BTW	**BE 0401.574.852**

ANNUAL REPORT UMICORE – FISCAL YEAR 2012

Umicore
Broekstraat 31 Rue du Marais
1000 Brussels

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 2012 and submit the annual accounts to your approval.

1. RESULT AND POSITION OF THE COMPANY

1.1. PROFIT AND LOSS STATEMENT

1.1.1. RESULT

For the past year 2012, the annual accounts of the company show a net profit after taxes of 146,723 KEUR versus a profit of 156,153 KEUR in the comparable period 2011. This means a decrease of 9,430 KEUR, as detailed below:

Profit	31/12/2012	31/12/2011	Delta
Operating result	159,559	158,920	639
Financial result	-15,407	12,976	-28,383
Result from the ordinary activities	**144,152**	**171,896**	**-27,744**
Exceptional result	2,549	-16,938	19,488
Profit before taxes	**146,701**	**154,958**	**-8,257**
Income taxes	22	1,195	-1,173
Net profit of the year	**146,723**	**156,153**	**-9,430**

1.1.2. OPERATING RESULT

The operating result remained stable with a result of 159,559 KEUR in 2012 versus 158,920 KEUR in 2011, i.e. a variance of 639 KEUR.

1.1.3. ECONOMIC CONTEXT BY ACTIVITY

A. RECYCLING

Revenues of the segment Recycling increased in 2012 compared to 2011. Slightly higher processed volumes than in 2011 contributed to the better performance. Overall supply environment remained strong.

High activity levels in the non-ferrous metal industry allowed the business to optimise its input of residues coming from these industries. In general more residues were processed with an increase in arrivals from the precious metals refining industry. Also supplies of electronic scrap increased compared to last year. The supplies of spent automotive catalyst remained subdued, while processed volumes of industrial catalysts were up.

Overall, metal prices remained stable as the business unit had locked in a significant portion of the metal price component in its earnings and cash flows in previous years through long term contracts. Decreases in spot prices of metals were offset by higher secured prices. As a result of lower demand from high tech applications, prices for a number of specialty metals, as there are tellurium, selenium and indium, decreased compared to 2011, having a negative impact on the margins.

The UHT pilot smelter tested the recycling of battery material and other potential feed materials and was also deployed for technology development work. Currently processed volumes consist mainly of portable electronic batteries. The recycling of batteries from electric vehicles is still limited, but starts to increase as the first generation batteries are reaching their end of life. In 2012 Umicore signed a contract with Toyota to recycle these batteries in Europe. The complex battery components recovered in the dismantling centre in Maxton, North Carolina are also treated in the UHT plant in Hoboken.

B. ENERGY MATERIALS

Revenues increased slightly for this segment. The recurring EBIT decreased and is impacted by the weakening economic situation and adverse conditions in certain end markets.

Revenues in Rechargeable Battery materials were well up compared to 2011. Sales volumes increased significantly, which can be largely attributed to the growing demand for cathode material used high-end portable electronics, such as tablets and smart phones. The demand for materials used in lower-end portable devices remained subdued and prices suffered from high competition specific for this segment. Demand from the automotive sector was slightly higher compared to last year.

Revenues for the Cobalt and Specialty materials business unit were down year on year. Increased recycling activity was in contrast to the slowdown seen in several end markets.

The Ceramics & Chemicals business line recorded lower revenues, explained by the economic slowdown impacting most end markets. Increased pressure on volumes combined with a decreasing consumption resulted in a further decrease of the premiums. Demand in nickel compounds in general decreased as a result of lower demand from the battery market. Umicore managed however to maintain its volumes. Sales volumes of cobalt compounds also remained stable compared to 2011. The business line continued to benefit from its well established distribution network.

Sales of cobalt powders in the Tool Materials business line reached lower level compared to the ones seen in 2011. This activity has been influenced by lower demand from the automotive and construction sectors. The fierce competition in these markets had an adverse effect on the margins.

The cobalt and nickel recycling and refining services achieved again high production levels during the year. However refining margins were impacted by lower prices for cobalt and nickel.

Results of the business unit Electro-optic Materials were down compared to previous year. Changes in product mix for the optics and substrate activity had a negative impact on the premiums.

Sales volumes of germanium substrates were down compared to previous year. Higher demand from the LED lighting market was offset by decreased supplies to the photovoltaic sector. Also sales to the space solar industry showed a decrease as a result of a reduced number of satellite launching programmes. The terrestrial solar sector started to slow down since the beginning of 2012. The introduction of newer photovoltaic technologies was adversely impacted by the very cheap silicon based solar panels. This resulted in a near standstill in concentrator photovoltaic related orders in the second semester of 2012.

In Optic Blanks, government sponsored programs, as in 2011, continued to be reduced considerably and as a result demand for germanium blanks decreased significantly, affecting both sales volumes and premiums. The volumes for finished infra-red optics activities were slightly up compared to last year, driven by a growing demand for GASIR based infrared technologies. Sales volumes of germanium tetrachloride were up and are today mainly fuelled by continuous optical network projects in China.

C. PERFORMANCE MATERIALS

Despite lower demand in most markets, revenues were largely in line with those of 2011 in the business unit Zinc Chemicals. Prices remained under pressure and the contribution of the recycling activity was lower.

Sales volumes decreased for Fine Zinc Powders, impacted by lower demand for anti-corrosive pigments in the European market due to a decreased level of industrial investments. Demand for chemical applications remained at comparables level as last year. Demand of Zinc Oxide products also decreased compared to previous year. Sales to the chemical industry remained stable, where volumes for cosmetic applications showed a continuous growth.

Lower availability of recyclable materials negatively impacted the margins for the recycling activities, influenced by lower activity levels in the galvanizing industry and lower zinc prices.

In Zinc Battery Materials sales volumes of zinc powders for the primary batteries decreased significantly as a result of a global decreased demand and production cuts at customers. Continued competition in the battery sector put pressure on the premiums.

At Building Products the results were affected by lower sales volumes compared to last year. Sales volumes on the Benelux market showed resilience in the first semester, however were impacted by lower demand in the second half.

D. CORPORATE

Overall corporate costs were at the same level as in 2011.

1.1.4. FINANCIAL RESULT

The financial result amounted to -15,407 KEUR compared to 12,976 KEUR in 2011, or a variance of -28,383 KEUR. This variance is driven by the following factors:

Dividend income in 2012 (74,666 KEUR) decreased versus 2011 (111,255 KEUR) or a variance of 36,589 KEUR.This decrease in dividends is mainly coming from a) Umicore International and Umicore Korea which distributed less dividends then last year and b) Umicore Engineering, Umicore Holding companies in Germany which did not distribute any dividends in 2012. The highest dividends received during the year 2012 came from Umicore International and Umicore France.

Interest charges decreased by 6,055 KEUR (91,381 KEUR in 2012 versus 97,436 KEUR in 2011) explained by lower average interest rates and a somewhat lower average debt level.

The financial result also includes a positive amount of 2,207 KEUR related to the reversal of an impairment booked in previous years on the loans to Umicore South Africa. These loans were converted into capital during the first semester of 2012 (see also impact on exceptional result § 1.1.5 below).

Other financial income and other financial charges mainly relate to foreign exchange results and miscellaneous expenses such as bank charges and financial discounts on sales invoices.

1.1.5. EXCEPTIONAL RESULT

The exceptional result in 2012 amounts to 2,549 KEUR and includes the following elements:

The exceptional income includes a gain of 46,366 KEUR realised on the sale of shares of Umicore Financial Services to Umicore International. Furthermore a positive result of 5,461 KEUR was booked on the contribution in kind in the joint venture beLife.

On the other hand impairments, based on the equity value of these participations at year end, were booked for the following financial assets: Umicore USA Inc., Umicore France, Umicore Argentina, Umicore Australia Ltd and Umicore Specialty Materials Brugge.

The valuation of the Nyrstar shares at year end market price (4.49 EUR/share) compared to a closing rate of 6.10 EUR/share at previous year-end resulted in an impairment of 7,594 KEUR.

An impairment was also booked on the participation in Umicore South Africa, after the conversion of loans into capital (2,619 KEUR) (see above § 1.1.4 financial result)

1.1.6 INCOME TAXES

Income taxes amount only to 22 KEUR: foreign not recoverable withholding taxes were almost completely offset by tax credits received on R&D investments.

1.1.7. APPROPRIATION OF THE RESULT

Taking into account the profit of the year of 146,723 KEUR and the profit carried forward for an amount of 453,945 KEUR, the allocations to and release from the unavailable reserve related to the 2012 movements in the own shares for a total amount of 26,881 KEUR and the interim dividend of 55,884 KEUR paid out in September 2012, the result to be appropriated stands at 571,665 KEUR.

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Umicore's Board of Directors will propose to the annual general meeting of shareholders a gross dividend of 1.00 EUR per share, with the pay-out taking into account the gross interim dividend of 0.50 EUR/share already distributed in September 2012.

1.2. BALANCE SHEET

1.2.1. MOVEMENTS OF THE CAPITAL AND SHARE PREMIUM

There were no movements on the capital and share premiums in 2012.

1.2.2. OWN SHARES

The own shares value decreased from 246,141 KEUR on 31 December 2011 to 219,259 KEUR on 31 December 2012. The variance of 26,882 KEUR is detailed below:

Own shares	Number	KEUR
Balance per 01/01/2012	9,243,938	246,141
Exercises of options and grant of free shares 01/12 - 12/12	-1,130,450	-26,882
Purchases of own shares	0	0
Balance per 31/12/2012	8,113,488	219,259

1.2.3. INVESTMENTS IN INTANGIBLE ASSETS

Investments in 2012 in intangible assets relate mainly to the capitalisation of Research and Development costs (+18,516 KEUR), and the booking of CO2 emission rights (+677 KEUR).

1.2.4. INVESTMENTS IN FIXED ASSETS

Investments in fixed assets were recorded for a total amount of 55,009 KEUR. The main investments were made at the Hoboken (41,415 KEUR) and the Olen (7,286 KEUR) sites.

In Hoboken the first phase of the upgrade and expansion of the sampling facility was completed and is expected to become operational in the beginning of 2013.
Investments in the new biological water treatment facility and the new gas cleaning equipment are progressing as planned. Further investments were made to control emissions.

The main capital expenditures at Olen concern the installation of a new dryer, and the revamping of the demineralisation line at the cobalt plant.

In the plant at Angleur the implementation of the investment program continued. Several adaptations were made to the new furnace in order to increase flexibility and improve ergonomic use. Important investments were done to renew the electric supply network. In Vilvoorde investments continued to focus on improving security.

1.2.5. FINANCIAL FIXED ASSETS

Financial assets increased by 34,974 KEUR. Main movements can be detailed as follows:

The capital of Umicore International was increased with 274.404 KEUR (share premium included) in order to allow Umicore International to finance the acquisition of the remaining shares of Umicore Financial Services.

The sales of the shares of Umicore Financial Services brought at the same time the book value of the financial assets down with 201,834 KEUR.

Capital increases were done in Umicore Argentina and Umicore South Africa, the latter via conversion of loans into capital. Umicore France decreased its capital and pre-liquidation proceeds were received from Umicore Finance UK.

Finally, the impairments on the Nyrstar shares and on the participations in Umicore USA Inc., Umicore France, Umicore Argentina, Umicore Australia Ltd and Umicore Specialty Materials Brugge brought the assets down likewise. Also the conversion of loans into capital for Umicore South Africa was offset by an impairment posting (see above).

1.2.6. INVENTORIES

The total inventories amount to 465,396 KEUR at the end of December 2012, a decrease of 101,112 KEUR compared to end 2011.

Due to the change of payment terms for certain purchase contracts for Recycling, the payment of advances for inventory was reduced significantly. Next to that, metal inventory values decreased, mainly because of price and volume impacts for silver and gold.

1.2.7. AMOUNTS RECEIVABLE WITHIN ONE YEAR

The amounts receivable within one year decreased from 508,993 KEUR at Dec. 31st, 2011 to 259,282 KEUR at the end of December 2012 or a variance of -249,711 KEUR, reflecting lower commercial receivables (-6,861 KEUR – impact of lower turnover in the last quarter of 2012) and decreased deposits with Umicore Financial Services (- 242,881 KEUR reflecting the impact of netting short term deposits with short term borrowings, a presentation decision that better reflects the contractual agreements between Umicore and Umicore Financial Services).

1.2.8. TREASURY INVESTMENTS

The investments in own shares decreased from 246,141 KEUR to 219,259 KEUR: see pt. 1.2.2 own shares.

1.2.9. ENVIRONMENTAL PROVISIONS AND PROVISIONS FOR LIABLILITIES AND CHARGES

Further progress was made towards completing the remediation of the historical pollution of certain Umicore sites in Belgium. While the soil remediation in the nearby residential areas of the Flemish sites has been completed in 2009, remediation actions on the sites themselves and in the wider surroundings were ongoing since 2010 and continued in 2011 and 2012.

For a more detailed analysis on objectives and main realizations on this topic we refer to the annual report on the consolidated annual accounts.

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1.2.10. FINANCIAL DEBT (Long term and short term)

Total financial debt compared to December 2011 decreased by 321,461 KEUR, mirroring on the one hand the decrease in deposits with Umicore Financial Services for 242,881 KEUR (see above) and on the other hand reflecting the overall positive cash flows generated.

Long term loans (payable after more than one year and the portion payable within one year) increased by 234,000 KEUR: new long term loans were received from other group companies and banks (80,000 KEUR). On the other hand Umicore reimbursed loans to Umicore International and to Umicore Financial Services.

Short term loans, exclusively with Umicore Financial Services, decreased by 555,461 KEUR. That decrease includes the 242,881 KEUR impact of netting of short term deposits with short term borrowings, a presentation decision which reflects better the contractual agreements between Umicore and Umicore Financial Services.

1.3. PERSONNEL (social balance)

In December 2011 Umicore announced its intention to consolidate the production of its germanium-based optics products at its facility in Quapaw, Oklahoma. It was anticipated that optics production at the Olen site in Belgium would be phased out during the next 18 months with all production moving to Quapaw.

Umicore has undertaken actions in 2012 to minimize the impact on its employees at the Olen site. A re-employment plan was developed in order to secure alternative employment at the Olen or other Umicore sites. Necessary provisions were booked to cover expenses related to voluntary leave and early retirement.

2. SUBSEQUENT EVENTS

There are no subsequent events to mention, that could influence the interpretation of the annual accounts as presented.

3. DEVELOPMENT OF THE COMPANY.

In 2012 Umicore continued the implementation of its new strategy Vision 2015, announced in June 2010. Vision 2015 is Umicore's strategy that sets out the economic, social and environmental goals of the company to 2015 and beyond. Key elements driving the Vision 2015 are resource scarcity, increasingly stringent emission control, the drive for renewable energy and the electrification of the automobile. Development efforts will be focussed on those areas offering the possibility for exceptional growth. The organizational structure of the company was adapted as of June 2010 to reflect these growth drivers by introducing four new business groups: Catalysis, Energy Materials, Performance Materials and Recycling. For a broader overview of the Vision 2015 strategy and the particular 2012 achievements, we refer to the annual report on the consolidated annual accounts.

4. RESEARCH AND DEVELOPMENT

The strategy and policy on research and development are determined at group level. For a more detailed analysis of the research and development activities we refer to the annual report on the consolidated annual accounts.

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5. CORPORATE GOVERNANCE STATEMENT

5.1. CORPORATE GOVERNANCE CODE

Umicore has adopted the 2009 Belgian Code on Corporate Governance as its reference code.

The English, Dutch and French versions of the Code can be found on the website of the Belgian Corporate Governance Committee (www.corporategovernancecommittee.be).

The Corporate Governance Charter describes in detail the governance structure of the Company, the policies and procedures of the Umicore Group. The Charter is available on the Umicore website (www.umicore.com/governance) and may be obtained on request from Umicore's Group Communications Department.

5.2. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Umicore's corporate governance systems and procedures are in line with the 2009 Belgian Code on Corporate Governance.

5.3. COMPOSITION AND FUNCTIONING OF MANAGEMENT BODIES AND COMMITTEES

5.3.1. General

The Board of Directors is the ultimate decision-making body of Umicore save for those matters reserved to the shareholders by the Belgian Companies Code or by Umicore's articles of association. The 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 Chief Executive Officer, who is also the chairman of the Executive Committee. The Executive Committee is responsible for elaborating the overall strategy of Umicore and for submitting it to the Board for review and approval. It is responsible for implementing such strategy and for ensuring the effective oversight of the business units and corporate functions. The Executive Committee is also responsible for screening the various risks and opportunities that the Company might encounter in the short, medium or longer term (see Risk Management section) and for ensuring that systems are in place to address these. The Executive Committee is jointly responsible for defining and applying Umicore's approach to sustainable development.

5.3.2. Shares - shareholders

5.3.2.1. Issued shares – capital structure

At 31 December 2012 there were 120,000,000 Umicore shares in issue. The history of the Umicore capital representation can be found at www.umicore.com/investorrelations/. The following shareholders had declared a participation of 3 % or more as of 31 December 2012:

- Umicore (own shares):	8,113,488 shares (6.76%)
- BlackRock Investment Management (UK) Limited:	5,957,971 shares (4.96%)
- Fidelity Management and Research LLC:	4,008,663 shares (3.34%)
- Vanguard Precious Metals and Mining Fund:	3,620,000 shares (3.02%)

On 31 December 2012 Umicore owned 8,113,488 of its own shares representing 6.76 % 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 Corporate Governance Charter and on Umicore's website respectively.

During the year 1,106,000 own shares were used in the context of the exercise of employee stock options and 24,450 shares were used for a share grant, of which 2,700 to the Board members and 21,750 to the Executive Committee members.

5.3.2.2. Dividend policy and payment

Umicore's policy is to pay a stable or gradually increasing dividend. There is no fixed pay-out ratio. The dividend is proposed by the Board at the ordinary (or annual) general meeting of shareholders. No dividend will be paid which would endanger the financial stability of the Company.

In 2012 Umicore paid a gross dividend of € 1.00 per share relating to the financial year 2011. This represented an increase of € 0.20 per share compared to the gross dividend in respect of the financial year 2010.

In August 2012 the Board, in line with the Umicore dividend policy, decided to pay an interim dividend, equal to 50 % of the total dividend declared for the previous financial year. As a result a gross interim dividend of € 0.50 per share was paid as from 6 September 2012. On 6 February 2013 the Board decided to propose to shareholders a total gross dividend of € 1.00 per share relating to financial year 2012. If the appropriation of profit proposed to shareholders is approved, the gross pay out of the dividend in May 2013 would therefore amount to € 0.50 per share (i.e. the total dividend less the interim payment).
The System Paying Agent designated for the payment of the 2012 dividend is:

KBC Bank
Havenlaan / Avenue du Port 2
1080 Brussel

5.3.2.3. Shareholders' meetings 2012

According to Umicore's articles of association, the annual shareholders' meeting takes place on the last Tuesday of April at 5 p.m.

In 2012, the annual shareholders' meeting took place on April 24. At this meeting the shareholders approved the standard resolutions regarding the annual accounts, the appropriation of the results and the discharges to the directors and to the statutory auditor regarding their respective 2011 mandates. In addition the shareholders re-appointed Thomas Leysen and Marc Grynberg as directors for a further three years, and renewed Klaus Wendel's mandate as director for two years. The shareholders appointed Rudi Thomaes as a new, independent director for three years. The annual shareholders' meeting also approved the remuneration of the Board for 2012. Details of the fees paid to the directors in 2012 are disclosed in the Remuneration Report.

A special shareholders' meeting, also held on 24 April 2012, approved change-of-control provisions as provided in a revolving credit facility agreement in accordance with Article 556 of the Belgian Companies Code.

Finally, on 31 May 2012 an extraordinary shareholders' meeting renewed the authorization conferred to the Company and its subsidiaries to acquire, for a duration of 18 months, Umicore shares on a regulated market within a limit of 10% of the subscribed capital, at a price per share between € 4 and € 75.

5.3.3. The Board of Directors

5.3.3.1. Composition

The Board of Directors, whose members are appointed by the shareholders' meeting resolving by a simple majority of votes without any attendance requirement, is composed of at least six members. The directors' term of office may normally not exceed four years. In practice, directors are elected for a (renewable) period of three years.

Directors 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 directors. The articles of association provide for the possibility for the Board to appoint directors in the event of a vacancy. The next general shareholders' meeting must decide on the definitive appointment of the above director. The new director completes the term of office of his or her predecessor.

On 31 December 2012, the Board of Directors consisted of ten members: nine non-executive directors and one executive director. On the same date five of the ten directors were independent in accordance with the criteria laid down in Article 526ter of the Belgian Companies Code and provision 2.3 of the 2009 Belgian Code on Corporate Governance.
Two (i.e. 20 %) of the ten Board members in function on 31 December 2012 are women. Umicore is committed to reach the minimum representation threshold of one-third as imposed by the Belgian Companies Code and the recommendations of the Belgian Corporate Governance Committee well within the imposed time frame, i.e. before 1 January 2017. Both the Nomination & Remuneration Committee and the Board will in this respect seriously take into consideration the gender diversity requirement when examining Board mandate vacancies in the coming years.

The composition of the Board of Directors underwent the following changes in 2012:
- the mandate of Guy Paquot expired at the annual shareholders' meeting held on 24 April 2012 due to the age limit imposed by the Corporate Governance Charter;
- Rudi Thomaes was appointed as new, independent director for a period of three years as of the same date.

5.3.3.2. Meetings and topics

The Board of Directors held six regular meetings in 2012. On one occasion the Board also took decisions by unanimous written approval.

Major matters reviewed by the Board in 2012 included:

- Financial performance of the Group;
- Approval of the annual and half-year financial statements;
- Adoption of the statutory and consolidated annual accounts including the result allocation and annual dividend proposal, as well as the statutory and consolidated annual reports;
- Approval of the agenda of the shareholders' meetings and calling of these meetings;
- Budget;
- Vision 2015 progress report;
- Investment projects;
- Sustainable Development review;
- Business risk assessment;
- Business updates and technology review;
- Mergers & acquisitions updates;
- Investor Relations, Human Resources and Tax review;
- Annual performance review of the Chief Executive Officer and the other members of the Executive Committee in respect of 2011;

- Succession planning at the level of the Board and the Executive Committee, including the appointment of Filip Platteeuw and Stephan Csoma as new members of the Executive Committee with effect as of 1 November 2012;

- Distribution of an interim dividend.

The Board also visited the Umicore battery materials facility in Cheonan (South Korea) as well as the Technical Materials and the Solvicore facilities in Hanau (Germany).

5.3.3.3. Performance review of the Board and its Committees

The previous assessment of the performance, size and composition of the Board and its Committees took place in 2011. It included individual interviews of the directors and the company secretary and was led by the Chairman, therein assisted by the Nomination & Remuneration Committee and an external advisor. The results of the review were discussed at the level of the Board on 8 June 2011.

The next performance review is scheduled for 2013.

5.3.4. Board Committees

5.3.4.1. Audit Committee

The Audit Committee's composition and the qualifications of its members are fully in line with the requirements of Article 526bis of the Belgian Companies Code and the 2009 Belgian Code on Corporate Governance.

The Audit Committee consists of three non-executive directors, two of them being independent.

Four Audit Committee meetings were held in 2012. Besides the review of the 2011 accounts and those of the first half of 2012, the Committee also reviewed the following matters: the regulatory compliance in supply chain, the metal leases credit lines process, the changes in the transfer pricing landscape, the foreign exchange risks and related controls, the status on the minimum internal control requirements ("MICR"), an overview of the long term employee benefits liabilities in the Umicore group and the internal audit activity reports. Furthermore, the Audit Committee conducted a review of its own performance and the fees paid to the statutory auditor.

5.3.4.2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of three members who are all non-executive directors, two of them being independent. It is chaired by the Chairman of the Board. Guy Paquot was replaced as Nomination & Remuneration Committee member by Rudi Thomaes with effective date 24 April 2012.

Two Nomination & Remuneration Committee meetings were held in 2012. During the same period the Nomination & Remuneration Committee reviewed the remuneration policy for the Board members, the Board Committees members and Executive Committee members and the rules of the stock grant and option plans offered in 2012 as well as of the variable remuneration scheme for 2012.

The Nomination & Remuneration Committee was actively involved in the appointment of Rudi Thomaes as new director. It also assisted the Board in the nomination of Filip Platteeuw and Stephan Csoma as new members of the Executive Committee and in the replacement of William Staron as EVP Catalysis following his retirement.

5.3.5. Executive Committee

5.3.5.1. Composition

The Executive Committee has the form of a “Comité de Direction/Directiecomité” as meant under Article 524bis of the Belgian Companies Code.

The Executive Committee is composed of at least four members. It is chaired by the Chief Executive Officer, who is appointed by the Board of Directors. The members of the Executive Committee are appointed by the Board of Directors upon proposal by the Chief Executive Officer and recommendation of the Nomination & Remuneration Committee.

On 31 December 2012 the Executive Committee consisted of eight members including the Chief Executive Officer.

During 2012 the composition of the Executive Committee underwent the following changes:

- The mandate of Ludo Vandervelden as Chief Financial Officer and member of the Executive Committee ended with effective date 1 November 2012;
- Filip Platteeuw was appointed Chief Financial Officer and member of the Executive Committee with effective date 1 November 2012;
- Pascal Reymondet, previously member of the Executive Committee as Executive Vice-President Performance Materials, was appointed Executive Vice-President Catalysis with effective date 1 November 2012;
- Stephan Csoma was appointed Executive Vice-President Performance Materials and member of the Executive Committee with effective date 1 November 2012.

Following William Staron’s retirement as Executive Committee member with effective date 1 January 2013 the Executive Committee will consist of seven members, including the Chief Executive Officer, from that date onwards.

5.3.5.2. Performance Review

A review of the performance of each Executive Committee member is conducted annually by the Chief Executive Officer and discussed with the Nomination & Remuneration Committee. The results are presented to the Board of Directors and discussed by the Board.

The Board also meets annually in non-executive session (i.e. without the Chief Executive Officer present) to review and discuss the performance of the Chief Executive Officer.

The above performance reviews took place on 8 February 2012.

5.4. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Taking calculated risks is an integral part of the development of any company. Umicore’s Board of Directors is ultimately responsible for assessing the risk profile of the company within the context of the company strategy and external factors such as market conditions, competitor positioning, technology developments etc and ensuring that adequate processes are in place to manage these risks. Umicore’s management is tasked with successfully exploiting business opportunities whilst at the same time limiting possible business losses. In order to achieve this, Umicore operates a comprehensive risk management system. The aim of this system is to enable the company to identify risks in a proactive and dynamic way and to manage or mitigate these identified risks to an acceptable level wherever this is possible. Internal control mechanisms exist throughout Umicore to provide management with reasonable assurance of the company’s ability to achieve its objectives. These controls cover the effectiveness and efficiency of operations, the reliability of financial processes and reporting, the compliance with laws and regulations, and provide for the mitigation of errors and fraud risks.

5.4.1. Risk management process

Each of Umicore's business units operates in an environment which carries specific growth expectations and differing degrees of market and technological uncertainty. Therefore, the primary source of risk identification lies with the business units themselves.

The first step in the risk management process is to enable and channel the identification of the various material risks. Umicore has established a business risk assessment process to be undertaken by each business unit and corporate department. The process requires that all units carry out a risk scan in order to identify all significant risks (financial and non-financial) that might affect the ability of the business unit to meet its objectives as set out in its strategic plans. The process then requires that each of these risks be described in detail in a risk card. Besides the assessment of potential impact and likelihood, the risk card also contains information on the the status of any management action or mitigation plan and the ownership thereof.

These risk cards are then fed back to the member of the Executive Committee responsible for that peculiar business area. A consolidated review takes place at the level of the Executive Committee, the outcome of which is presented to the Audit Committee and to the Board of Directors. The Audit Committee, on behalf of the Board of Directors carries out an annual review of the company's internal control and risk management systems and looks into specific aspects of internal control and risk management on an on-going basis.

Each business unit and corporate department is responsible for the mitigation of its own risks. The Executive Committee intervenes in cases where managing a certain risk is beyond the capacities of a particular business unit. The Executive Committee and the Chief Executive Officer are also responsible in a broader context for identifying and dealing with those risks that affect the broader group such as strategic positioning, funding or macroeconomic risks. A specific monitoring role is given to Umicore Internal Audit department in order to provide oversight for the risk management process.

5.4.2. Internal control system

Umicore adopted the COSO framework for its Enterprise Risk Management and has adapted its various controls constituents within its organization and processes. “The Umicore Way” (www.umicore.com/en/aboutUs/umicoreWay/) 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 covering 164 control activities in 12 processes and 134 Group control entities. Within the MICR framework specific attention is paid to the segregation of duties and the definition of clear roles and responsibilities. A compliance threshold is established for each control activity with the ultimate goal being to achieve the target compliance level in all Umicore entities. The majority of entities made further progress in 2012 with the total average compliance scores improving by 5 percentage points. Priority was given to reach the target control maturity in those processes that are of particular importance to Umicore such as metal hedging and inventory management; in these two areas the improvement was above average. MICR compliance is monitored by means of annual self assessments to be signed off by the senior management and their outcome is reported to the Executive Committee and to the Audit Committee of the Board of Directors. The compliance assessments are also reviewed by the Internal Audit department during its missions.

5.4.3. Risk categorization

Umicore faces risks that in broad terms can be categorized as follows:

Strategic: including risks related to macro-economic and financial conditions, technological changes, corporate reputation, political and legislative environment.

Operational: including risks related to changing customer demand, supply of raw materials, distribution of products, credit, production, labour relations, human resources, IT infrastructure, occupational health and safety, emission control, impact of current or past activities on the environment, product safety, asset and data security, disaster recovery.

Financial: including risks related to treasury, tax, forecasting and budgeting, accuracy and timeliness of reporting, compliance with accounting standards, metal price and currency fluctuation, hedging.

Most industrial companies would normally expect to face a combination of the risks listed above. It is not the intention to provide exhaustive details on each risk posed to the company in this report. However, the most noteworthy strategic and operational risks either in their relevance to Umicore and its Vision 2015 targets or in the company's way of dealing with them have been highlighted below. Financial risks are discussed in greater detail in note F3 to the Consolidated Financial Statements.

5.4.4. Risk descriptions

5.4.4.1. Strategic and operational risks

5.4.4.1.1. Market risk

Umicore has a diverse portfolio of activities serving a number of different market segments and in most of its business has a truly global presence. Not one end-user market segment or industry accounts for more than 50 % of Umicore's sales. In terms of overall exposure the main end markets served by Umicore are automotive, consumer electronics and construction. Umicore's business model also focuses on sourcing secondary or end-of-life materials for recycling. In many instances the availability of these materials is dependent on the levels of activity in specific industries or at specific customers where Umicore provides closed-loop recycling services. A diverse portfolio and wide geographical presence help to mitigate the risk of over-exposure to any one particular market.

Comments on 2012: More challenging economic conditions developed in many of Umicore's end markets, particularly in the second half of 2012. This led to a decrease in sales volumes and product premiums in some of Umicore's business groups, particularly those in Performance Materials and Energy Materials.

5.4.4.1.2. Technology risk

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 represents the single biggest opportunity and risk for Umicore. In order to manage this risk and to enhance the effectiveness of technology screening and implementation processes Umicore has implemented a Group-wide Technology Innovation Management process and carries out technology reviews at Executive Committee level every year. All business units are also expected to carry out an annual technology review. The purpose of these technology reviews is to verify the suitability, potential and risks of those technologies that are screened and pursued and to ensure that they are in line with Umicore's strategic vision. In 2009 Umicore adopted a system to track the quality of its research and development efforts. This system is primarily based on a self-assessment tool for the business units and Group R&D.

In terms of organization Umicore's R&D efforts comprise initiatives at both Group and business unit level. The position of Chief Technology Officer (CTO) was created in 2005. with the aim of stimulating the various R&D efforts through the Group, ensuring the alignment of the R&D roadmap with strategic priorities and achieving a balance between current technology needs and longer-term opportunities. Five R&D platforms provide a framework for those elements that have a high degree of relevance across the Group namely Fine Particle Technology, Recycling & Extraction Technology, Scientific and Technical Operations Support, Environment Health and Safety and Analytical Competences. Efforts are also made to promote best practice in knowledge management, information sharing, training and networking throughout the R&D community at Umicore.

To the greatest extent possible, the financial support for the Group's R&D efforts is maintained irrespective of short-term fluctuations in the financial performance of the Group. With regard to intellectual property (IP) risk, a Group IP committee co-ordinates the protection of IP at Group level and promotes best practice in this regard at the level of the business units, which have their own IP committees.

Comments on 2012: In 2012 the Executive Committee undertook 14 dedicated technology reviews. This compares to five reviews in 2011. These reviews focused on the technology developments that will be key to achieving Vision 2015 growth ambitions and covered both product and process developments in automotive catalysis, fuel cell catalysts, rechargeable battery materials and recycling technologies.

<u>5.4.4.1.3. Supply risk</u>

Umicore is reliant on supplies of certain metals or metals-containing raw materials in order to manufacture its products. Some of these raw materials are comparatively rare. In order to mitigate the risk of supplies becoming difficult to source Umicore enters into longer-term contracts with its suppliers wherever possible. In some cases the company holds strategic reserve stocks of certain key raw materials. The company also attempts to source its materials from a geographically diverse range of locations. Umicore's focus on recycling also means that its supply needs are only partially dependent on supplies of virgin material from mines - a significant proportion of the company's feed coming from secondary industrial sources or end-of-life materials. Where possible Umicore seeks to partner with customers in a "closed-loop" business model thereby integrating sales and the recycling of the customer's residues in one package. Umicore has developed a Sustainable Procurement Charter that has been designed to drive further improvements in the company's approach to sustainable procurement and is being rolled out towards Umicore's suppliers.

Comments on 2012: Umicore made further progress in 2012 with regards to its efforts to demonstrate compliance with the Dodd Frank Act in the US (see also our 2011 Annual Report. While Umicore does not source conflict minerals and is not itself subject to the Dodd Frank Act, the company is proactively addressing the issue with a number of its customers and suppliers. In 2012 Umicore took steps, together with relevant industry associations, to provide assurances to customers about the conflict-free nature of the gold that it recycles or which is used in its products. In Precious Metals Refining the company worked with the London Bullion Market Association (LBMA) towards a 2013 audit of its processes and supply streams while a similar process was undertaken by Jewellery & Industrial Metals together with the Responsible Jewelry Council (RJC). In Technical Materials, which purchases tin from suppliers for incorporation in various products, the focus was on obtaining conflict-free documentation from key suppliers. In early 2013 Umicore formally adopted a conflict minerals policy. For general comments on the progress in implementing Umicore's Sustainable Procurement Charter, we refer to the annuals report on the consolidated accounts.

5.4.4.1.4. Substitution risk

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 to integrate in their products should those of Umicore not provide this optimum balance. The risk is especially present in those businesses producing materials containing expensive metals (especially those with historically volatile pricing characteristics). Umicore actively seeks to pre-empt this search for substitute materials by developing such substitutes itself using less costly materials with lower pricing volatility and where possible without impacting the performance provided for the customer's product.

Comments on 2012: No specific developments took place with regards to substitution risk during 2012.

5.4.4.1.5. Regulatory risk

Like all companies, Umicore is exposed to the evolution of the regulatory environment in the countries or regions within which it does business. It should be noted that Umicore's businesses stand to benefit from certain regulatory trends, notably those regarding more stringent emission controls for vehicles and enforced recycling of end-of-life products such as electronic goods.

However, some environmental legislation does present operational challenges: The REACH Directive came into force in the European Union in June 2007 and it introduced the need for new operational procedures regarding the registration, evaluation and authorization of chemical substances. Umicore has created an operational network of REACH managers from all of its business units, coordinated by a corporate REACH implementation manager.

Umicore has submitted 114 registrations for 100 different substances to the European Chemicals Agency (ECHA) covering 13 European legal entities. The files were either jointly prepared with other companies acting in consortia or by Umicore alone. All costs associated with REACH compliance, including the cost of registration, are covered under normal operating expenditures.

Umicore monitors closely all changes in interpretation as well as guidance documents which might affect its REACH implementation strategy. Umicore is actively involved in industry association working groups to make sure a consistent approach is followed and that the metal specifics are understood by the regulators and the companies.

Comments on 2012: With regards to REACH, following the revised Guidance on Intermediates published by ECHA in 2010, Umicore has re-assessed its intermediates against the more stringent "Strictly Controlled Conditions" interpretation and has put an action plan in place to upgrade some 30 dossiers to full dossiers, using the methodologies and agreements developed and proposed to ECHA by the metals industry. Due to new insights, 22 of the previously submitted registrations were considered redundant and have been deactivated accordingly. Several registrations were updated in 2012 based on newly available data. Further progress was made with various consortia with regards to registrations due in 2013 and 2018.

5.4.4.2. Financial risk

As indicated above, Umicore has implemented a specific series of Minimum Internal Control Requirements to mitigate financial risks. The 12 specific areas covered by MICR are: Internal Control Environment, Financial Closing & Reporting, Fixed Assets, Procure-To-Pay, Order-To-Cash, Inventory Management, Hedging, Treasury, Tax, Information Systems Management, Human Resources, Travel & Entertainment. An internal guide - the Umicore Financial Reporting Standard – provides the framework for common understanding of Umicore's accounting policies, application of IFRS, and general reporting practices. Below three of the most salient financial risks have been summarized. A full description of pure financial risks and their management can be found in note F3 to Consolidated Financial Statements.

5.4.4.2.1. Debt and credit risk

Umicore aims to safeguard the business through sound financial management and by maintaining a strong balance sheet. Although there is no fixed target regarding debt levels the company aims to maintain an investment grade status at all times. We also seek to maintain a healthy balance between short term and longer term debt and between debt secured at fixed and floating interest rates. Umicore has a monitoring process to screen banks for counterparty risk. Umicore is exposed to the risk of non-payment from any counterparty in relation to sales of goods or other commercial operations. Umicore manages this risk through application of a credit risk policy. Credit insurance is often used to reduce the overall level of risk but in certain businesses no insurance is used. This is primarily in those businesses with a significant level of customer concentration or those with a specific and close relationship with their customers and where the cost of insurance is not deemed justifiable in proportion to the risks involved. Business managers are also encouraged to pay particular attention to the evolution of trade receivables. This is done in the broader context of working capital management and Group efforts to reduce capital employed. The largest part of the variable pay of managers is linked to return on capital employed (ROCE).

5.4.4.2.2. Currency risk

Umicore is exposed to structural, transactional and translational currency risks. Structural currency risk exists where the company generates more revenues in one currency compared to the costs incurred in that currency. The single biggest sensitivity of this nature exists for the US dollar. Transactional currency exposure is hedged systematically while the company sometimes engages in structural currency hedges that help secure future cash flows.

Umicore also faces translational currency risks where it consolidates the earnings of subsidiaries not using the Euro as their reporting currency. This risk is typically not hedged.

5.4.4.2.3. Metal price risk

Umicore is exposed to risks relating to the prices of the metals which it processes or recycles. The structural metals-related price risks relate mainly to the impact that metal prices have on surplus metals recovered from materials supplied for treatment. Transactional metals price risks are linked to the exposure to any fluctuations in price between the moment raw materials are purchased (i.e., when the metal is “priced in”) and the moment the products are sold (i.e., when the metal is “priced out”). A risk also exists in the company’s permanently tied up metal inventories. This risk is related to the market metal price moving below the carrying value of these inventories. Transactional metal price exposure is hedged systematically while the company sometimes engages in structural metal price hedges that help secure future cash flows.

5.4.4.2.4. Taxation

The tax charge included in the financial statements is the Group's best estimate of its tax. There is a degree of uncertainty regarding the final tax liability for the period until completion of tax audits by the authorities. The Group's policy is to submit tax returns within the statutory time limits and engage tax authorities to ensure that the Group's tax affairs are as current as possible and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible. Given the scale and the international nature of the Group's business, VAT, sales tax and intra-Group transfer pricing are an inherent tax risk as it is for other international businesses. Changes in tax laws or in their application with respect to matters such as transfer pricing, VAT, foreign dividends, R&D tax credits and tax deductions, could increase the Group's effective tax rate and adversely affect its financial results.

Comments on 2012: No material changes took place with regards to the nature or management of the financial risks faced by Umicore during 2012.

5.5. RELEVANT INFORMATION IN THE EVENT OF A TAKE-OVER BID

5.5.1. 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 market abuse regulations.

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

5.5.2. Holders of securities with special control rights

There are no such holders.

5.5.3. Voting right restrictions

The Company'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 laid down in Article 17 of the articles of association. According to Article 7 of the articles of association the rights attached to shares held by several owners are suspended until one person is appointed as owner vis-à-vis the Company.

To the Board's best knowledge none of the voting rights attached to the shares issued by the Company were suspended by law on 31 December 2012, save for the 8,113,488 shares held by the Company itself on that date (Article 622 §1 of the Belgian Companies Code).

5.5.4. Employee stock plans where the control rights are not exercised directly by the employees

The Company has not issued such employee stock plans.

5.5.5. Shareholders' agreements

To the 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.

5.5.6. Amendments to the Articles of Association

Save for capital increases decided by the Board of Directors 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, as well as 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 subscribed capital represented. As a general rule amendments to the articles of association are only adopted if approved by 75 % of the votes cast. The Belgian Companies Code 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 not amended in 2012.

5.5.7. Authorized capital – buy-back of shares

The Company's share capital may be increased following a decision of the 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 2011 (resolutions published on 10 June 2011) has authorized the Board to increase the Company's share capital in one or more times by a maximum amount of € 50,000,000. Up until 31 December 2011 this authorization had not been used. It will lapse on 9 June 2016.

Following a resolution of the extraordinary shareholders' meeting held on 31 May 2012 the Board is authorized to acquire own Company shares on a regulated market within a limit of 10% of the subscribed capital, at a price per share comprised between € 4.00 and € 75.00 and for a duration of 18 months which will lapse on 30 November 2013. The same authorization was also granted to the Company's subsidiaries. No own shares were purchased by the Company or any of its subsidiaries in implementation of the above authorization (or of the previous authorization granted on 29 October 2010) during 2012 . The Board will propose to the extraordinary shareholders' meeting of 30 April 2013 or, in the event that the legal presence quorum will not be met, 23 May 2013 to renew this authorization for a period ending on 30 June 2015.

5.5.8. Agreements between the Company and its Board members 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

All the senior vice-presidents of the Group are entitled to a compensation equivalent to 36 months base salary in the event of a dismissal within twelve months of 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.

5.6. REMUNERATION REPORT

5.6.1. Board of Director's remuneration

5.6.1.1 Remuneration policy for the Board of Directors

As a principle the remuneration of the non-executive members of the Board should be sufficient to attract, retain and motivate individuals who have the profile determined by the Board. The remuneration level should take into account the responsibilities and the commitment of the Board members. On the basis of the recommendation made by the Nomination & Remuneration Committee as to the form and structure of remuneration, the Board of Directors adopts the policy for remuneration of the non-executive Directors. The Nomination & Remuneration Committee bases its proposals on a review of prevailing market conditions for quoted companies which are part of the BEL 20 index as well as other

European companies of similar size operating in the Chemicals, Metals and Materials sectors. The results of the survey are discussed within the Nomination & Remuneration Committee and the Board determines the remuneration for non-executive Directors and Board Committee's members to be proposed to the annual shareholders' meeting.

5.6.1.2. Non-executive directors' remuneration

The remuneration of the non-executive Board members in 2012 was maintained at the same level as in the prior year and comprised the following elements:

- **Chairman:** annual fixed fee: € 40,000 + € 5,000 per meeting attended + 300 Umicore shares.
- **Director:** annual fixed fee: € 20,000 + € 2,500 per meeting attended + 300 Umicore shares.

The remuneration of the Board Committee members was the following in 2011:

Audit Committee

- **Chairman:** annual fixed fee: € 10,000 + € 5,000 per meeting attended.
- **Member:** annual fixed fee: € 5,000 + € 3,000 per meeting attended.

Nomination and Remuneration Committee

- **Chairman:** € 5,000 per meeting attended.
- **Member:** € 3,000 per meeting attended.

5.6.2. CEO and Executive Committee remuneration

5.6.2.1. Remuneration policy for the CEO and the Executive Committee

The Nomination & Remuneration Committee defines the remuneration policy principles for the CEO and Executive Committee and submits them to the Board of Directors for approval. It strives to have a fixed remuneration to reflect the level of responsibility and in line with market practices, as well as an attractive variable remuneration to reward the performance of the company against financial and sustainability criteria.

The compensation & benefits package for the CEO and Executive Committee members includes the following components: fixed remuneration, variable remuneration, share based incentives subject to a lock-up period (share grant and incentive stock option plans), pension plans and other benefits.

The remuneration of the CEO and Executive Committee members is reviewed on an annual basis by the Nomination & Remuneration Committee. A survey is conducted every year to assess the competitiveness of the remuneration packages. Umicore benchmarks the total direct remuneration of the Executive Committee members against BEL 20 companies and European peer companies.

Anticipating the changes in Belgian Corporate Governance law relating to variable remuneration of the Executive Committee members, the Board of Directors approved on 10 February 2010 a new variable remuneration policy for the Executive Committee, to apply as from the reference year 2010. The new policy is in line with the Belgian law of 6 April 2010, which amongst others makes it mandatory to defer the payment of half of the variable remuneration and make it subject to multi-year targets or criteria.

5.6.2.2. Changes to CEO and Executive Committee remuneration as from 1 January 2012

In order to determine adequate remuneration levels for its CEO and Executive VP's, Umicore conducted end 2011 surveys against the remuneration package of executive directors of quoted companies on the BEL 20 index as well as other multinational companies that are comparable to Umicore in terms of size and complexity.

The results of these surveys which were reviewed by the Nomination & Remuneration Committee of 7 February 2012 demonstrated that the positioning of the annual fixed remuneration was at the low end of the range, well below the median, while the total remuneration package was adequately positioned. In particular, the surveys showed that the value of stock options relative to the fixed remuneration was too high in comparison with the market values.

Based on a proposal of the Nomination & Remuneration Committee, the Board of Directors on 8 February 2012 decided to rebalance certain components of the remuneration package while maintaining the value of the total package, and approved the following changes to take effect in January 2012.

5.6.2.2.1. CEO's remuneration package

The Board of Directors decided to increase as from 1 January 2012 the annual fixed remuneration of the CEO from € 520,000 to € 660,000 and the annual variable cash remuneration potential from € 520,000 to € 540,000 of which half is subject to deferral. In parallel, the number of stock options offered annually is reduced from 90,000 to 75,000 as from 2012. The other components and rules linked to the remuneration package remain unchanged.

5.6.2.2.2. Executive Committee members' remuneration package

The Board of Directors decided to adjust the annual fixed remuneration with the cost of living and to convert 7,500 options into a mix of fixed and variable remuneration for each Executive Committee member. Consequently, as from the reference year 2012, all members of the Executive Committee are eligible for the same annual variable cash remuneration potential of € 300,000 (compared to € 280,000 previously), half of which is subject to deferral. Furthermore, as mentioned above, the number of stock options offered annually to each member of the Executive Committee is reduced from 25,000 to 17,500 as from 2012. The other components and rules linked to the remuneration package remain unchanged.

5.6.2.3. CEO's compensation and benefits

5.6.2.3.1. Fixed remuneration

The CEO received a fixed remuneration of € 660,000 in 2012.

5.6.2.3.2. Variable cash remuneration scheme and evaluation criteria

As from the reference year 2012 the CEO's annual variable cash remuneration potential amounts to € 540,000, half of which relates to an undeferred pay-out based on the individual performance including the annual overall financial performance of the Group, the progress achieved against Group strategic and sustainable development objectives, and adherence to the values of the Group.

The other half of the variable remuneration, for which the pay-out is deferred, is based on the Umicore Group profitability criterion, i.e. the Return on Capital Employed (ROCE), as published in the annual report. The deferred pay-out is assessed over a multi-year timespan, with half of it paid after a period of two years based on the two year average ROCE. The other half is paid after a period of three years using as a reference the three year average ROCE. The ROCE range is set between 7.5 % (= payout of 0%) and a maximum of 17.5 % (= payout of 100%). When the achieved ROCE percentage falls between any of the above targets, the payout will be pro-rated. The payout percentage will be applied on the relevant annual variable cash remuneration potential i.e. a quarter of the annual variable cash remuneration potential of the reference year for each deferred pay-out year.

The variable cash remuneration may be converted partly or totally into Umicore shares at the discretion of the CEO.

There are no provisions allowing the Company to reclaim any variable remuneration paid to the CEO.

At the beginning of every reference year the individual objectives are discussed during a session of the Nomination & Remuneration Committee. During a Board session they are presented by the Chairman, discussed and approved by the Board.

The annual performance of the CEO is assessed by the Nomination & Remuneration Committee and the results of this assessment are presented by the Chairman and discussed during a Board session where the CEO is not present.

In 2013 the CEO will receive a gross cash variable remuneration totaling € 150,000. This represents the undeferred individual component of his variable cash remuneration in respect of the performance achieved in 2012.

In addition to the undeferred individual 2012 variable cash remuneration, the CEO will also receive in 2013 the 2nd half of the deferred payment of his variable cash remuneration for the reference year 2010 based on the three year average ROCE for the years 2010, 2011 and 2012. The Group ROCE averaged 17.6% over these 3 years, giving rise to a percentage payout of 100% which applies to one quarter of the annual variable cash remuneration potential for the year 2010, corresponding to € 125,000.

The CEO will also receive in 2013 the first half of the deferred payment of his variable cash remuneration for the reference year 2011 based on the two year average ROCE for the years 2011 and 2012. The Group ROCE averaged 17.7% over these two years, giving rise to a percentage payout of 100% which applies to one quarter of the annual variable cash remuneration potential for the year 2011, corresponding to € 130,000.

5.6.2.3.3. Share-based incentives (stock grant and share options)

Umicore shares are granted to the CEO at the discretion of the Board of Directors in recognition of services rendered in the previous year. The number of shares granted to the CEO in 2013 for services rendered in 2012 was 3,000 with a price at grant of € 36.375 per share and a total value at grant of € 109,125. The grant was decided by the Board of Directors on 6 February 2013 and the shares are subjected to a three year lock-up and are not subjected to forfeiture conditions.

In 2012, 75,000 stock options were granted to the CEO as part of the Umicore Incentive Stock Option Plan 2012, implemented by the Board of Directors on 8 February 2012. These options have a strike price of € 35.32 and had a notional value (calculated on the basis of the Present Economic Value model) at grant of € 551,768. There is no vesting period and the options can be exercised from 1 March 2015 until 12 February 2019. Stock options allow the beneficiary to acquire a specific number of Umicore shares at a fixed price (the exercise price) within a specific period of time.

Shares and stock options are not linked to individual or business performance criteria and as such should not be considered as a variable remuneration as meant under the Belgian

Corporate Governance law of 6 April 2010.

5.6.2.3.4. Pension and other benefits

Pensions include both defined contribution plans and the service cost of defined benefit plans. Other benefits are representation allowance, benefits in kind (Company car), and insurance.

5.6.2.3.5. Total CEO remuneration for 2012

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

Total remuneration earned by the CEO Marc Grynberg - in €	**2011**	**2012**
Status of the CEO	Self-employed	Self-employed
Fixed Remuneration	520,000	660,000
Variable Remuneration		
Current year	255,000	150,000
Deferred from previous year	125,000	130,000
Deferred from year prior to previous year		125,000
Total gross cash remuneration	**900,000**	**1,065,000**
Non-cash elements		
- Notional value of the free shares granted (services rendered in the ref. year)	108,000	109,125
- Notional value at grant of the incentive stock options	997,200	551,768
- Pension		
Defined contribution plan	185,534	195,030
Defined benefits plan (service cost)	50,274	52,807
- Other Benefits : Representation allowance, company car, insurance	30,747	47,092
Total	**2,271,755**	**2,020,822**

5.6.2.4. Executive Committee member's compensation and benefits

5.6.2.4.1. Fixed remuneration

The fixed remuneration can be different for each Executive Committee member and depends on criteria such as experience. In aggregate in 2012 the Executive Committee (excluding the CEO) received € 3,029,251 in fixed gross remuneration including the indemnity that was paid to Ludo Vandervelden when his contract as Chief Financial Officer was terminated.

5.6.2.4.2. Variable cash remuneration scheme and evaluation criteria

Umicore has adopted a variable cash remuneration scheme which aims to ensure that all Executive Committee members are rewarded in line with their annual individual performance as well as the overall performance of the Umicore Group.

All the members of the Executive Committee are eligible for the same annual variable cash remuneration potential for the reference year 2012 amounting to € 300,000, half of which involves an undeferred pay-out based on the annual individual performance (including adherence to the values of the Group, environmental and social performance).

The other half, involving a deferred pay-out, is based on the Umicore Group ROCE profitability criterion, i.e. the Return on Capital Employed (ROCE), as published in the annual report. The deferred pay-out is assessed over a multi-year timespan, with half of it paid after a period of two years, using the two years average ROCE as the reference. The other half is paid after a period of three years based on the three years average ROCE. The ROCE range is set between 7.5% (= payout of 0%) and a maximum of 17.5% (= payout of 100%). When the achieved ROCE percentage falls between any of the above targets, the payout will be pro-rated. The payout will be applied to the relevant annual variable cash remuneration potential i.e. a quarter of the annual variable cash remuneration potential of the reference year for each deferred pay-out year.

There are no provisions allowing the Company to reclaim any variable remuneration paid to the Executive Committee members..

At the beginning of every reference year the annual individual objectives of each Executive Committee member are fixed by the CEO on basis of their areas of responsibility. The annual individual objectives are specific, measurable, agreed, realistic, time bound and take into account the group's sustainability objectives.

The annual performance of each Executive Committee member is initially assessed by the CEO. The results of the assessments and the individual variable cash remuneration proposals are presented by the CEO to the Nomination & Remuneration Committee before approval by the Board.

In 2013 the Executive Committee members will receive an aggregate variable cash remuneration totaling € 395,000 in respect to the undeferred individual component of their 2012 variable cash remuneration. In case of incomplete reference year 2012 a pro-rata is applied.

In addition to the undeferred individual payment, the Executive Committee members will also receive in 2013 the 2nd half of the deferred payment of their variable cash remuneration for the reference year 2010 based on the three year average ROCE for the years 2010, 2011 and 2012. The Group ROCE averaged 17.6% over these 3 years, giving rise to a percentage payout of 100% which applies to one quarter of the annual variable cash remuneration potential for the year 2010, corresponding to € 70,000 for each member of the Executive Committee having served as Executive VP for the full year 2010, or a pro-rata of that amount in case of an incomplete year of service. The aggregate amount is € 315,000.

The Executive Committee members will also receive in 2013 the first half of the deferred payment of their variable cash remuneration for the reference year 2011 based on the two year average ROCE for the years 2011 and 2012. The Group ROCE averaged 17.7% over these years, giving rise to a percentage payout of 100% which applies to one quarter of the annual variable cash remuneration potential for the year 2011, corresponding to € 70,000 for each member of the Executive Committee having served as Executive VP for the full year 2011, or a pro-rata of that amount in case of an incomplete year of service. The aggregate amount is € 350,000.

5.6.2.4.3. Share-based incentives (stock grant and share options)

Umicore shares are granted to the Executive Committee members at the discretion of the Board of Directors in recognition of services rendered in the previous year. The number of shares granted to the Executive Committee in 2013 for services rendered in 2012 was 16,000 (3,000 per member with the exception of Stephan Csoma and Filip Platteeuw who each received 500 shares as they assumed their position as Executive Committee member on 1 November 2012). The total aggregate value at grant was € 581,745. The price at grant was € 36.375 per share with the exception of William Staron (€ 36.29). The grant was decided by the Board of Directors on 6 February 2013 and the shares are subjected to a three year lock-up and are not subjected to forfeiture conditions..

In 2012, 105,000 stock options (17,500 options per member) were granted to the Executive Committee members as part of the Umicore Incentive Stock Option Plan 2012, implemented by the Board of Directors on 8 February 2012. The options have a strike price of € 35.32 for each Executive Committee members except for Pascal Reymondet who follows the French rules with a strike price of € 37.67. The total notional value at grant (calculated on the basis of the Present Economic Value model) amounted to € 772,476. There is no vesting period and the options can be exercised from 1 March 2015 until 12 February 2019.

Shares and stock options are not linked to individual or business performance criteria and as such should not be considered as a variable remuneration as meant under the Belgian Corporate Governance law of 6 April 2010.

5.6.2.4.4. Pension, indemnity and other benefits

Pensions include both defined contribution plans and the service cost of defined benefit plans. Other benefits include representation allowances, company cars, insurance and expatriation benefits. In relation to the latter, two members of the Executive Committee receive the usual expatriate perquisites in accordance with local market practices. For William Staron who retired as Executive Committee member on 31 December 2012, pension commitments linked with his employment contract were executed without any additional cost. In aggregate the pension costs of the Executive Committee members amounted to € 507,875 in 2012. On 5 September 2012 the Board discussed the composition of the Executive Committee. Following these discussions the Board approved changes to the composition of the Executive Committee as of 1 November 2012 subject to the absence of any objections of the Nomination & Remuneration Committee. On 18 September 2012 the Nomination & Remuneration Committee did not make any objections about the proposed changes as described in the corporate governance review. In this respect Ludo Vandervelden took up a leadership role outside the Executive Committee and therefore his contract as Chief Financial Officer ended on 31 October 2012. As specified in his contract signed in 2011 a compensation equivalent to 12 months of his annual base salary was paid. As approved by the Nomination & Remuneration Committee of 18 September 2012 a prorata variable cash remuneration based on his individual performance for the year 2012 formed part of this settlement.

5.6.2.4.5. Total aggregate Executive Committee remuneration for 2012

Total remuneration earned, in aggregate, by members of the Executive Committee in 2012 (not including the CEO) - in €	**2011**	**2012**
Fixed Remuneration (including termination indemnity)	2,005,260	3,029,251
Variable Remuneration		
Current year	655,000	395,000
Deferred from previous year	385,000	350,000
Deferred from year prior to previous year		315,000
Total gross cash remuneration	**3,045,260**	**4,089,251**
Non-cash elements		
- Notional value of the free shares granted (services rendered in the ref. year)	676,530	581,745
- Notional value at grant of the incentive stock options	1,662,000	772,476
- Pension		
Defined contribution plan	197,854	238,364
Defined benefits plan (service cost)	238,884	269,511
- Other Benefits : Representation allowances, company car, insurance, benefits linked to expatriation	351,054	394,701

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Total	6,171,582	6,346,048

5.6.3. Share and share option ownership and transactions 2012

5.6.3.1. Board of Directors share ownership 2012

Name	Shares owned at 31/12/2011	Shares owned at 31/12/2012
Thomas Leysen	871,320	626,620
Isabelle Bouillot	300	600
Uwe-Ernst Bufe	300	600
Arnoud de Pret	5,300	5,600
Ines Kolmsee	205	505
Shohei Naito	300	600
Jonathan Oppenheimer	300	600
Rudi Thomaes	0	905
Klaus Wendel	7,425	7,725
Total	**885,450**	**643,755**

5.6.3.2. Executive Committee share ownership 2012

Name	Shares owned at 31/12/2011	Shares owned at 31/12/2012
Marc Grynberg	143,000	146,000
Stephan Csoma	2,000	0
Denis Goffaux	5,000	4,500
Hugo Morel	27,250	6,000
Filip Platteeuw	3,600	1,000
Pascal Reymondet	14,750	17,750
William Staron	8,250	9,250
Marc Van Sande	21,800	15,000
Total	**225,650**	**199,500**

5.6.3.3. Executive Committee share option ownership and transactions 2012

Name	Options at 31 Dec 2011	Options granted in 2012	Number of options exercised	Average exercise price (in €)	Year of grant of options exercised	Number of options forfeited	Options at 31 Dec 2012*
Marc Grynberg	330.000	75.000	15.000	31.77	2007 / 2008	0	390.000
Stephan Csoma**	30.000	6.000	15.000	23.51	2008 / 2009	0	21.000
Denis Goffaux	28.500	17.500	0			0	46.000
Hugo Morel	125.000	17.500	75.000	24.52	2007 / 2008 / 2009	0	67.500
Filip Platteeuw**	16.500	4.500	3.500	32.57	2008	0	17.500
Pascal Reymondet	100.000	17.500	25.000	14.44	2009	0	92.500
William Staron	50.000	17.500	0			0	67.500
Marc Van Sande	90.000	17.500	15.000	26.55	2007	0	92.500

* These options can be exercised at strike prices between € 14.44 and € 39.25.
** Options granted in their capacity prior to appointment to the Executive Committee.

5.6.4. Contractual relationships

5.6.4.1. Contract between Umicore and Marc Grynberg, Chief Executive Officer

Taking into account Marc Grynberg's seniority in the Umicore Group, the Board resolved as follows in 2008:

- In case of termination of the contract by Umicore, a total compensation equivalent to 18 months of his annual base salary will be paid.
- A total compensation of three years of annual base salary as minimum indemnity will be paid to the Chief Executive Officer if his employment as Chief Executive Officer would be terminated within a 12 month period following a change of control due to a takeover bid (not cumulative with the previous provision).
- It is at the Board of Directors' discretion as to whether the variable cash remuneration would form part of any final indemnity.

5.6.4.2. Contracts between Umicore and Executive Committee members

Following a Board decision taken in 2007, in case the employment of an Executive Committee member should be terminated within twelve months of a change of control of the Company, that member would stand to receive a total compensation equivalent to 36 months' base salary. This applies for all Executive Committee members with the exception of Denis Goffaux whose employment agreement was signed on 1 July 2010, Ludo Vandervelden whose employment agreement was signed on 1 October 2011, and Stephan Csoma and Filip Platteeuw whose employment agreement was signed on 1 November 2012.

5.6.4.3. Individual arrangements in case of termination of the contract by Umicore

Stephan Csoma and Filip Platteeuw were appointed Executive Committee members on 1 November 2012. Taking into account their seniority in the Umicore Group a total compensation equivalent to 18 months of their annual base salary will be paid in case of contract termination. In line with the Belgian Corporate Governance Law of 6 April 2010, these arrangements were approved by the Nomination & Remuneration Committee of 18 September 2012 subject to the absence of any objections of the Board. It is at the Board of Directors' discretion as to whether the variable cash remuneration would form part of any final indemnity.

Denis Goffaux was appointed Chief Technology Officer on 1 July 2010. Taking into account Denis Goffaux's seniority in the Umicore Group a total compensation equivalent to 18 months of his annual base salary will be paid in case of contract termination. In line with the Belgian Corporate Governance Law of 6 April 2010, the Nomination & Remuneration Committee recommended this arrangement and this was approved by the Board of Directors on 1 June 2010. It is at the Board of Directors' discretion as to whether the variable cash remuneration would form part of any final indemnity.

The contracts of Hugo Morel and Marc Van Sande were signed before the Belgian Corporate Governance Law of 6 April 2010 came into force. In case of termination the compensation is based on age, seniority in the Umicore Group and the total compensation and benefits.

Pascal Reymondet has a German employment agreement signed on 1/3/1989 There is no contractual arrangement in case of termination and German law will therefore be applicable.

William Staron had a US employment agreement. There was no contractual arrangement in case of termination and no payments were made upon his retirement on 31 December 2012 other than those related to pension commitments.

Ludo Vandervelden's employment contract was signed in 2011. In line with the Belgian Corporate Governance Law of 6 April 2010, the total compensation in case of termination is equivalent to 12 months of his annual base salary. It is at the Board of Directors' discretion as to whether the variable cash remuneration would form part of any final indemnity**.** His contract ended on 31 October 2012 and as stated before an indemnity was paid.

5.6.5. Remuneration policy for the next two years (2012-2013)

The Board of directors does not expect to make any fundamental changes to the remuneration policy in the current and next year.

6. BRANCHES

The company has no branches.

7. CONTINUITY

The company has no losses carried forward. Article 96.6° of the Companies Code is not applicable.

8. IMPORTANT EVENTS

There are no important events to be reported.

9. CONFLICTS OF INTEREST
Article 523 of the Companies Code

On 8 February 2012, prior to the Board discussing or taking any decision with respect the CEO's remuneration (including the grant of shares and stock options), Marc Grynberg declared that he had a direct interest of a proprietary nature in the implementation of the decisions to be taken. In accordance with Article 523 of the Companies Code, Marc Grynberg left the room and did not take part in the Board's discussions and voting concerning these decisions.

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

a) Cash remuneration

The CEO received a fixed gross remuneration of € 660,000 in 2012. He also received a gross variable cash remuneration totalling € 255,000 (non-deferred part of his variable cash remuneration for the reference year 2011) in 2012. In 2013 he will furthermore receive the first half of the deferred payment of his annual variable cash remuneration for the reference year 2011, which amounts to € 130,000 based on the two year average group ROCE of the Umicore group for the reference years 2011 and 2012 (i.e. 17.7% giving rise to a 100% pay-out). The second half of the deferred payment of his annual variable cash remuneration for the reference year 2011 will be paid in 2014 and will based on the three year average group ROCE of the Umicore group for the years 2011, 2012 and 2013. The ROCE range is set between 7.5% (= payout of 0%) and a maximum of 17.5% (= payout of 100%).

b) Grant of shares and stock options

The financial consequences for the company consist of: either, to the extent that the company were to decide to retain 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 data (as the case may be, as delayed/extended in accordance with the possibility offered under Belgian law) or, to the extent that the company were to decide to sell such shares at a later date, the difference on the date of exercise of the options (as the case may be, as delayed/extended in accordance with the possibility offered under Belgian law) between the exercise price and the market value of the shares that the company would have to buy on that date.

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10. DISCHARGE

In accordance with legal and statutory requirements, we hereby request to discharge the Directors and statutory auditor for the exercise of their mandate for the accounting year 2012.

The Board of Directors
Brussels, 15 March 2013.

Marc Gruenberg T. Lieguer