

#### 1.2.1.4. Financial fixed assets

The financial fixed assets increased from 2,297,045 KEUR per 31 December 2019 to 2,606,478 KEUR at 31 December 2020 or an increase of 309,433 KEUR. This is mainly due to capital increases in Umicore Holding Germany for 100,000 KEUR, Umicore Poland for 178,978 KEUR, UMS Australia for 1,742 KEUR and in Umicore USA for 29,232 KEUR (via an incorporation of Outstanding Receivables).

An impairment of 533 KEUR on other investments was also reported.

## 1.2.2. CURRENT ASSETS

### 1.2.2.1 Amounts receivable after more than one year

The increase of 26,849 KEUR reported at 31 December 2020 is explained by new long-term loans granted to different Umicore group subsidiaries mainly in the US, China, Thailand and South Korea.

### 1.2.2.2 Inventories

Overall inventory levels increased during 2020 by some 82,574 KEUR to reach 617,346 KEUR on 31 December 2020. This was driven mostly by increased inventory volumes and metal prices at the PMR business unit in Hoboken.

### 1.2.2.3. Amounts receivable within one year

The amounts receivable within one year increased by 100,984 KEUR compared to end of last year. This is due to higher trade receivables (79,578 KEUR) mainly at the level of the E&ST activities. The other amounts receivable increased by 21,405 KEUR, mainly explained by some LT loans becoming due within one-year, higher short-term funding to other Umicore group entities and some outstanding receivables from insurance companies.

### 1.2.2.4 Treasury investments

Treasury investments are composed of Own shares and other Investments and deposits which increased in total by 108,068 KEUR.

## A. OWN SHARES

The value of the own shares increased from 184,701 KEUR on 31 December 2019 to 208,921 KEUR on 31 December 2020. The variance of 24,220 KEUR is detailed as follows:

<b>Own Shares</b>	<b>Number</b>	<b>KEUR</b>
Balance per 01/01/2020	5,624,550	184,701
Acquisition	1,200,000	45,638
Exercises of options and use of free Shares	-1,090,865	-21,418
Balance per 31/12/2020	5,733,685	208,921

On 31 December 2020, the balance of own shares represented 2.33% of the total Umicore shares outstanding.



## B. OTHER INVESTMENTS AND DEPOSITS

The other investments and deposits are composed of short-term investments placed at the inhouse bank of Umicore Financial Services. It increased by 81,475 KEUR compared to last year and it is the result of intercompany funding activities and free cash flow generation.

### 1.2.2.5 Deferred charges and accrued income

The decrease of accrued income and deferred charges (-5,989 KEUR) to 52,001 KEUR at 31 December 2020 is mainly explained by lower mark-to-market impacts on currency and metal positions (-4,901 KEUR), lower other deferred charges & accrued Income (-7,972 KEUR) compensated somewhat by higher accrued interests resulting from the funding activities (+ 6,884 KEUR).

## 1.2.3 CAPITAL AND RESERVES

### 1.2.3.1. Movements of the capital and share premium

The share capital remained stable over the period.

The 24,220 KEUR increase of the reserves not available for distribution is entirely linked to the evolution in the value of own shares – see paragraph 1.2.2.4.

### 1.2.4 PROVISIONS FOR LIABILITIES AND CHARGES

The provisions for liabilities and charges increased by 82,453 KEUR. This net increase is composed mainly of an increase in environmental and legal provisions (+54,350 KEUR), an increase in provisions for pension liabilities (+26,925 KEUR), a decrease in repair & maintenance provisions (-3,463 KEUR) , and a provision for other costs and restructuring costs at the Olen plant (+4,641 KEUR).

## 1.2.5 CREDITORS

### 1.2.5.1 Financial debt (after more than one year and within one year)

Total financial debt increased by 209,550 KEUR compared to 31 December 2019 and is mainly explained by a convertible bond issued on 23 June 2020 for 500,000 KEUR and a long-term loan granted by the European Investment Bank for 125,000 KEUR. This was partly offset by reimbursements of financing provided by Umicore Financial Services which acts as the internal bank for the group. At 31 December 2020, the short-term bank overdrafts amounted to 170,000 KEUR vs 585,314 KEUR at the end of 2019 – see section 1.2.1.4.

### 1.2.5.2 Amounts payable within one year (other than financial debt)

The increase of amounts payable within one year (+282,378 KEUR) is mainly linked to the increase of the trade payables (+274,100 KEUR) and the increase of payroll provision and taxes (+7,501 KEUR). The trade payables increased in line with activity levels of the E&ST and Recycling businesses as well as higher metal prices.

#### 1.2.5.3 Accrued charges and deferred income

The slight decrease of accrued charges and deferred income with -4,423 KEUR to 78,008 KEUR at 31 December 2020, is mainly explained by less deferred income mostly related to the PMR business activities (-14,553 KEUR) partly compensated by higher accrued charges as a result of higher mark-to-market impacts on currency and metal positions (+10,130 KEUR).

### **1.3. PERSONNEL (social balance)**

The approach and policy on social management are determined at group level. For a more detailed analysis of the social engagement, we refer to the Umicore website <http://annualreport.umicore.com/management-review/group-review/management-approach/social/Approach/> and the annual report on the consolidated accounts.

#### Workforce

The total number of employees (full time equivalents or “**FTE**”) on Umicore’s payroll in Belgium at year-end decreased from 3,050 in 2019 towards 3,025 in 2020. On average, Umicore employed 3,025 FTE’s during the year 2020. Umicore welcomed 132 new employees in Belgium.

#### People development

Training and development are considered a key investment in competence building. Umicore expects people to steer their career, including taking the necessary initiatives to continuously develop their own competencies. The total number of formal and informal training hours decreased in 2020 (109,603 in 2020 compared to 151,762 hours in 2019). This decrease is mainly linked to the cancellation of all classical trainings due to the COVID-19 measures. We noted an increase in the total number of online trainings.

#### Preferred employer

Umicore strives to be a preferred employer for both its current and future employees. In 2020 Umicore was recognized as top employer for the 16<sup>th</sup> consecutive time by the Top Employer Institute. We are recognized more particularly for outstanding achievement at the level of:

- Leadership
- Organization & change
- Employer branding and talent acquisition
- Career development
- Values and sustainability

This recognition helps us enormously to continue attracting talents in a labour market that becomes tighter by the day.

#### COVID-19

A great deal of attention went to the health of our employees by taking the necessary measures on safety and hygiene (including providing facemasks at regular intervals). We are proud to report that partly thanks to the enforcement of strict health rules and the respect of these by our employees, production in our Belgian plants has been able to continue without having to resort to temporary unemployment.

#### Occupational health and safety

In 2020, Umicore recorded a total of 28 lost time accidents compared to 66 in 2019. In total 1,010 days were lost, which is a decrease compared to 3,071 in 2019. This result is an improvement versus the safety results in 2019 but still satisfies by far not the intended goal.

Especially in the first half of 2020, we recorded very good safety figures. We believe that COVID-19 pandemic and the associated workplace health measures have positively impacted employee behaviour.

In 2021, the safety management will be further evaluated under the leadership of the group director of safety.

The group-wide process safety actions focused on conducting risk analyses with the aim of executing all business processes in the Umicore-defined safe zone of the risk matrix. At the end of 2020, more than 70% of the business processes had been subject to a risk analysis according to the Umicore standard. Moreover, a timeline was set for the remaining risk analyses and the implementation of the adequate measures prioritizing the higher-risk processes. The HAZOP training programme continued to be enrolled in 2020, mainly online.

## **2. SUBSEQUENT EVENTS AND CONTINGENT LIABILITIES**

On 11 February 2021 it was announced that the supervisory board would start a process to identify a successor to Marc Grynberg, CEO. That same day it was announced that the supervisory board will propose a gross annual dividend of 0.75 EUR per share at the Annual General Meeting on 29 April 2021. This compares to a full dividend of 0.375 EUR p.s. paid out for the financial year 2019. Taking into account the interim dividend of 0.25 EUR per share paid out on 25 August 2020 and subject to shareholder approval, a gross amount of 0.50 EUR per share will be paid out on 5 May 2021.

## **3. DEVELOPMENT OF THE COMPANY.**

A more elaborate description of the Company's global development and the key underlying trends, opportunities and risks can be found in the annual report on the consolidated annual accounts.

## **4. RESEARCH AND DEVELOPMENT**

For a more detailed analysis of the research and development activities, we refer to the annual report on the consolidated annual accounts.

## **5. CORPORATE GOVERNANCE STATEMENT**

### **5.1. CORPORATE GOVERNANCE FRAMEWORK**

During the financial year 2020, the Company was subject to the Belgian Code on Corporate Governance 2020 (the "**CG Code 2020**"), which entered into force on 1 January 2020.

The English, Dutch and French versions of the CG Code 2020 can be found on the website of the Belgian Corporate Governance Committee ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

Following the entry into force of the CG Code 2020, the Company's supervisory board adopted a new corporate governance charter (the "**CG Charter**") on 30 July 2020. The CG Charter was further amended by the supervisory board on 9 December 2020. It describes in detail the governance structure of the Company and the policies and procedures of the Umicore group. The Charter is available on the Umicore website

(<https://www.umicore.com/storage/group/2020-07-30-cg-charter-en.pdf>) or may be obtained on request from Umicore's Group Communications Department.

Umicore has articulated its mission, values and basic organizational philosophy in a document called "*The Umicore Way*". This document spells out how Umicore views its relationship with its customers, shareholders, employees and society. It is supplemented by detailed company codes and policies, the most significant of which is the Code of Conduct.

In terms of organizational philosophy, Umicore believes in decentralization and in entrusting a large degree of autonomy to each of its business units. The business units in turn are accountable for their contribution to the group's value creation and for their adherence to group strategies, policies, standards and sustainable development approach.

In this context, Umicore is convinced that a sound corporate governance structure constitutes a necessary condition to ensure its long-term success. This implies an effective decision-making process based on a clear allocation of responsibilities. Such approach must ensure an optimal balance between a culture of entrepreneurship at the level of the business units and effective steering and oversight processes. The Umicore corporate governance charter deals in more detail with the responsibilities of the shareholders, the supervisory board, the CEO, the management board and the specific role of the audit committee and of the nomination & remuneration committee. The present statements provide information on governance issues which relate primarily to the financial year 2020.

## **5.2. CORPORATE STRUCTURE**

The Company's corporate structure underwent an important change during 2020 following the resolutions of the extraordinary shareholders' meeting held on 30 April 2020, which resulted in a full alignment of the Company's articles of association to the new Belgian Code of companies and associations (the "**BCCA**") and to the adoption of a genuine two-tier board structure.

Prior to the above extraordinary shareholders' meeting of 30 April 2020, the board of directors ("*raad van bestuur*" / "*conseil d'administration*") was the ultimate decision-making corporate body of Umicore, subject only to matters explicitly reserved to the shareholders' meeting by the old Code of companies or the articles of association.

Following the adoption of a two-tier board structure, as provided the BCCA, by the extraordinary shareholders' meeting held on 30 April 2020, the management board ("*directieraad*" / "*conseil de direction*") has now become competent for all matters not specifically reserved to the supervisory board ("*raad van toezicht*" / "*conseil de surveillance*") or the shareholders' meeting by the BCCA or Umicore's articles of association.

The supervisory board is responsible for the general policy and the strategy of Umicore, as well as for all actions that the BCCA reserves specifically for the board of directors in a one-tier system. It appoints and dismisses the CEO and the other members of the management board and it also supervises the management board. The supervisory board is assisted in its role by an audit committee and a nomination & remuneration committee.

The day-to-day management of Umicore has been delegated to the CEO, who also chairs the management board.

The management board, under the leadership of the CEO, is responsible for proposing the overall strategy of Umicore to the supervisory board and for Umicore's operational

management. It also approves the strategies of the individual business units and monitors their implementation. The management board is furthermore responsible for screening the various risks and opportunities that Umicore may encounter in the short, medium or longer term (see Risk Management section) and for ensuring that adequate systems are in place to address these. The management board is responsible for defining and applying Umicore's approach to sustainable development.

Umicore is organized in business groups which in turn comprise business units that share common characteristics in terms of products, technologies and end-user markets. Some business units are further subdivided into market-focused business lines. In order to provide a group-wide support structure, Umicore has regional management platforms in China, North America, Japan and South America. Its corporate headquarters are based in Belgium (Brussels). This centre provides a number of corporate and support functions in the areas of legal, finance, human resources, tax, internal audit, public and investor relations.

### **5.3. SHAREHOLDERS**

#### **5.3.1. ISSUED SHARES – CAPITAL STRUCTURE**

On 31 December 2020 there were 246,400,000 Umicore shares in issue.

The following shareholders have declared a participation of 3% or more (the below mentioned participations are those as mentioned in the transparency declarations of the resp. shareholders):

Desmarais Family Residuary Trust, Gérald Frère, Ségolène Gallienne, I.G. International Management Ltd, Canada Life Asset Management Ltd, Groupe Bruxelles Lambert SA/NV, Stichting Administratiekantoor Frère-Bourgeois:	45,871,052 shares (18.62%)
Baillie Gifford & Co and Baillie Gifford Overseas Ltd.:	15,918,969 shares (6.46%)
BlackRock Inc.:	12,537,163 shares (5.09%)
APG Asset Management:	6,728,778 shares (3.00%)

Also on 31 December 2020, Umicore owned 5,733,685 of its own shares representing 2.33% of its capital. Information concerning the shareholders' authorization for Umicore to buy back its own shares and the status of such buy-backs can be consulted in the CG Charter and on Umicore's website.

During the year, 1,024,435 own shares were used in the context of the exercise of employee stock options and 66,430 shares were used for share grants, of which 10,000 to the members of the supervisory board, 52,000 to the management board members and 4,430 following a partial conversion into shares of the bonus of the CEO.

#### **5.3.2. DIVIDEND POLICY AND PAYMENT**

Umicore's policy is to pay a stable or gradually increasing dividend, save for exceptional circumstances.

In 2020, Umicore paid a gross dividend of 0.375 EUR per share relating to the financial year 2019. This was a decrease of 0.375 EUR compared to the gross dividend paid in 2019 in respect of the financial year 2018.

In July 2020 the supervisory board, in line with the Umicore dividend policy, decided to pay a gross interim dividend of 0.25 EUR per share, which was paid on 25 August 2020.

### **5.3.3. SHAREHOLDERS' MEETINGS IN 2020**

The (annual, special and extraordinary) shareholders' meetings were held on 30 April 2020 and were subject to amended, restricted participation modalities, in line with the Belgian Royal Decree nr. 4 of 9 April 2020 containing various provisions on co-ownership as well as on company and associations law in the framework of the fight against the COVID-19 pandemic. As a result, the shareholders were not allowed to physically participate to these meetings but only by means of postal or proxy voting. The shareholders' meeting could be viewed via a live (or differed) webcast.

On the occasion of the annual shareholders' meeting, the shareholders approved the resolutions regarding the annual accounts, the appropriation of the results and the discharges to the directors and to the statutory auditor regarding their respective 2019 mandates. At the same meeting, the shareholders appointed Mr Mario Armero as new director<sup>1</sup> for a period of 3 years. Furthermore, the mandates of Mrs Ines Kolmsee and Mrs Liat Ben-Zur as independent directors<sup>2</sup> was renewed for 3 years. The annual shareholders' meeting also approved the remuneration of the board of directors<sup>3</sup> for 2020. Details of the fees paid to the members of the board of directors<sup>4</sup> in 2020 are disclosed in the remuneration report.

The special shareholders' meeting approved a change of control clause in accordance with the article 556 of the old Belgian Companies Code.

Finally, the extraordinary shareholders' meeting approved various amendments to the articles of association in view of fully aligning it with the provisions of the BCCA and introducing a genuine two-tier board structure. As a result, all members of the former board of directors, save the CEO, became members of the supervisory board. The members of the former executive committee, including the CEO, became members of the management board following resolutions adopted by the supervisory board on the same date.

## **5.4. SUPERVISORY BOARD**

### **5.4.1. INTRODUCTION**

As above mentioned, the extraordinary shareholders' meeting held on 30 April 2020 has adopted a two-tier board structure, as provided under the BCCA. As a result, the Company's board of directors was replaced by a supervisory board as of the same date. All members of the former board of directors, save the CEO, were appointed members of the supervisory board, also as of the same date.

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<sup>1</sup> Member of the supervisory board after the extraordinary shareholders' meeting held on 30 April 2020.

<sup>2</sup> Independent members of the supervisory board after the extraordinary shareholders' meeting held on 30 April 2020.

<sup>3</sup> Supervisory board after the extraordinary shareholders' meeting of 30 April 2020.

<sup>4</sup> Members of the supervisory board after the extraordinary shareholders' meeting of 30 April 2020.

Any reference in this chapter to the supervisory board should be read as a reference to the former board of directors, insofar it relates to events having taken place before the above extraordinary shareholders' meeting of 30 April 2020.

#### 5.4.2. COMPOSITION

The supervisory board, whose members are appointed by the shareholders' meeting resolving by a simple majority of votes without any attendance requirement, is composed of at least 6 members. The members' term of office may not exceed 4 years. In practice, supervisory board members are elected for a (renewable) period of 3 years. A member of the supervisory board cannot at the same time be member of the management board.

Members of the supervisory board can be dismissed at any time following a resolution of a shareholders' meeting, deciding by a simple majority of the votes cast. There are no attendance requirements for the dismissal of supervisory board members. The BCCA provides for the possibility for the supervisory board to appoint members of the supervisory board in the event of a vacancy. The next general meeting must decide on the definitive appointment of the above member of the supervisory board. The new member completes the term of office of his or her predecessor.

On 31 December 2020, the supervisory board was composed of 9 members. On the same date, 6 supervisory board members were independent in accordance with the criteria laid down in article 3.5 of the CG Code 2020.

In terms of gender and cultural diversity, the supervisory board counted 3 women and 6 different nationalities among its 9 members on 31 December 2020. Diversity also arises from the supervisory board members' educational backgrounds which include engineering, law, economics, finance and applied languages. The supervisory board's cumulative industry experience is broad, covering automotive, electronics, chemicals, metals, energy, finance and scientific/educational sectors. It also includes people experienced in the public and private sector and members with experience in the different regions in which Umicore is active. Collectively, the supervisory board possesses strong experience of managing industrial operations and counts 8 active or former CEOs in its ranks. The supervisory board also has collective experience in disciplines that are specifically relevant to Umicore's non-financial Horizon 2020 goals such as health and safety, talent attraction and retention and supply chain sustainability.

The composition of the supervisory board underwent the following changes in 2020:

- Mr Mario Armero was appointed director (and, hence, supervisory board member) for a period of three years at the annual shareholders' meeting held on 30 April 2020;
- Mr Gérard Lamarche resigned as director with effective date 30 April 2020;
- Following the incompatibility between the mandates of management board member and supervisory board member, Mr Marc Grynberg, who was a member of the old board of directors until the adoption of the new two-tier board structure by the extraordinary shareholders' meeting, was not appointed supervisory board member by the same extraordinary shareholders' meeting.

Furthermore, the mandates of Mrs Ines Kolmsee and Mrs Liat Ben-Zur as independent directors (and hence, independent supervisory board members) were renewed for three years on 30 April 2020.



Finally, Mr Koenraad Debackere was appointed vice-chairperson of the supervisory board on 30 July 2020.

#### 5.4.3. MEETINGS AND TOPICS

The supervisory board held eleven regular meetings in 2020. Ten of these meetings were held by means of a videoconference due to the COVID-19 pandemic. On two occasions, the supervisory board also took decisions by unanimous written consent.

The matters reviewed by the supervisory board in 2020 included the following:

- financial performance of the Umicore group;
- approval of the annual and half-year financial statements;
- adoption of the statutory and consolidated annual accounts and approval of the statutory and consolidated annual reports (including the remuneration report and the remuneration policy);
- approval of the agenda of an ordinary, a special and an extraordinary shareholders' meeting and calling of these meetings;
- COVID-19 updates;
- investment and divestment projects;
- issuance of convertible bonds (and approval of ancillary documents and reports in that context);
- audit committee reports;
- strategic opportunities and operational challenges;
- business and technology reviews, and market updates;
- corporate governance (including the adoption of the new CG Charter);
- metal price sensitivity and net working capital evolution;
- mergers & acquisitions projects and updates;
- annual performance review of the CEO and the other members of the management board;
- performance review of the supervisory board and its committees;
- succession planning at the level of the supervisory board and the management board;
- interim dividend distribution.

#### 5.4.4. PERFORMANCE REVIEW OF THE BOARD AND ITS COMMITTEES

The supervisory board undertakes at least every three years an evaluation of its own performance and its interaction with the CEO and the management board, as well as its size, composition, functioning and that of the board committees.

The last performance review took place in 2020 and included a preliminary feedback round and an in-depth discussion during a supervisory board meeting held in July 2020.

#### 5.4.5. AUDIT COMMITTEE

The audit committee's composition and the qualifications of its members are fully in line with the requirements of article 7:99 of the BCCA and of the CG Code 2020.

The audit committee is composed of three members of the supervisory board, two of them being independent. It is chaired by Mrs Ines Kolmsee.

The composition of the audit committee remained unchanged in 2020.



All the members of the audit committee have extensive experience in accounting and audit matters as demonstrated by their curriculum.

The committee met four times in 2020, including three videoconference calls. Apart from the review of the 2019 full year and the 2020 half year accounts, the audit committee reviewed reports and discussed matters related to internal audit, financial reporting, internal controls, cyber security, group auditor succession and other audit-related matters. The 2021 internal audit plan was validated. The committee met with the group's auditor and reviewed and approved provided non-audit services. Members of the audit committee also discussed ad hoc matters with senior management.

#### **5.4.6. NOMINATION AND REMUNERATION COMMITTEE**

The composition of the nomination and remuneration committee's composition is fully in line with the requirements of article 7:100 of the BCCA and of the CG Code 2020.

On 31 December 2020, the nomination & remuneration committee was composed of five members, all members of the supervisory board, three of them being independent. The committee is chaired by the chairman of the supervisory board.

The composition of the nomination & remuneration committee underwent the following changes in 2020:

- Mr Mario Armero was appointed member of the committee with effective date 9 December 2020;
- Mr Koenraad Debackere was also appointed member of the committee with effective dated 9 December 2020.

Five nomination & remuneration committee meetings were held in 2020, including three videoconference calls. During the same period the committee discussed the remuneration policy for the supervisory board members, the supervisory board committee members and management board members, and the rules of the stock grant and option plans offered in 2020. The committee also discussed the succession planning at the level of the supervisory board and the management board.

### **5.5. MANAGEMENT BOARD**

#### **5.5.1. INTRODUCTION**

Following the adoption of a two-tier board structure, as foreseen in the BCCA, by the extraordinary shareholders' meeting held on 30 April 2020, the Company's executive committee was replaced by a management board as of the same date. All seven members of the former executive committee, including the CEO, were appointed members of the management board as of the same date.

Any references to the management board in this chapter should be read as references to the former executive committee, insofar they relate to events having taken place before the above extraordinary shareholders' meeting of 30 April 2020.

#### 5.5.2. COMPOSITION

The management board is composed of at least four members. It is chaired by the CEO. All members of the management board, including the CEO, are appointed by the supervisory board upon recommendation of the nomination & remuneration committee.

The composition of the management board remained unchanged in 2020.

On 31 December 2020 the management board was composed of 7 members, including the CEO.

#### 5.5.3. PERFORMANCE REVIEW

The management board regularly reviews and assesses its own performance. The valuation is also discussed at the nomination and remuneration committee and presented to the supervisory board.

The last performance reviews of the CEO and the other members of the management board took place on 6 February 2020.

### **5.6. RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID**

#### 5.6.1. RESTRICTIONS ON TRANSFERRING SECURITIES

Umicore's articles of association do not impose any restriction on the transfer of shares or other securities.

The Company is furthermore not aware of any restrictions imposed by law except in the context of the market abuse legislation and of the lock-up requirements imposed on some share grants by the BCCA.

The options on Umicore shares as granted to the CEO, to the members of the management board and to designated Umicore employees in execution of various Umicore incentive programs may not be transferred inter vivos.

#### 5.6.2. HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS

There are no such holders.

#### 5.6.3. VOTING RIGHT RESTRICTIONS

Umicore's articles of association do not contain any restriction on the exercise of voting rights by shareholders, providing the shareholders concerned are admitted to the shareholders' meeting and their rights are not suspended. The admission rules to shareholders' meetings are articulated in article 20 of the articles of association. Pursuant to article 7 of the articles of association, if a share is the subject of concurrent rights, the rights attached to these shares are suspended until one person is designated as owner vis-à-vis the Company.

To the supervisory board's best knowledge, none of the voting rights attached to the shares issued by the Company were suspended by law on 31 December 2020, save for the 5,733,685 shares held by the Company itself on that date (article 7:217 §1 of the BCCA).

#### 5.6.4. EMPLOYEE STOCK PLANS WHERE THE CONTROL RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

The Company has not issued such employee stock plans.

#### 5.6.5. SHAREHOLDERS' AGREEMENTS

To the supervisory board's best knowledge there are no shareholders' agreements which may result in restrictions on the transfer of securities and/or the exercise of voting rights.

#### 5.6.6. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Save for capital increases decided by the supervisory board within the limits of the authorized capital, only an extraordinary shareholders' meeting is authorized to amend Umicore's articles of association. A shareholders' meeting may only deliberate on amendments to the articles of association – including capital increases or reductions, mergers, de-mergers and a winding-up – if at least 50% of the subscribed capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will deliberate regardless of the portion of the capital represented. As a general rule, amendments to the articles of association are only adopted if approved by 75% of the votes cast. The BCCA provides for more stringent majority requirements in specific instances, such as the modification of the corporate object or the company form.

The Company's articles of association were amended once in 2020, following the resolutions of the extraordinary shareholders' meeting held on 30 April 2020 in order to bring them in line with the provisions of the BCCA (including the adoption of a two-tier board structure).

#### 5.6.7. AUTHORIZED CAPITAL – BUY-BACK OF SHARES

The Company's capital may be increased following a decision of the supervisory board within the limits of the so-called "*authorized capital*". The authorization must be granted by an extraordinary shareholders' meeting; it is limited in time and amount and is subject to specific justification and purpose requirements.

The extraordinary shareholders' meeting held on 26 April 2018 (resolutions published on 29 May 2018) renewed the authorization granted to the supervisory board<sup>5</sup> to increase the Company's share capital. The supervisory board is authorized to increase the capital in one or more times by a maximum amount of 55,000,000 EUR. The authorization will lapse on 28 May 2023 but it can be renewed.

Up until 31 December 2020, the supervisory board has once made use of its powers under the above authorized capital, i.e. when it resolved on 15 June 2020 to issue senior unsecured

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<sup>5</sup> The authorization was originally granted to the former board of directors, but this authorization was automatically vested in the supervisory board following the adoption of the two-tier board structure by the extraordinary shareholders' meeting held on 30 April 2020.

convertible bonds due 2025 for an aggregate principal amount of 500,000,000 EUR. These convertible bonds carry a zero-coupon and their initial conversion price amounts to 55.32 EUR per share. In connection with the issuance of these convertible bonds, the supervisory board resolved to disapply the preference subscription right of existing shareholders in accordance with articles 7:191 *juncto* 7:198 of the BCCA. The terms of the convertible bonds provide that the bonds can be converted in to new shares and/or existing shares; in case of new shares, they will be issued in the framework of the authorized capital. The above terms also provide for specific cases of early redemption at the option of the Company and/or the bondholders.

The exact amount to be allocated on the above authorized capital limit of 55,000,000 EUR will be determined, as the case may be, upon (full or partial) conversion of the convertible bonds into new shares.

Following a resolution of the extraordinary shareholders' meeting held on 26 April 2018, the Company is authorized to acquire own shares on a regulated market within a limit of 10% of the subscribed capital, at a price per share comprised between 4 EUR and 100 EUR and until 31 May 2022 (included). The same authorization was also granted to the Company's direct subsidiaries. The Company acquired 1,200,000 own shares in 2020 in implementation of the above authorization.

#### **5.6.8. AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS OR EMPLOYEES PROVIDING FOR COMPENSATION IF THEY RESIGN, OR ARE MADE REDUNDANT WITHOUT VALID REASON, OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKE-OVER-BID**

Some senior vice-presidents of the Umicore group are entitled to a compensation equivalent to 36 months base salary in the event of a dismissal within twelve months after a change of control of the Company. As far as the members of the executive committee are concerned, reference is made to the remuneration report.

#### **5.7. CONFLICTS OF INTERESTS (art. 7:115 through 7:117 BCCA and art. 523 – 524ter old Companies Code)**

On 6 February 2020, prior to the board of directors discussing or taking any decision, Marc Grynberg, who at that time was still a member of the board of directors, declared that he had a direct conflicting interest of a proprietary nature in the implementation of the decisions taken by the board relating to his performance assessment and to his remuneration (including the grant of shares and options). In accordance with the then applicable article 523 of the old Belgian Companies Code, Marc Grynberg did not take part in the board's discussions concerning this decision and he did not take part in the voting.

The above decisions had/will have the following financial consequences:

##### **a) Fixed and variable remuneration**

The CEO received a fixed gross remuneration of 720,000 EUR in 2020. Also in 2020, he received a gross variable cash remuneration totalling 87,500 EUR as non-deferred part of his variable cash remuneration for the reference year 2019.

Furthermore he received in 2020 a gross amount of 256,500 EUR as deferred part of his variable remuneration for the reference year 2017 based on (1) the 3-year average Umicore group profitability criterion, i.e. the average return on capital employed (ROCE) for the reference years 2017, 2018 and 2019 (i.e. 14.4% giving rise to a percentage pay-out of 69%) and (2)

the 3-year average EBIT growth for the same reference years 2017, 2018 and 2019 multiplied by 2 (i.e. 13.2% giving rise to a percentage pay-out of 26%).

The ROCE range is set between a minimum of 7.5% (= pay-out of 0%) and a maximum of 17.5% (= pay-out of 100% of the target). When the achieved ROCE percentage falls between the minimum and the maximum, the pay-out will be pro-rated. The impact of the EBIT growth is calculated by multiplying the average percentage of the EBIT growth for the reference years by 2. The Group EBIT growth incentive only applies for a minimum compounded average recurring EBIT growth of 10%.

## **b) Grant of shares and stock options**

The financial consequences for Umicore consist of: either 1) as long as Umicore decides to keep the shares it holds today: the financing and opportunity cost of maintaining such shares in its portfolio until the delivery date of the shares granted or the option's exercise date, or 2) if and to the extent that Umicore sells such shares at a later date: the difference on the date of exercise of the options between the exercise price and the market value of the shares that Umicore would have to buy on that date.

During 2020, no specific transactions or contractual commitments occurred between a member of the supervisory board or of the management board<sup>6</sup> on the one hand, and Umicore or one of its affiliated companies on the other hand.

## **5.8. STATUTORY AUDITOR**

At the annual shareholders' meeting held on 30 April 2020, the statutory auditor's mandate of PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL was renewed for a period of 3 years. The statutory auditor is represented by Mr Kurt Cappoen for the exercise of this mandate.

The Umicore policy detailing the independence criteria for the statutory auditor may be requested from Umicore.

## **5.9. CODE OF CONDUCT**

Umicore operates a Code of Conduct for all its employees, representatives and supervisory or management board members. This Code of Conduct is fundamental to the task of creating and maintaining a relation of trust and professionalism with its main stakeholders namely its employees, commercial partners, shareholders, government authorities and the public.

The main purpose of Umicore's Code of Conduct is to ensure that all persons acting on behalf of Umicore carry out their activities in an ethical way and in accordance with the laws and regulations and with the standards Umicore sets through its present and future policies, guidelines and rules. The Code of Conduct contains a specific section on complaints and expressions of concern by employees and "whistle-blower" protection.

The Code of Conduct is published in Appendix 6 to the CG Charter.

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<sup>6</sup> Or a member of the board of directors or the executive committee until the extraordinary shareholders' meeting of 30 April 2020.

## **5.10. MARKET MANIPULATION AND INSIDER TRADING**

Umicore's policy related to market abuse including insider trading is spelled out in the Umicore Dealing Code, which can be found under Appendix 7 to the CG Charter.

## **5.11. COMPLIANCE WITH THE CG CODE 2020**

During the financial year 2020, Umicore's corporate governance systems and procedures were in line with the CG Code 2020, with one exception related to the grant of stock options to the CEO. As explained in the remuneration policy, which was approved by the shareholders' meeting held on 30 April 2020, the stock options granted to the CEO vest immediately upon grant, as contractually agreed. This deviates from provision 7.11 of the CG Code 2020. However, even if they vest immediately, the options can only be exercised after three years, which is in line with the above provision 7.11.

## **5.12. REMUNERATION POLICY AND REMUNERATION REPORT**

### **5.12.1. REMUNERATION POLICY**

On 6 February 2020 the nomination and remuneration committee presented the remuneration policy (the "**Policy**") to the board of directors for discussion and approval. This Policy outlines the remuneration principles for the members of Umicore's supervisory board and management board<sup>7</sup> and is effective as of 1 January 2020. The Policy was approved at Umicore's annual shareholders' meeting on 30 April 2020 with 82.07% of the votes cast. The Policy is available on Umicore's website (<https://www.umicore.com/en/investors/governance/documents/remuneration-policy/>).

### **5.12.2. REMUNERATION REPORT**

#### **5.12.2.1. Remuneration for the members of the supervisory board**

The remuneration of the members of the supervisory board is in accordance with the Policy and unchanged versus the previous year, with exception of one small change in relation to the additional attendance fee for members of the supervisory board residing outside Belgium. This additional attendance fee also applies as of 2020 for the committee meetings, attended in person and not combined with a supervisory board meeting.

#### **Supervisory board**

- **Chairperson:** annual fixed fee: 60,000 EUR + 5,000 EUR per meeting attended + 2,000 Umicore shares + company car
- **Member:** annual fixed fee: 27,000 EUR + 2,500 EUR per meeting attended + 1,000 EUR per meeting attended in person (for foreign-based members) + 1,000 Umicore shares

#### **Audit committee**

- **Chairperson:** annual fixed fee: 10,000 EUR + 5,000 EUR per meeting attended
- **Member:** annual fixed fee: 5,000 EUR + 3,000 EUR per meeting attended + 1,000 EUR per meeting attended in person (for foreign-based members)

<sup>7</sup> Respectively board of directors and executive period for the period between 1 January 2020 and 30 April 2020.

### Nomination and remuneration committee

- **Chairperson:** 5,000 EUR per meeting attended
- **Member:** 3,000 EUR per meeting attended + 1,000 EUR per meeting attended in person (for foreign-based members)

### 2020 Remuneration overview members of the supervisory board

All components of the remuneration of the members of the supervisory board for the reported year are detailed in the table below.

in (€)

Name Mandate	Start date	End date	Fixed Fee	Shares (1)	Attendance Fee	Number of meetings attended Online/In person	Other (Car)	Total
<b>Leysen T.</b>								<b>217.385</b>
Chairman of the supervisory board	19/11/2008		60.000	74.660	55.000	10 / 1	2.725	
Chairman of the nomination & remuneration committee	19/11/2008				25.000	4 / 1		
<b>Armero M.</b>								<b>63.548</b>
Member of the supervisory board	30/04/2020		18.074	24.974	17.500	7 / 0		
Member of the nomination & remuneration committee	09/12/2020				3.000	1 / 0		
<b>Ben-Zur L.</b>								<b>76.830</b>
Member of the supervisory board	25/04/2017		27.000	37.330	12.500	5 / 0		
<b>Chombar F.</b>								<b>99.330</b>
Member of the supervisory board	26/04/2016		27.000	37.330	20.000	7 / 1		
Member of the nomination & remuneration committee	26/04/2018				15.000	4 / 1		
<b>Debackere K.</b>								<b>109.330</b>
Member of the supervisory board	26/04/2018		27.000	37.330	25.000	9 / 1		
Member of the audit Committee	26/04/2018		5.000			3 / 1		
Member of the nomination & remuneration committee	09/12/2020				3.000	1 / 0		
<b>Garrett M.</b>								<b>106.330</b>
Member of the supervisory board	28/04/2015		27.000	37.330	26.000	9 / 1		
Member of the nomination & remuneration committee	25/04/2017				16.000	4 / 1		
<b>Kolmsee I.</b>								<b>120.330</b>
Member of the supervisory board	26/04/2011		27.000	37.330	26.000	9 / 1		
Chairman of the audit Committee	28/04/2015		10.000		20.000	3 / 1		
<b>Lamarche G.</b>								<b>32.282</b>
Member of the supervisory board	25/04/2017	30/04/2020	8.926	12.356	11.000	3 / 1		
<b>Meurice E.</b>								<b>87.830</b>
Member of the supervisory board	28/05/2015		27.000	37.330	23.500	8 / 1		
<b>Raets L.</b>								<b>108.830</b>
Member of the supervisory board	25/04/2019		27.000	37.330	27.500	10 / 1		
Member of the audit Committee	25/04/2019		5.000		12.000	3 / 1		

(1) The share grant relates to the services rendered in the reported year. The shares were granted on 15 May 2020 and were valued at the fair market value of the share at 37.33 EUR, equivalent to the closing share price on 14 May 2020 (share value is set at the lowest of the closing share price on the day before the delivery date and the average closing price of the last 30 calendar days before delivery date).

### 5.12.2.2. Remuneration for the CEO and the other members of the management board

The remuneration of the CEO and the other members of the management board was reviewed by the supervisory board on 6 February 2020, on the basis of recommendations from the nomination and remuneration committee following a comparison survey with BEL20 and European peer companies.

The remuneration for the CEO and other members of the management board included in 2020 the following components: fixed remuneration, variable compensation, share-based compensation, pension plans and other benefits.

### Remuneration CEO

On proposal of the nomination and remuneration committee, the supervisory board of 6 February 2020 decided to set the fixed remuneration of the CEO at 720,000 EUR as of 1 January 2020 and to maintain the annual variable cash remuneration potential of 700,000 EUR for the



reported year. 140,000 stock options were granted for 2020 as part of the annual Umicore Incentive Stock Option Plan.

In addition, the board of 10 February 2021 decided to grant 10,000 Umicore shares for services rendered in the reported year. These shares are subject to a 3 year lock-up and are not subject to forfeiture conditions.

All components of the remuneration earned by the CEO for the reported year are detailed in the table below.

### Remuneration other members of the management board

On proposal of the nomination and remuneration committee, the supervisory board of 6 February 2020 decided to set the fixed remuneration of each other member of the management board at 440,000 EUR as of 1 January 2020 and to maintain the annual variable cash remuneration potential of 380,000 EUR for the reported year. 30,000 stock options per person were granted for 2020 as part of the annual Umicore Incentive Stock Option Plan. Mr Goffaux received 10,000 additional stock options following his foreign assignment in South Korea.

In addition, the supervisory board of 10 February 2021 decided to grant 7,000 Umicore shares per person for services rendered in the reported year. These shares are subject to a 3 year lock-up and are not subject to forfeiture conditions.

All components of the remuneration earned by the other members of the management board for the reported year are detailed in the table below.

### Remuneration members of the management board – Overview 2020

In (€)											
Name Position	Mandate Start date End date	Fixed Compensation (1)	Undeferred Variable 50% (2)	Deferred Variable 50% (3)	Shares (4)	Stock Options (5)	Pension Plans (6)	Other (7)	Total	Ratio fixed (8)	Ratio variable (9)
Grynberg M. CEO	19/11/2008	720.000	315.000	159.300	470.800	904.400	214.677	54.332	2.838.509	83%	17%
Csoma S. EVP	01/11/2012	440.000	190.000	88.500	329.560	193.800	128.089	40.447	1.410.396	80%	20%
Goffaux D. EVP	01/07/2010	440.000	95.000	88.500	334.273	258.400	128.196	162.352	1.506.721	88%	12%
Kiessling R. EVP	01/02/2019	440.000	190.000	0	329.627	193.800	91.872	23.306	1.268.605	85%	15%
Nolens G. EVP	01/07/2015	440.000	190.000	88.500	329.560	193.800	131.857	16.517	1.390.234	80%	20%
Platteuw F. CFO	01/11/2012	440.000	190.000	88.500	329.560	193.800	132.421	23.823	1.398.104	80%	20%
Steege A. EVP	01/10/2018	440.000	190.000	22.125	329.560	193.800	91.872	21.922	1.289.279	84%	16%
Reymondet P. EVP	01/08/2003 31/01/2019	-	-	88.500	-	-	-	-	88.500	0%	100%
Van Sande M. EVP	01/09/1998 31/03/2018	-	-	22.125	-	-	-	-	22.125	0%	100%

- (1) The fixed compensation includes the fixed remunerations from Umicore entities.
- (2) The undeferred variable has been determined in accordance with the Policy and relates to the reported year 2020. The pay-out was done in 2021 in cash.
- (3) The deferred variable relates to the reference year 2018 and takes into account, over the years 2018-2019-2020, an average ROCE of 13.4%, resulting in a pay-out of 59% of the 2018 deferred target, and a compounded average EBIT growth% of 9.4%, which is lower than the 10% threshold and therefore not resulting in an additional variable payment. The pay-out was done in 2021 in cash.
- (4) The share grant relates to the services rendered in the reported year 2020. The shares were granted on 11 February 2021 and were valued at the fair market value of the share at 47.08 EUR, equivalent to the lowest of the closing share price on the day before the delivery date and the average closing price of the last 30 calendar days before delivery date. For German and Korean tax purposes, the shares were valued at respectively 47.09 EUR (lowest market quotation of the shares on the delivery date), 48.00 EUR (the closing share price on the delivery date).
- (5) The stock option grant relates to the services rendered in the reported year 2020. The stock options were granted on 10 February 2020 and were valued at a notional value of 6.46 EUR per option according to the Black & Scholes formula.  
See table G13.4 for all stock option transactions in the course of the reported year.
- (6) Includes DC and DB contributions (service cost).
- (7) Includes the representation allowance, benefit in kind company car, insurance benefits and additional benefits for Mr. Goffaux D. following his foreign assignment in South Korea (housing, mobility premium, medical insurance).
- (8) (1)+(4)+(5)+(6)+(7)/Total remuneration
- (9) (2)+(3)/Total remuneration



## COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION – PAY RATIO

Below table provides an overview on the annual change of remuneration for the CEO, the other members of the management board (in aggregate), the mandates within the supervisory board and the committees, the average employee remuneration on a full-time equivalent basis and the performance of the Company. Incomplete years of remuneration due to a start or end of the mandate in the course of the reference year, have been adjusted to an annual base. The number of shares in the table represents for all years the number of shares taken into account the share split of 16 October 2017.

The average employee remuneration relates to Umicore (Belgium), in accordance with applicable legal provisions.

Annual Change		2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	Comments
<b>Remuneration management board</b>	<b>Type of remuneration</b>						
CEO	Fixed	0,0%	3,0%	2,9%	0,0%	2,9%	
	Variable	2,8%	27,0%	-24,8%	-5,6%	37,9%	
	Number of shares	0,0%	0,0%	0,0%	-3,8%	0,0%	
	Number of options	0,0%	0,0%	0,0%	-6,7%	0,0%	
	Pension + other	-42,8%	4,8%	1,1%	8,2%	13,0%	
Members of the management board (excl. CEO)	Fixed	0,1%	2,5%	3,3%	0,4%	4,5%	
	Variable	7,0%	31,1%	-28,0%	18,3%	10,6%	
	Number of shares	0,0%	0,0%	0,0%	-5,4%	0,0%	
	Number of options	0,0%	0,0%	0,0%	-14,3%	5,6%	(1)
	Pension + other	-2,1%	-7,4%	-2,3%	1,9%	13,8%	(2)
<b>Remuneration supervisory board</b>	<b>Type of remuneration</b>						
Chairman supervisory board	Fixed	0,0%	0,0%	50,0%	0,0%	0,0%	
	Attendance fee/meeting	0,0%	0,0%	0,0%	0,0%	0,0%	
	Number of shares	0,0%	0,0%	0,0%	0,0%	0,0%	
Chairman audit committee	Fixed	0,0%	0,0%	0,0%	0,0%	0,0%	
	Attendance fee/meeting	0,0%	0,0%	0,0%	0,0%	0,0%	
	Number of shares	-	-	-	-	-	
Chairman nomination & remuneration committee	Fixed	-	-	-	-	-	
	Attendance fee/meeting	0,0%	0,0%	0,0%	0,0%	0,0%	
	Number of shares	-	-	-	-	-	
Member supervisory board	Fixed	0,0%	35,0%	0,0%	0,0%	0,0%	
	Attendance fee/meeting	0,0%	0,0%	0,0%	0,0%	0,0%	
	Number of shares	0,0%	0,0%	0,0%	0,0%	0,0%	
Member audit committee	Fixed	0,0%	0,0%	0,0%	0,0%	0,0%	
	Attendance fee/meeting	0,0%	0,0%	0,0%	0,0%	0,0%	
	Number of shares	-	-	-	-	-	
Member nomination & remuneration committee	Fixed	-	-	-	-	-	
	Attendance fee/meeting	0,0%	0,0%	0,0%	0,0%	0,0%	
	Number of shares	-	-	-	-	-	
<b>Average employee remuneration on a full time equivalent basis</b>							
% change versus previous year		2,5%	5,1%	3,6%	3,7%	2,7%	
<b>Company's performance</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
ROCE		13,7%	14,6%	15,1%	15,4%	12,6%	12,1%
EBIT M€		330	351	410	514	509	536
% ROCE change versus previous year			6,6%	3,4%	2,0%	-18,2%	-4,0%
% EBIT change versus previous year			6,4%	16,8%	25,4%	-1,0%	5,4%

(1) The increase versus 2019 relates to the additional stock options granted to Mr. Goffaux D. following his foreign assignment in South Korea.

(2) The increase versus 2019 relates to the foreign assignment benefits provided to Mr. Goffaux D. for the entire reported year (mobility premium, housing, medical insurance).

The pay ratio 2020 between the highest and lowest pay level at Umicore (Belgium) was equal to 62.

### 5.12.2.3. Share and share option ownership and transactions 2020

#### Management board share option transactions 2020

The below table provides an overview on the number of stock options granted, exercised and expired in the course of the reported year, as well as the main provisions of the outstanding stock option plans.

Transactions in the reported year 2020				
Name Position	Options Granted		Options Exercised	
Grynberg M. CEO	ISOP 2020	140.000	ISOP 2014 150.000 ISOP 2015 75.000	0
Csoma S. EVP	ISOP 2020	30.000		0
Goffaux D. EVP	ISOP 2020	40.000	ISOP 2015 7.500	0
Kiessling R. EVP	ISOP 2020	30.000	ISOP 2015 9.000 ISOP 2016 9.000	0
Nolens G. EVP	ISOP 2020	30.000		0
Platteeuw F. CFO	ISOP 2020	30.000	ISOP 2015 15.000 ISOP 2016 5.000	0
Steegen A. EVP	ISOP 2020	30.000		0
Main provisions of the outstanding stock option plans				
ISOP Plan	Grant Date	Exercise Price *	Exercise window Start End	
2020	10/02/2020	42,050	10/02/2023 - 09/02/2027	
2019	11/02/2019	34,080	01/03/2022 - 10/02/2026	
2018	09/02/2018	40,900	01/03/2021 - 08/02/2025	
2017	13/02/2017	25,500	01/03/2020 - 12/02/2024	
2016	05/02/2016	16,632	01/03/2019 - 04/02/2023	
2015	09/02/2015	17,289	01/03/2018 - 08/02/2022	
2014	10/02/2014	16,143	01/03/2017 - 09/02/2021	

Details of all options exercised and other share-related transactions can be found on the FSMA website.

#### Management board share grant 2020

The below table provides an overview of the number of shares granted in 2020 to the CEO and the other members of the management board for the services rendered in 2019. The shares were granted on 10 February 2020 and were valued at the fair market value of the share at 42.05 EUR, equivalent to the closing share price on 7 February 2020 (share value is set at the lowest of the closing share price on the day before the delivery date and the average closing price of the last 30 calendar days before delivery date). For German and Korean tax purposes, the shares were valued at respectively 41.41 EUR and 43.75 EUR. The shares are subject to a 3 year lock-up until 9 February 2023 included, and are not subject to forfeiture conditions.

Mr. Goffaux D. decided to receive part of his variable cash compensation in Umicore shares, resulting in 4,430 additional shares, granted on 2 March 2020 and valued at the fair market value of the share at 37.33 EUR, equivalent to the closing share price on 28 February 2020 (share value is set at the lowest of the closing share price on the day before the delivery date and the average closing price of the last 30 calendar days before delivery date). For Korean tax purposes the shares were valued at 38.26 EUR. These shares are subject to a 2 year lock-up until 1 March 2022 included.

Name Position	Number of shares received in 2020	Comments
Grynberg M. CEO	10.000	
Csoma S. EVP	7.000	
Goffaux D. EVP	11.430	
Kiessling R. EVP	6.417	Pro rata the services in 2019 as of 01/02/2019
Nolens G. EVP	7.000	
Platteeuw F. CFO	7.000	
Reymondet P. EVP	583	Pro rata the services in 2019 until 31/01/2019
Steege A. EVP	7.000	

As per the Policy, the CEO is required to build up, within 3 years from the date of appointment, and to retain minimum 30,000 Umicore shares throughout his tenure. This requirement is also applicable to the other members of the management board, in respect of a minimum of 15,000 shares.

On 31 December 2020 the CEO and the other members of the management board reached this minimum shareholder requirement, with exception of Mr. Kiessling R. and Mrs. Steege A. being both still in the 3 years' time frame to build up the required minimum.

The members of the management board collectively hold a total number of 1,144,097 shares on 31 December 2020.

### Supervisory board share grant 2020

The below table provides an overview of the number of shares granted in 2020 to the members of the supervisory board for the services rendered in 2020. The shares were granted on 15 May 2020 and were valued at the fair market value of the share at 37.33 EUR, equivalent to the closing share price on 14 May 2020 (share value is set at the lowest of the closing share price on the day before the delivery date and the average closing price of the last 30 calendar days before delivery date). The shares have to be held until at least one year after the member leaves the supervisory board and until at least three years after the delivery date.

Name Mandate in the supervisory board	Number of shares received in 2020	Comment
Leysen T. Chairman	2.000	
Armero M. Member	669	Pro rata the services in 2020 as of 30/04/2020
Ben-Zur L. Member	1.000	
Chombar F. Member	1.000	
Debackere K. Member	1.000	
Garrett M. Member	1.000	
Kolmsee I. Member	1.000	
Lamarche G. Member	331	Pro rata the services in 2020 until 30/04/2020
Meurice E. Member	1.000	
Raets L. Member	1.000	

The members of the supervisory board collectively held a total number of 960,387 shares on 31 December 2020.

### **APPROVAL OF THE 2019 REMUNERATION REPORT**

The 2019 remuneration report was approved by the shareholders' meeting with a majority of 82.46% of the votes cast (disregarding the abstention votes, as provided under Belgian company law).

#### **5.12.2.4. Changes to the remuneration since the end of 2020**

##### **Remuneration for the members of the supervisory board**

Based on the review of the overall compensation of the members of the supervisory board and of each element of the compensation, the nomination and remuneration committee concluded on 5 February 2021 that the compensation is appropriate.

##### **Remuneration for the CEO**

On 5 February 2021, the nomination and remuneration committee reviewed the remuneration of the CEO based on a comparison survey with European peer companies and BEL20 index companies.

On proposal of the nomination and remuneration committee, the supervisory board of 10 February 2021 decided to maintain the annual fixed and the annual variable cash remuneration potential at the same level. 80,000 stock options were granted for 2021 as part of the annual Umicore Incentive Stock Option Plan.

The above changes are in accordance with the Policy.

##### **Remuneration for the other members of the management board**

On 5 February 2021, the nomination and remuneration committee reviewed the remuneration of the other members of the management board based on a comparison survey with European peer companies and BEL20 index companies.

On proposal of the nomination and remuneration committee, the supervisory board of 10 February 2021 decided to maintain the annual fixed remuneration at 440,000 EUR but to increase the annual variable cash remuneration potential from 380,000 EUR to 400,000 EUR as of the year of performance 2021. The number of stock options granted for 2021 as part of the annual Umicore Incentive Stock Option Plan, were maintained at the same level.

The above changes are in accordance with the Policy.

### **5.13. RISK MANAGEMENT AND INTERNAL CONTROL**

Each business unit operates in an environment which carries specific growth expectations and differing degrees of market and technological uncertainty that could impact strategic objectives. As such, the primary source of risk and opportunity identification lies within the business units.

Similarly, each business unit is responsible for mitigation of its own risks. Mitigating actions are systematically reported corresponding to the respective strategic objectives and identified risks.

Specific corporate departments are also tasked with managing and mitigating certain risks under the auspices of the Management Board. These risks cover Group-wide elements that

extend beyond the purview of individual business units. These include environmental risks, financial risks, etc.

#### 5.13.1. OUR INTERNAL CONTROL SYSTEM

Internal control mechanisms exist throughout Umicore to provide management with reasonable assurance of our ability to achieve our objectives. They cover:

- Effectiveness and efficiency of operations
- Reliability of financial processes and reporting
- Compliance with laws and regulations
- Mitigation of errors and fraud risks

Umicore adopted the COSO framework for its Enterprise Risk Management and has adapted its various constituents within its organization and processes. “The Umicore Way” and the “Code of Conduct” are the cornerstones of the Internal Control environment; together with the concept of management by objectives and through the setting of clear roles and responsibilities they establish the operating framework for the Company.

Specific internal control mechanisms have been developed by business units at their level of operations, while shared operational functions and corporate services provide guidance and set controls for cross-organizational activities. These give rise to specific policies, procedures and charters covering areas such as supply chain management, human resources, information systems, environment, health and safety, legal, corporate security and research and development.

Umicore operates a system of Minimum Internal Control Requirements (“**MICR**”) to specifically address the mitigation of financial risks and to enhance the reliability of financial reporting. Umicore’s MICR framework requires all Group entities to comply with a uniform set of internal controls in 12 processes.

Within the Internal Control framework, specific attention is paid to the segregation of duties and the definition of clear roles and responsibilities. MICR compliance is monitored by means of self-assessments to be signed off by senior management. The outcome is reported to the management board and the audit committee.

Out of the 12 control cycles, 2 cycles (Procure To Pay, Information Technology Management) were assessed in the course of 2020 by the 99 control entities currently in scope. Risk assessments and actions taken by local management to mitigate potential internal control weaknesses identified through prior assessments are monitored continuously. The internal audit department reviews the compliance assessments during its missions.

The aim of our risk management system is to enable the company to identify risks in a proactive and dynamic way and manage or mitigate risks to an acceptable level wherever possible.

#### 5.13.2. RISKS

##### 5.13.2.1. Regulatory and legal context

STRATEGIC FOCUS AREA - ECONOMIC PERFORMANCE/VALUE CHAIN AND SOCIETY/ECO-EFFICIENCY

CHANGE IN RISK PROFILE - Increase  
CHANGE IN OPPORTUNITY PROFILE - Increase

### **POTENTIAL IMPACT**

Umicore is exposed to changes in the regulatory environment in the countries or regions where it operates. Umicore's businesses stand to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles, low carbon mobility, electrification and enforced recycling of end-of-life products.

Some regulations, such as environmental or product-related laws, can present operational challenges, higher costs and a potentially uneven competitive environment.

Data protection, IP and IP protection-related matters impact technology-driven businesses.

### **CHANGE IN CONTEXT**

Worldwide, changes to existing product-related legislation and the introduction of new legislation might impact our business. Although the European REACH regulation is still the most relevant for Umicore, Korean REACH is gaining importance.

The push towards clean mobility is stronger than ever, with various governments including green recovery measures and stimuli for cleaner mobility in their crisis recovery packages, in particular in Europe and China, and regulatory initiatives to protect air quality and reduce greenhouse gas emissions in several regions. Europe recently reconfirmed its ambition to achieve zero-emission mobility and remains committed to increasingly more stringent CO2 emission targets. In China, the Ministry of Industry and Information Technology announced an extension of the New Energy Vehicle ("NEV") subsidy plan from 2020 until end 2022. It also confirmed its long-term commitment to achieve a target penetration rate of 20% NEVs in 2025 and 50% by 2035, which is likely to boost electrification in the coming years.

Geopolitical conditions, trade and tariffs continue to be a factor in Umicore's trans-border activities.

### **MEASURES TAKEN BY UMICORE**

Umicore provides continuous training on regulatory requirements to ensure compliance with applicable legislation.

To ensure ongoing compliance with environmental legislation on our industrial sites, Umicore has a well-established EHS compliance audit program and constantly monitors changes in legal requirements where we operate.

Umicore continues to play an active role in informing legislators of various emission control technologies for both diesel and gasoline powered vehicles, to help legislators make informed decisions about future emission and testing norms.

We monitor that our products have the freedom to operate and we proactively manage our patent portfolio.

Umicore trade compliance closely follows and responds to global trade conditions.

Umicore monitors closely all changes in interpretation as well as guidance documents that might affect its REACH implementation strategy. In 2020 we submitted 27 additional substances for registration under REACH due to new business developments. As part of regular maintenance, we updated 76 REACH dossiers. Umicore has submitted 2 registrations in Korea in 2020 for priority chemical substances.

#### 5.13.2.2. Sustainable and ethical supply

STRATEGIC FOCUS AREA - ECONOMIC PERFORMANCE/VALUE CHAIN AND SOCIETY

CHANGE IN RISK PROFILE - No change

CHANGE IN OPPORTUNITY PROFILE - Increase

#### **POTENTIAL IMPACT**

Umicore requires certain metals or metal-containing raw materials to manufacture its products and feed its recycling activities. Some of these raw materials are comparatively scarce and require very specific sourcing strategies. Obtaining adequate supplies of these materials is important for the ongoing success and growth of our business.

Some metals are also found in regions facing social challenges. Trading in precious metals and minerals can be used to finance armed conflict, cause human rights abuses, draw upon forced or child labor and support corruption and money laundering. We ensure that procurement of minerals from conflict-affected and high-risk areas is in line with Umicore's values, while providing an advantage to our customers.

#### **CHANGE IN CONTEXT**

Existing and upcoming laws aiming to drive the responsible sourcing of conflict minerals (tin, tantalum, tungsten and gold), have increased the visibility and concern on the conditions around conflict mineral sourcing in public discourse.

COVID-19 and the measures taken to contain contagion could have an impact on the availability of materials and in general on the supply chain.

#### **MEASURES TAKEN BY UMICORE**

Only limited and temporary impacts due to COVID-19 were reported on Umicore's supply chain.

Umicore implemented policies and measures covering human rights, the right for workers to organize, collective bargaining, equal opportunities and non-discrimination, banning of child labour, banning of forced labour, consistent with International Labour Organisation (ILO) standards. These commitments are supported through a Global Framework Agreement on Sustainable Development with IndustriALL Global Union which was renewed in 2019.

In addition to existing policies and charters such as the Umicore Code of Conduct, Human Rights Policy and Sustainable Procurement Charter, Umicore also has a specific policy for "Responsible global supply chain of minerals from conflict-affected and high-risk areas".

In 2020, Umicore again received third-party validation for the application of its Sustainable Procurement Framework for Cobalt, which is aligned with the OECD "Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas". Umicore continues to ensure that its production operations are certified as conflict-free and receives site and metal-specific responsible sourcing certifications from the LBMA and RJC.

Umicore remains the first cathode material producer to offer certified materials from a clean and ethical origin to its customers.

In 2020, Umicore achieved a Platinum EcoVadis rating, placing the group among the top 1% of their industry peers.

We use our long-standing and growing experience in sustainable sourcing to advocate for more responsible practices in industry.

#### 5.13.2.3. Technology and substitution

STRATEGIC FOCUS AREA - ECONOMIC PERFORMANCE/VALUE CHAIN AND SOCIETY/ECO-EFFICIENCY

CHANGE IN RISK PROFILE - Increase

CHANGE IN OPPORTUNITY PROFILE - Increase

#### **POTENTIAL IMPACT**

Umicore is a materials technology group with a strong focus on the development of innovative materials and processes. The choice and development of these technologies for existing and new markets represents the single biggest opportunity and risk for Umicore.

Achieving the best cost-performance balance for materials is a priority for Umicore and its customers. There is always a risk that customers will seek alternative materials for their products should those of Umicore not provide this optimum balance. The risk is especially present in businesses producing materials containing expensive metals (especially those with historically volatile pricing characteristics).

#### **CHANGE IN CONTEXT**

Trends in rechargeable battery materials for automotive applications have underscored that NMC material platforms with increasing nickel content as well as medium nickel low cobalt content are the technologies of choice for customers in current and upcoming electrified vehicle platforms. Besides the focus on high performing battery materials, novel processes are being developed to decrease cost and environmental impact across the entire battery value chain.

In vehicle emission control, regulatory debates have reinforced the need for a broad spectrum of technologies for both gasoline and diesel applications. These technologies need to be optimized for performance and for cost.

#### **MEASURES TAKEN BY UMICORE**

Every year, the Management Board identifies innovation projects which are key to achieving our short term and long-term growth ambitions and cover product and process developments. These technologies are followed up closely by management to ensure on time delivery of new and innovative products to the market.

Previous years' R&D investments have brought great success and created a space to expand R&D positioning to adjacent and new markets within Umicore's field of expertise. In 2020, overall spend was equivalent to 7% of revenues. The Innovation Fit for Future program focusing on innovation excellence best practices protects Umicore's technology leadership and future growth.



Umicore patents disruptive technologies. In 2020, Umicore registered 63 new patent families.

#### 5.13.2.4 Cyber security

STRATEGIC FOCUS AREA - ECONOMIC PERFORMANCE

CHANGE IN RISK PROFILE - Increase

CHANGE IN OPPORTUNITY PROFILE - Increase

#### **POTENTIAL IMPACT**

Umicore's production plants and services highly depend on the availability of IT services.

Unavailability of services, disruption of the supply chains or interruption of our production facilities due to cyber-attacks could have a major impact on our customers. A compromise in the confidentiality of intellectual property would negatively impact our competitive advantage. Unauthorized modification of financial data would jeopardize accurate reporting to shareholders.

#### **CHANGE IN CONTEXT**

Cyber-attacks may be very focused and advanced. The expanding threat landscape and expanding digital footprint is leading to an increase in cyber-attacks. Several cases of industrial manufacturing businesses being interrupted for several weeks as the result of a cyber incident have been extensively covered in the media. In addition, due to the increased use of a digital work environment (on site and at home), the role of IT services in delivering seamless access to all corporate resources as well as ensuring information security is more important than ever.

#### **MEASURES TAKEN BY UMICORE**

Umicore continues to regularly assess and improve its information security, and the state of cyber resilience of its IT landscape, against evolving threats.

A security roadmap is being implemented which includes projects in preparation for an ISO27001/2 certification and initiatives to increase awareness across the group on the importance of information and cyber security. Third party expert security assessments are made and the corporate cyber security team is being expanded. Umicore increases its investments in security-related IT systems and applications such as backup processes, virus and access protection, authentication and encryption tools. Security-related IT controls are being extended and are tested as part of Umicore's external audit process.

The state of cyber security is reported to the management board semi-annually and is followed-up by the audit committee.

#### 5.13.2.5. Market

STRATEGIC FOCUS AREA - ECONOMIC PERFORMANCE/VALUE CHAIN AND SOCIETY

CHANGE IN RISK PROFILE - Increase

CHANGE IN OPPORTUNITY PROFILE - Increase

#### **POTENTIAL IMPACT**

The main industries served by Umicore are automotive (clean mobility materials, recycling), consumer electronics (rechargeable battery materials, recycling, coating and electroplating)

solutions) and non-ferrous metal mining and refining industries (recycling activities). Umicore is sensitive to any major growth or global reduction in activity levels or market disruptions in these industries.

## **CHANGE IN CONTEXT**

In 2020, the global automotive industry was significantly impacted by the COVID-19 pandemic with a marked contrast between the first and the second half of the year.

In the first half of 2020, car OEMs had to shut down their production plants and close their dealerships in several key regions as a result of government imposed lock-downs. Global car demand started to pick up again in the second half of 2020, albeit with discrepancies between the regions in terms of timing, speed and intensity of the recovery.

Car production in the second half grew by more than 40% sequentially (yet declined by 2% compared to the second half of 2019), with China being the clear driving force behind the global recovery. Other key markets started to pick up later and more gradually and still recorded negative growth for the second half of the year.

The sharp economic contraction and the lower industrial production induced by COVID-19 also had a significant and a more prolonged impact on the heavy-duty diesel market segment in 2020 except in China.

The global EV market was profoundly affected by the COVID-19 pandemic in the first half of the year and rebounded in the second half of the year, primarily driven by strong EV growth in Europe and, later in the year and to a lesser extent, by increasing EV sales in China.

In China, battery demand for EVs remained bleak until the summer and turned positive in the second half of the year, albeit compared to a depressed second half in 2019. The demand for cathode materials for EVs has lagged the anticipated growth in 2019 and 2020, resulting in significant excess capacity and pressure on the pricing environment.

In Europe, battery demand for EVs recorded strong momentum throughout 2020, in particular in the second half of the year, and doubled compared to 2019. This growth was driven by new models launched by car OEMs to comply with the more stringent CO<sub>2</sub> directive, local incentives for EV buyers in several countries as part of their recovery plans and more environmentally-friendly choices by consumers when purchasing a new car.

The slowdown in consumer electronics demand continued along with a reduced demand for NMC cathode materials used in energy storage applications.

In recycling, our process remains unique, supported by high metal prices and high activity levels with favourable trading conditions in 2020, despite the COVID-19 crisis. The overall supply of industrial by-products remained favourable over the period, despite the temporary shutdowns of certain mining activities in response to COVID-19. Also the supply of end-of-life materials remained strong.

## **MEASURES TAKEN BY UMICORE**

Umicore is delivering on its growth strategy in clean mobility materials and recycling.

Despite the severe disruption brought by the COVID-19 pandemic in its end-markets, Umicore posted its strongest financial performance ever, boosted by an exceptional metals price

environment. This underscores Umicore's resilience and the merits of the Horizon 2020 strategy that builds on the complementarity of our activities. After a solid performance in the first half of 2020, with a strong result in Recycling offsetting the impact of the automotive industry downturn, the second half of the year was marked by a strong sequential improvement in revenues and earnings. This has been driven by continued robust operational performance and buoyant metal prices, and strong growth in Catalysis, thanks to Umicore's strong market position in gasoline technologies for light-duty vehicles, particularly in China and Europe, as well as higher sales of heavy-duty diesel and fuel cells catalysts.

Umicore should continue to benefit disproportionately from the accelerating penetration of electromobility given our broad portfolio of material technologies certified for the most stringent automotive requirements, our industrial-scale production capabilities.

#### 5.13.2.6. Metal price and availability

STRATEGIC FOCUS AREA - ECONOMIC PERFORMANCE

CHANGE IN RISK PROFILE - Change in perimeter (see Change in context)

CHANGE IN OPPORTUNITY PROFILE - No change

#### **POTENTIAL IMPACT**

Umicore's earnings are exposed to risks relating to the prices of the metals which we process or recycle. These risks relate mainly to the impact that metal prices have on the surplus metals recovered from materials supplied for recycling, and concern platinum, palladium, rhodium, gold, silver and a wide range of base and specialty metals. For some metals quoted on futures markets, Umicore hedges a proportion of its forward metal exposure to cover part of the future price risks.

Umicore also faces transactional price risks on metals. The majority of its metal-based transactions use global metal market references. If the underlying metal price were constant, the price Umicore pays for the metal contained in the raw materials purchased would be transferred to the customer as part of the price charged for the product. However, because of the lapse of time between the conversion of purchased raw materials into products and the sale of products, the volatility in the reference metal price creates differences between the price paid for the contained metal and the price received. Accordingly, there is a transactional exposure to any fluctuations in price between the time raw materials are purchased (when the metal is "priced in") and the time the products are sold (when the metal is "priced out"). The Group's policy is to hedge the transactional risk to the maximum extent possible, primarily through forward contracts.

Materials produced by Umicore contain precious or scarce metals which are partly sourced from in house recycling operations and, for the balance, procured from primary metal producers. Umicore's ability to procure the required quantity of such metals is key to determine its ability to produce the materials which have been ordered by the customers.

#### **CHANGE IN CONTEXT**

Prices for precious metals strengthened further in 2020, reaching historically high levels for precious metals and PGMs. The price of rhodium in particular increased significantly in the second half of the year, in a context of tight supply and high demand from the car industry.

Demand for cobalt containing products was mixed in 2020, severely hit by the COVID-19 crisis in the first half of the year, showing first signs of recovery in the second half. Cobalt price remained stable over the course of the year.

## **MEASURES TAKEN BY UMICORE**

Over the course of 2020 and early 2021, Umicore entered into additional forward contracts securing a substantial portion of its structural price exposure for certain precious metals in 2021, 2022 and 2023, thereby increasing earnings predictability. For 2021 and 2022, approximately two thirds of the expected gold and palladium exposure and somewhat less than half of the expected silver exposure have been locked-in. In addition, close to one third of the expected platinum exposure for 2021 has been hedged. In spite of the absence of a liquid futures market, Umicore has entered into forward contracts locking in a minority of its expected 2022 and 2023 rhodium exposure.

Umicore is continuously increasing production of precious and scarce metals from its recycling capabilities, thereby securing a significant proportion of its metals needs. In addition, the group maintains close commercial relationships with leading primary metals producers from which it procures metals through annual or evergreen contracts.

### 5.13.2.7. Talent attraction and retention

STRATEGIC FOCUS AREA - GREAT PLACE TO WORK

CHANGE IN RISK PROFILE - increase

CHANGE IN OPPORTUNITY PROFILE - Increase

## **POTENTIAL IMPACT**

The attraction and retention of skilled people are important factors in enabling Umicore to fulfil its strategic ambitions and to build further expertise, knowledge and capabilities in the business. Being unable to do so would compromise our ability to deliver on our goals.

The Horizon 2020 strategy was predicated on growth for Umicore, especially in Asia where labor markets are highly competitive and fluid. Umicore's challenge is to attract and retain talent at all sites and in all regions on a sufficient scale and at an appropriate pace.

## **CHANGE IN CONTEXT**

In 2020 the novel coronavirus (COVID-19) pandemic severely affected people, society and industries globally.

## **MEASURES TAKEN BY UMICORE**

In response to the COVID-19 outbreak, Umicore rolled out its business continuity plans and took precautionary measures to keep its people healthy and to ensure that the workplace is safe. Umicore rapidly adjusted its production capacity where needed and furloughed part of its workforce; when all production plants resumed operations, most furloughed employees returned to work. In administrative positions, working from home was adopted.

Umicore introduced strict hygiene and other precautionary measures in its facilities worldwide in response to the COVID-19 pandemic and delivered surgical masks for private use to the homes of all employees worldwide at a time when they were unavailable on the open market.

A dedicated task force continues to monitor its operations globally with a focus on protecting employees' health.

To meet recruitment needs in this COVID-19 context, we moved to virtual recruitment and virtual onboarding wherever possible. Operators were recruited and onboarded with utmost safety and health measures.

Umicore ensured continued safety trainings, both virtually and in small groups to respect health measures. Other trainings, including on leadership and development, were delayed while adjusting the offering to the digital delivery in a virtual context but did continue in the second half of 2020.

#### 5.13.2.8. Climate and environment

STRATEGIC FOCUS AREA: ECONOMIC PERFORMANCE/VALUE CHAIN AND SOCIETY/ECO-EFFICIENCY

CHANGE IN RISK PROFILE - Increased

CHANGE IN OPPORTUNITY PROFILE - Increased

#### **POTENTIAL IMPACT**

Climate and environment impacts are mostly related to our supply of primary raw materials or to our suppliers' extraction of these primary raw materials. Easy-to-mine deposits are becoming increasingly scarce and ore bodies poorer. Many specialty metals required for new, environmentally-friendly technologies can only be obtained as a by-product of other metals. Treating complex materials from above-ground sources, such as industrial residues and end-of-life materials, is increasingly important.

Climate change causes extreme natural events, chronic deviations in mean temperatures and precipitation patterns, and rising sea levels. This could impact our sites or supply chain.

Increasingly stringent regulations on energy use and emissions can induce higher operational costs.

Our license to operate is predicated on managing the impact of our operations in the communities where we operate. Historical industrial activity requires active management and remediation.

#### **CHANGE IN CONTEXT**

Civil society and political discourse are increasingly demanding that business takes an active role in mitigating climate change. In the context of COVID-19, the attention on environmental and climate-related performance of private sector and industry has increased, as has attention around developing a "green recovery".

The ongoing transition to a lower carbon economy continues to present Umicore with opportunities to expand and develop processes in ways that can mitigate or address climate change and environmental risks.

## **MEASURES TAKEN BY UMICORE**

Umicore plays a key role in the transition to a low-carbon future as our materials tackle global trends for clean air and e-mobility, and our closed loop business model tackles resource stewardship.

Our facility in Hoboken is the world's largest and most complex precious metals recycling operation, processing over 200 types of raw material and recovering over 20 different metals. We ensure that a high volume of our metals come from secondary sources – production scraps, residues and end-of-life materials. We can also recycle customers' residues and production scrap to help them maximize their material efficiency and then transform the recovered materials into new products. In total we recover 28 metals from our closed loop activities and we continue to adapt our processes to recycle new and more complex end-of-life products. Our high yield recycling process continues to be a driving force in resource efficiency and contributing to the circular economy.

Our global footprint and diverse site locations reduce our exposure to physical risks. New sites have been chosen considering proximity to customers, access to skilled workforce, excellent logistics, infrastructure and green energy.

Umicore performs life cycle assessments on all products and services on a rolling and ongoing basis to sharpen insight on environmental performance, through the right choice of the chemistry, energy mix, and raw materials, including recycled materials. For the new battery production plant in Poland, Umicore maintains the commitment that electricity will be from renewable sources.

We ensure that our current activities keep to the most stringent environmental standards for air and water and work every year to improve our energy efficiency and environmental footprint despite our growth and increased production.

Umicore manages its historical environmental legacy, ensuring adequate financial provisions that are reviewed twice a year.

In 2020 Umicore continued strategic preparation work on climate and environment-related impact.

## **6. BRANCHES**

The Company has no branches.

## **7. CONTINUITY**

The Company has no losses carried forward. Article 3:6 §1 6° of the BCCA is not applicable.

## **8. IMPORTANT EVENTS**

We refer to §2. "Subsequent events" and §3. "Development of the Company".

## **9. NON-FINANCIAL INFORMATION**

The non-financial information, as defined under 3:6 §4 of the BCCA, has been duly taken into account and can be found in the annual report on the consolidated accounts.

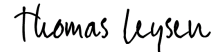
## **10. DISCHARGE**

In accordance with legal and statutory requirements, we hereby request to discharge the supervisory board members and the statutory auditor for the exercise of their mandate for the accounting year 2020.

The supervisory board  
Brussels, 12 March 2021.

DocuSigned by:  
  
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Marc Grynberg  
Chief Executive Officer

DocuSigned by:  
  
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Thomas Leysen  
Chairman