

## **Corporate Governance Statement**

Nyrstar NV (the 'Company') has prepared this Corporate Governance Statement in accordance with the Belgian Code on Corporate Governance of 12 March 2009 (the "Belgian Code on Corporate Governance") for this reporting year, ending on 31 December 2019.

The Company is currently reviewing its governance structure to comply with the Belgian Code on Corporate Governance of 9 May 2019 (the '2020 Belgian Code on Corporate Governance'), which applies compulsorily to reporting years beginning on or after 1 January 2020. This review will be conducted duly considering all circumstances, including the current operations of the Company, the Company's holding company status and the fact that the shareholders meeting of the Company, on 9 December 2019, resolved on the discontinuation of the activities of the Company (the "9 December Resolution") such that the Company is now preparing to convene the extraordinary shareholders' meeting to deliberate upon the dissolution of the Company.

This Corporate Governance Statement is included in the Company's report of Board of Directors on the statutory accounts for the financial year ended on 31 December 2019 in accordance with article 96 of the Belgian Companies Code (article 3:6§2 of the Belgian Code of Companies and Association).

### **Corporate Governance Charter**

The Company adopted a Corporate Governance Charter in accordance with the Belgian Code on Corporate Governance. The Company applies the nine corporate governance principles contained in the Belgian Code on Corporate Governance. The Company also complies with the corporate governance provisions set forth in the Belgian Code on Corporate Governance, except as provided and explained below.

As an exception to the foregoing, the general shareholders' meeting held on 19 April 2018 approved that certain non-executive directors would be remunerated fully or partly in deferred shares units, and not in cash (see further in the Remuneration Report). This is a deviation from the provisions of section 7.7 of the Belgian Code on Corporate Governance, which provides that non-executive board members should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits. The Board of Directors sought the approval from the general shareholders' meeting for such remuneration in deferred shares, as it believed that granting non-executive directors the opportunity to be remunerated in whole or in part in deferred Shares of the Company rather than in cash enables the non-executive directors to link their effective remuneration to the future performance of Nyrstar and to strengthen the alignment of their interest with the interest of the Company's shareholders. Given the completion of the Restructuring on 31 July 2019, the Board of Directors did not seek a similar resolution by the general shareholders' meeting held on 5 November 2019.

As announced on 18 January 2019, Mr König assumed the role of Executive Chairman. The role of Mr König as Chairman of the Board of Directors remained the same. Mr König remained responsible for the leadership and the proper and efficient functioning of the Board as per section 1.9 of the Corporate Governance Charter. As an additional responsibility, Mr König was, in his capacity of Executive Chairman, more closely involved in the Restructuring. As a consequence, until the completion of the Restructuring on 31 July 2019, the Company's executive management was composed of the Executive Chairman (from 18 January 2019 until completion of the Restructuring), Chief Executive Officer and the other members of the Management Committee (as detailed below in "—Management Committee"). In deviation from section 1.5 of the Belgian Code on Corporate Governance, the Chairman of the Board of Directors partially performed tasks that a CEO could have theoretically performed. It was however practically impossible for Mr. Rode to combine the CEO function of Nyrstar with the Restructuring. The Board therefore resolved and agreed on a clear division of responsibilities between Mr. Rode (operational CEO-ship) and Mr. König (capital review process), as required by section 1.5 of the Belgian Code on Corporate Governance.

Following the completion of the Restructuring, Mr. König again became a Non-Executive Director, in light of the more limited operations of the Company and its sole functioning as a holding company.. Following the changed circumstances in which the Company operates after the Restructuring, i.e. the current operations of the Company, the Company's holding company status and, later, the 9 December Resolution, the Board of Directors deemed it in the Company's best interest to continue operations and not to search and add for the time being a new CEO since Mr. Rode's departure on 30 September 2019. Our view is that, given Mr. König's focus on the

Restructuring (and not day-to-day operational matters) until the Restructuring and considering the current activities of the Company since the Restructuring, Mr Konig's role as Executive Chairman as from 18 January 2019 until 31 July 2019, does not conflict with the Belgian Code on Corporate Governance.

Further, as a result of this additional role, Mr Konig no longer qualified as an independent director, as a consequence of which Ms Jane Moriarty was appointed as an additional independent director on 14 March 2019. Mr. Konig was the chairman of the Nomination and Remuneration committee until his appointment as Executive Chairman on 18 January 2019 where he was replaced as Chairman by Ms Moriarty on her appointment to the board of directors. Following the completion of the Restructuring, Mr. Konig again became the chairman of the Nomination and Remuneration committee and Ms. Moriarty also remained a member of the committee. During 2019, Mr Konig remained a member of the Special Committee and the Health, Safety, Environment and Community Committee.

The Corporate Governance Charter describes the main aspects of the corporate governance of the Company including its governance structure, the terms of reference of the Board of Directors and its Committees and other important topics.

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally and must be tailored to meet those changing circumstances. The Board of Directors intends to update the Corporate Governance Charter as often as required to reflect changes to the Company's corporate governance. In light of the applicability of the 2020 Belgian Code of Corporate as of 1 January 2020, the current operations of the Company, the Company's holding company status and the 9 December Resolution, the Company is also reviewing its Corporate Governance Charter. The Corporate Governance Charter is available on the Company's website at [www.nyrstar.be](http://www.nyrstar.be). The Board of Directors approved the initial charter on 5 October 2007. There were updated versions approved on several occasions. The current version was approved by the Board of Directors on 13 December 2016. A copy of the Belgian Code on Corporate Governance and of the 2020 Belgian Code on Corporate Governance can be found on [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

## Code of Business Conduct

Nyrstar adopted a code of business conduct for all of Nyrstar's personnel and sites which was applied until the completion of the Restructuring. Post completion of the Restructuring, the Company has no such work force and only has a 2% shareholding in the operating group of companies. As such, as at the date of this Corporate Governance Statement, the code of business conduct is no longer applied by the Company in this respect.

The code of business conduct is based on the Nyrstar Values, providing a frame of reference for Nyrstar sites to establish more specific guidelines to address local and territorial issues. Up until the completion of the Restructuring, Nyrstar also employed a code of business conduct development program which supported the code of business conduct and aimed to increase awareness in relation to some key risks to Nyrstar's business. The development program includes specially designed training modules for Nyrstar employees. The training modules were conducted by Nyrstar's Compliance Officer with the assistance of local expertise (where required). If employees had issues or concerns (for example, they were concerned that others were not complying with the letter and the spirit of the code of business conduct), they could raise the issue or concern with their supervisor or manager or Nyrstar's Compliance Officer. The code of business conduct remains available on Nyrstar's website ([www.nyrstar.be](http://www.nyrstar.be)) and, following the completion of the Restructuring on 31 July 2019, is also available on the website of the Nyrstar operating group at [www.nyrstar.com](http://www.nyrstar.com).

## Board of Directors and Management Committee

### Board of Directors

The table below gives an overview of the current members of the Company's Board of Directors and their terms of office:

Name	Principal Function within the Company	Nature of Directorship	Start of Term	End of Term
Martyn Konig <sup>(1)</sup>	Chairman	Non-Executive <sup>(1)</sup>	2015	2023
Hilmar Rode <sup>(2)</sup>	Chief Executive Officer, Director	Executive	2017	Resigned effective 30

				September 2019
Carole Cable	Director	Non-Executive, Independent	2017	2021
Christopher Cox <sup>(2)</sup>	Director	Non-Executive	2015	2019 (5 November 2019)
Anne Fahy	Director	Non-Executive, Independent	2016	2020
Jesús Fernandez <sup>(2)</sup>	Director	Non-Executive	2016	Resigned 24 February 2019
Jane Moriarty	Director	Non-Executive, Independent	2019	2023

<sup>(1)</sup> Martyn Konig was non-executive and independent director until 18 January 2019 when he took on the additional role of Executive Chairman in the content of the Restructuring. Following completion of the Restructuring, Martyn Konig again became a Non-Executive Director and the general shareholders' meeting of 5 November 2019 resolved to reappoint Martyn Konig.

<sup>(2)</sup> Hilmar Rode, Chief Executive Officer and Executive Director, resigned from the Board effective 30 September 2019. Christopher Cox, Non-Executive Director, concluded his mandate upon the conclusion of the general shareholders' meeting on 5 November 2019. Jesus Fernandez, Non-Executive Director, tendered his resignation on 24 February 2019, effective immediately.

**Martyn Konig**, Non-Executive Chairman, was appointed chairman in April 2016. Between 18 January 2019 and 31 July 2019, Mr Konig did not qualify as independent director pursuant to article 526ter of the Belgian Companies Code because of his executive role within the Company. He is also non-executive director of Euromax Resources Ltd (since May 2012) and non-executive chair of Stemcor Group (since 2018). Mr Konig is a consultant advisor to T Wealth Management SA, which has been separate from Galena Asset Management (a Trafigura affiliate) since June 2015. Previously, from 2008, he was Executive Chairman and President of European Goldfields until its friendly takeover by Eldorado Gold Corp for US\$ 2.5 billion in 2012. He has also been a main board director of NM Rothschild and Sons Ltd. for 15 years and held senior positions at Goldman Sachs and UBS. He was a member of the Special Committee. Mr. Konig is a barrister and also a Fellow of the Chartered Institute of Bankers.

**Carole Cable**, Non-Executive Director, is currently a Partner of the Brunswick Group, an international communications firm, where she is the Joint Head of the energy and resources practice specialising in the metals and mining sector. Prior to her current position, she worked at Credit Suisse and JPMorgan where she was a Mining Analyst and then moved into institutional equity sales covering the global mining sector as well as Asia ex Japan. Before that, she worked for an Australian listed mining company. She is a Member of the Audit Committee, Nomination and Remuneration Committee, the Health, Safety, Environment and Community Committee and the Special Committee. Ms. Cable holds a Bachelor of Science degree from the University of New South Wales, Australia and is currently on the Board of Women in Mining UK and CQS Natural Resources Growth and Income plc.

**Anne Fahy**, Non-Executive Director, currently sits on the board of SThree Plc and chairs its Audit Committee. Furthermore she sits on the Board, the Audit and Risk Committee, and the Nomination Committee of Coats Group Plc (effective 1 March 2018). She is also a Trustee of Save the Children. Previously, she was chief financial officer of BP's Aviation Fuels business, having worked in a variety of finance and finance-related roles in her 27 years at BP. She is the Chair of the Audit Committee, and Member of the Nomination and Remuneration Committee, the Health, Safety, Environment and Community Committee and the Special Committee. She is a Fellow of the Institute of Chartered Accountants in Ireland and worked at KPMG in Ireland and Australia prior to joining BP in 1988. She holds a Bachelor of Commerce from the University College Galway, Ireland.

**Jane Moriarty**, Non-Executive Director, currently sits on the Boards of The Quarto Group Inc, where she is the Senior Independent Director and Audit Chair; NG Bailey Group Limited where she is Audit and Risk Chair and the Martin's Property Group where she is Deputy Chairman, Audit and Risk Chair and Remuneration Chair. She was previously a senior Restructuring partner with KPMG LLP in the UK where she worked for 29 years. She is a Member of the Audit Committee, Chair of the Nomination and Member of the Special Committee. She is a Fellow of the Institute of Chartered Accountants in Ireland and holds a Bachelor of Business Studies from Trinity College Dublin.

The business address of each of the Directors is for the purpose of their directors' mandate, Zinkstraat 1, 2490 Balen, Belgium.

## Company Secretary

**Virginie Lietaer** was appointed Company Secretary to the Company effective 10 March 2008 until 5 November 2019.

**Anthony Simms, Head of External Affairs for the Company**, was appointed interim Company Secretary to the Company effective 6 November 2019. These services are provided by Mr. Simms as ongoing services in accordance with the deed for the sale and purchase of shares and assets held by the Company dated 19 June 2019.

The role of the Company Secretary includes supporting the Board and its committees on all governance matters, ensuring, under the direction of the Chairman, good information flow within the Board and its committees, as well as facilitating induction and assisting with professional development as required. The Company Secretary regularly reports to the Board, under the direction of the Chairman, on how Board procedures, rules and regulations are being followed and complied with.

The Board is responsible for appointing and dismissing the Company Secretary. It oversees that the person appointed as the Company Secretary has the necessary skills and knowledge of corporate governance matters.

## Management Committee

Until 31 July 2019, which was the completion of the Restructuring, the Company's Management Committee consisted of five members (including the Chief Executive Officer), as further set forth hereinafter:

Name	Title
Hilmar Rode <sup>(1)</sup>	Chief Executive Officer
Roman Matej <sup>(2)</sup>	Interim Chief Financial Officer
Frank Rittner	Chief Technical Officer
Cristiano Melcher	Chief Commercial Officer
Willie Smit	Chief HR Officer

<sup>(1)</sup> Hilmar Rode, Chief Executive Officer and Executive Director, resigned from the Board effective 30 September 2019.

<sup>(2)</sup> Roman Matej, Interim Chief Financial Officer, was appointed in January 2019, following the resignation of Michel Abaza. Mr. Roman Matej is an experienced senior finance executive who has been with Nyrstar for approximately 8 years. Mr. Matej's previous role at Nyrstar was as Group Controller, prior to which he worked at Ernst & Young in Switzerland, Australia and the Czech Republic.

Following the completion of the Restructuring on 31 July 2019, all members of the Management Committee transferred to the operating group of companies and ceased to be employees of the Company or of subsidiaries of the Company. As to date, the Company no longer has a Management Committee. Until the completion of the Restructuring on 31 July 2019, the Company's executive management was composed of the Executive Chairman (from 18 January 2019), Chief Executive Officer and the other members of the Management Committee, as detailed above. During H2 2019, the Company retained the services of Mr. Roman Matej as Chief Financial Officer and Mr. Anthony Simms as Head of External Affairs under a secondment agreement from Nyrstar Sales & Marketing AG. The executive services which are provided by these two secondees are beyond the scope of executive services provided under the terms of the deed for the sale and purchase of shares and assets held by the Company dated 19 June 2019 (the "Sale Deed") and, as such, the costs of these seconded services are borne by the Company.

## General Information on Directors and Management Committee

No Director or member of the Management Committee has:

(a) any convictions in relation to fraudulent offences or any offences involving dishonesty;

- (b) except in the case of compulsory liquidations, at any time in the previous five years, been associated with any bankruptcy, receivership or liquidation of any entity in which such person acted in the capacity of a member of an administrative, management or supervisory body or senior manager:
- (c) been declared bankrupt or has entered into an individual voluntary arrangement to surrender his or her estate;
- (d) been a director with an executive function of any company at the time of, or within twelve months preceding, any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors except for the arrangement with the Company's creditors in the framework of the Nyrstar Group which was completed on 31 July 2019;
- (e) been a partner in a partnership at a time of, or within twelve months preceding, any compulsory liquidation, administration or voluntary arrangement of such partnership;
- (f) been a partner in a partnership at the time of, or within twelve months preceding, a receivership of any assets of such partnership; or
- (g) had any of his or her assets subject to receivership; or
- (h) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

The Company can only provide such statement as until the date Directors or members of the Management Committee resigned or ceased to act for the Company or its subsidiaries.

#### Other Mandates

Other than set out in the table below, no Director or member of the Management Committee has, at any time in the previous five years been a member of the administrative, management or supervisory body or partner of any companies or partnerships. Over the five years preceding the date of this report the Directors and members of the Management Committee hold or have held in addition to their function within Nyrstar, the following main directorships or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
Martyn Konig	Euromax Resources Stemcor Group NN1 Newco Limited	Newgold NN2 Newco Limited
Carole Cable	Brunswick Group Women in Mining UK CQS Natural Resources Growth and Income plc	
Christopher Cox	N/A	Trafigura Beheer B.V.
Anne Fahy	SThree Plc Save The Children Coats Group Plc	Interserve Plc <sup>(1)</sup>
Jane Moriarty	NG Bailey Group Limited Martin's Investments Limited Martin's DevCo Limited Martin's Financial Holdings Limited ( in the process of being appointed) The Quarto Group Inc (listed on LSE) Mitchells & Butlers plc (listed on LSE) NN1 Newco Limited	Martin's Financial No 1 Ltd Martin's Financial No 2 Ltd Martin's Properties Holdings Ltd Martin's Properties (Chelsea) Limited NN2 Newco Limited Ince & Co ( members of the supervisory board) KPMG LLP

<b>Name</b>	<b>Current</b>	<b>Past</b>
Hilmar Rode	N/A	Consejo Minero de Chile AG Minera Escondida Ltda. Fundación Minera Escondida Centro de Entrenamiento Industrial y Minero – CEIM
Roman Matej	N/A	N/A
Frank Rittner	N/A	N/A
Cristiano Melcher	N/A	N/A
Willie Smit	Tenon Engineering	Subsidiaries of ArcelorMittal

<sup>(1)</sup> Interserve Plc was placed into administration in March 2019 whereby its business and assets (i.e. the entire group) were sold to a newly-incorporated company, to be owned by the then existing lenders to the group.

The Company can only provide such statement as until the date Directors or members of the Management Committee resigned or ceased to act for the Company or its subsidiaries.

## Board of Directors

The Company has opted for a “one-tier” governance structure whereby the Board of Directors is the ultimate decision-making body, with the overall responsibility for the management and control of the Company, and is authorised to carry out all actions that are considered necessary or useful to achieve the Company’s purpose. The Board of Directors has all powers except for those reserved to the shareholders’ meeting by law or the Company’s articles of association. At least once every five years, the Board of Directors reviews whether the chosen governance structure is still appropriate, and if not, it should propose a new governance structure to the general shareholders’ meeting. The Company is also currently reviewing its governance structure to comply with the 2020 Belgian Code on Corporate Governance, which applies compulsorily to reporting years beginning on or after 1 January 2020. Such will be reviewed in light of the limited operations of the Company, its functioning as a holding company and the 9 December Resolution.

Pursuant to Section 1.1 of the Company’s Corporate Governance Charter, the role of the Board of Directors is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors decides on the Company’s values and strategy, its risk appetite and key policies.

The Board of Directors is assisted by a number of committees to analyse specific issues. The committees advise the Board of Directors on these issues, but the decision-making remains with the Board of Directors as a whole (see also “—Committees of the Board of Directors” below).

The Board of Directors appoints and removes the Chief Executive Officer. Following 30 September 2019, the Company no longer employed a Chief Executive Officer. The role of the Chief Executive Officer was to implement the mission, strategy and targets set by the Board of Directors and to assume responsibility for the day-to-day management of the Company. The Chief Executive Officer reports directly to the Board of Directors. On 18 January 2019, Mr Martyn Konig was appointed Executive Chairman to take greater responsibility in representing the Company during negotiations between stakeholders in the Restructuring while Mr. Hilmar Rode continued to supervise the day-to-day operations of the Company.

Prior to the completion of the Restructuring, in order to provide a group-wide support structure, the Company had corporate offices in Balen, Belgium and Zurich, Switzerland. These offices provided a number of corporate and support functions including finance, treasury, human resources, safety and environment, legal, tax, information technology, corporate development, investor relations and communications. Following the completion of the Restructuring on 31 July 2019, the Company has a 2% shareholding in the Nyrstar operating group. As such, the Company has a passive investment in the Nyrstar operating group and is no longer required to provide group-wide support. As at 31 December 2019, the Company no longer has a Management Committee and the corporate office in Zurich, Switzerland was in the process of being closed.

Pursuant to the Company’s articles of association and the Belgian Code of Companies and Associations, the Board of Directors must consist of at least three directors. The Company’s Corporate Governance Charter provides that the composition of the Board of Directors should ensure that decisions are made in the corporate interest. It should be determined on the basis of diversity, as well as complementary skills, experience and knowledge. Pursuant to the Belgian Code on Corporate Governance, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Code of Companies and Associations and in the Belgian Code on Corporate Governance. Pursuant to the Belgian Code of Companies and Associations, at least one third of the members of the Board of Directors must be of the opposite gender, where the minimum number required is rounded to the nearest whole number. Such provisions are complied with.

The directors are appointed for a term of no more than four years by the general shareholders’ meeting. They may be re-elected for a new term. Proposals by the Board of Directors for the appointment or re-election of any director must be based on a recommendation by the Nomination and Remuneration Committee. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders’ meeting. The shareholders’ meeting can dismiss the directors at any time.

On 9 November 2015, the Company entered into an Agreement with Trafigura Group Pte. Ltd., Urion Holding (Malta) Ltd’s 100% parent company, to govern Nyrstar’s relationship with Trafigura. This Relationship Agreement was terminated as of 31 July 2019 as part

of the Restructuring. The Relationship Agreement provided amongst other things that Trafigura would be able to nominate or propose the nomination of such number of directors to the Board of Directors as it determines, but limited to a number that does not constitute a majority of the Board of Directors (such directors being "Trafigura Directors"). No independent director would be nominated or proposed for nomination unless with the approval of a majority of the directors other than the Trafigura Directors. On the date of this report, the Company does not have any Trafigura Directors. Furthermore, the Relationship Agreement provided that the attendance quorum for a board meeting includes at least one independent director and one Trafigura Director, but if this attendance quorum is not met, a subsequent meeting can be held with the same agenda if at least any two directors are present. The Relationship Agreement was to have effect for as long as Trafigura held at least 20% or more but less than 50% of the shares in the Company. As mentioned above, as part of the implementation of the Restructuring, the Relationship Agreement was terminated.

The Board of Directors elects a chairman from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. If the Board of Directors envisages appointing a former Chief Executive Officer as chairman, it should carefully consider the positive and negative aspects in favour of such a decision and disclose why such appointment is in the best interest of the Company. The chairman is responsible for the leadership and the proper and efficient functioning of the Board of Directors.

The Board of Directors meets whenever the interests of the Company so require or at the request of one or more directors. In principle, the Board of Directors will meet sufficiently regularly and at least six times per year. The decisions of the Board of Directors are made by a simple majority of the votes cast. The chairman of the Board of Directors has a casting vote. In 2019, the Chairman at no time used his casting vote and all decisions of the Board were taken unanimously.

During 2019, 60 formal meetings of the Board of Directors were held. Before such meetings, the Chairman of the Board, assisted by the Company Secretary, ensures that Board members are provided with accurate, concise, timely and clear information before the meetings and, where necessary, between meetings so that they can make a knowledgeable and informed contribution to Board discussions.

## **Committees of the Board of Directors**

The Board of Directors has set up an Audit Committee, a Nomination and Remuneration Committee, a Health, Safety, Environment and Community Committee and a Special Committee. Following the completion of the Restructuring, the Board of Directors only has an Audit Committee and a Nomination and Remuneration Committee, which is compliant with the Belgian Code on Corporate Governance.

### **Audit Committee**

The Audit Committee consists of at least three directors. All members of the Audit Committee are non-executive directors. According to the Belgian Code of Companies and Associations, all members of the Audit Committee must be non-executive directors, and at least one member must be independent within the meaning of the 2020 Code for Corporate Governance. The current members of the Audit Committee are Anne Fahy (Chairman), Jane Moriarty and Carole Cable. The current composition of the Audit Committee complies with the Belgian Code of Companies and Associations. Ms. Jane Moriarty became a member of the Audit Committee on her appointment as a director of the Company on 14 March 2019 and Mr. Christopher Cox ceased to be a member of the Audit Committee at the end of his term as a director of the Company on 5 November 2019.

The members of the Audit Committee have a collective competence in the business activities of the Company as well as accounting, auditing and finance. The current Chairman of the Audit Committee is competent in accounting and auditing as evidenced by her previous role as Chief Financial Officer of BP's Aviation Fuels business. According to the Board of Directors, the other members of the Audit Committee also satisfy this requirement, as evidenced by the different senior management and director mandates that they have held in the past and currently hold (see also "*—Other mandates*").

The role of the Audit Committee is to:

- inform the Board of Directors of the result of the audit of the financial statements and the manner in which the audit has contributed to the integrity of the financial reporting and the role that the Audit Committee has played in that process;



- monitor the financial reporting process, and to make recommendations or proposals to ensure the integrity of the process;
- monitor the efficiency of the Company's internal control and risk management systems, and the Company's internal audit process and its effectiveness;
- monitor the audit of the financial statements, including the follow-up questions and recommendations made by the statutory auditor;
- assess and monitor the independence of the statutory auditor, in particular with respect to the appropriateness of the provision of additional services to the Company; and
- make recommendations to the Board of Directors on the selection, appointment and remuneration of the statutory auditor.

The Audit Committee regularly reports to the Board of Directors on the exercise of its missions, including when preparing the financial statements.

In principle, the Audit Committee meets as frequently as necessary for the efficiency of the operation of the Audit Committee, but at least four times a year. At least twice a year, the Audit Committee should meet the external and internal auditors to discuss matters relating to its terms of reference and any issues arising from the audit process, and in particular any material weaknesses in the internal control. As set out below, the Audit Committee has met the external and internal auditors at least twice in 2019. The members of the Audit Committee must have full access to the Interim Chief Financial Officer and to any other employee to whom they may require access in order to carry out their responsibilities. Following the completion of the Restructuring on 31 July 2019, the Company ceased to have an internal audit function.

During 2019, ten Audit Committee meetings were held.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of at least three directors. All members of the Nomination and Remuneration Committee are non-executive directors. In line with the Belgian Code of Companies and Associations, the Nomination and Remuneration Committee consists of a majority of independent, non-executive directors. The Nomination and Remuneration Committee is chaired by the Chairman of the Board of Directors or another non-executive director appointed by the committee. The following directors are currently members of the Nomination and Remuneration Committee: Jane Moriarty (Chairman, from March 2019 whilst Martyn Konig had an executive role within Nyrstar as described above), Carole Cable and Anne Fahy. Following the completion of the Restructuring, Martyn Konig has again become a member and Chairman of the Nomination and Remuneration Committee. Pursuant to the Code of Companies and Associations, the Nomination and Remuneration Committee must have the necessary expertise on remuneration policy, which is evidenced by the experience and previous roles of its current members.

The role of the Nomination and Remuneration Committee is to make recommendations to the Board of Directors with regard to the appointment of directors, make proposals to the Board of Directors on the remuneration policy and individual remuneration for directors and members of the management committee and to submit a remuneration report to the Board of Directors. In addition, the Nomination and Remuneration Committee each year submits the remuneration report to the Board of Directors for submission to the annual general shareholders' meeting.

In principle, the Nomination and Remuneration Committee meets as frequently as necessary for the efficiency of the operation of the committee, but at least twice a year.

During 2019, four Nomination and Remuneration Committee meetings were held.

#### **Health, Safety, Environment and Community Committee**

Until the completion of the Restructuring, the Health, Safety, Environment and Community Committee consisted of at least three directors. All members of the Health, Safety, Environment and Community Committee were non-executive directors, with at least one

independent director. The Health, Safety, Environment and Community Committee was chaired by the Chairman of the Board of Directors or another non-executive director appointed by the committee. Up until the completion of the Restructuring, the current members of the Health, Safety, Environment and Community Committee are Christopher Cox (Chairman), Carole Cable and Anne Fahy. The only meeting of the Health, Safety, Environment and Community Committee in 2019 occurred on 19 February 2019 and at this time it was chaired by Mr. Christopher Cox and was attended by Mr. Konig, Ms. Cable and Ms. Fahy.

The role of the Health, Safety, Environment and Community Committee was to assist the Board of Directors in respect of health, safety, environment and community matters. In particular, its role was to ensure that the Company adopts and maintains appropriate health, safety, environment and community policies and procedures, as well as effective health, safety, environment and community internal control and risk management systems, and to make appropriate recommendations to the Board of Directors. Given that following completion of the Restructuring, the Company no longer actively manages any employees or operations, the activities of the Health, Safety, Environment and Community Committee are no longer required. Therefore, the Committee was dissolved.

In principle, the Health, Safety, Environment and Community Committee met as frequently as was necessary for the efficiency of the operation of the committee, but at least twice a year.

During 2019, one Health, Safety, Environment and Community Committee meetings was held. The Health, Safety, Environment and Community Committee was dissolved immediately following the completion of the Restructuring on 31 July 2019. The one meeting conducted in 2019 is below the minimum requirement of two meetings per year due to the H1 2019 results only becoming available following completion of the Restructuring when the committee had already been dissolved.

### **Special Committee**

In October 2018, the Board installed a Special Committee to assist the Board in the day-to-day supervising and reviewing of strategic financing matters and any capital structure review or matter relating to the Restructuring. The members were Mike Corner-Jones (Chair), the former Chief Restructuring Officer of the Company, Martyn Konig, Carole Cable, Anne Fahy and Jane Moriarty. The Special Committee was responsible for supervising (i) the business plan, situation assessment and liquidity review, (ii) the recapitalisation proposal; (iii) the communication obligations and strategy; (iv) negotiations with and between the various creditors and their advisers; and (v) overall execution efforts between the Board, management, advisers and other parties. The Special Committee met frequently in Q4 2018 and H1 2019 for the efficient operation of the Special Committee and the Board. After the completion of the Restructuring, the Special Committee no longer had a purpose within the Company and was dissolved effective 31 July 2019.

The members of the Special Committee had full access to the Company's external advisers, to the Company's (interim) Chief Financial Officer, to the Company's General Counsel, to the Company's Head of Investor Relations and to any other employee to whom they may require access in order to carry out their responsibilities.

After meetings of the Special Committee, the Chair of the Special Committee presented (as appropriate) its findings and recommendations of the meeting to all members of the Board at its next Board meeting, thereby keeping the Board properly informed of the Restructuring process.

With exception to the Special Committee meetings, minutes were drafted of each meeting reflecting the issues which were discussed and, if applicable, the decisions which were taken. The Company is of the view that there is complete and accurate recordkeeping of the meetings of the Board of directors and Committees. It is noted that from 2018 until the completion of the Restructuring on 31 July 2019 a total of approximately seventy (70) formal meetings of the Board of Directors took place. All such minutes are kept at the registered office.

### **Activity Report and Attendance at Board and Committee Meetings during 2019**

The table summarises the attendance of meetings of the Board of Directors and the respective committees of the Board of Directors by their members in person or by conference call during 2019. It does not take into account attendance via representation by proxy. It does not reflect the meetings of the Special Committee, as these have been conducted on a more informal basis.

Name	Board Meeting Attended	Audit	Nomination and remuneration	Health, Safety, Environment and Community
Carole Cable <sup>(1)</sup>	58 of 60	10 of 10	4 of 4	1 of 1
Christopher Cox <sup>(1)(6)</sup>	35 of 56	8 of 9	N/A	1 Of 1
Martyn Konig <sup>(2)</sup>	54 of 60	N/A	4 of 4	N/A
Anne Fahy <sup>(3)</sup>	59 of 60	10 of 10	4 of 4	N/A
Jesús Fernandez <sup>(4)</sup>	6 of 6	N/A	N/A	1 of 1
Hilmar Rode <sup>(5)</sup>	51 of 51	N/A	N/A	N/A
Jane Moriarty <sup>(7)</sup>	50 of 52	9 of 9	3 of 3	N/A

(1) During 2019, Ms Carole Cable and Mr Christopher Cox became members of the Audit Committee. Mr Cox's mandate as a director concluded on 5 November 2019.

(2) During 2019, Mr Martyn Konig temporarily stepped down as a member of the Audit Committee and Nomination and Remuneration Committee due to his executive role as described above.

(3) During 2019, Ms Anne Fahy became a member of the Health, Safety, Environment and Community Committee.

(4) Mr Jesús Fernandez resigned from the Board effective 25 February 2019 and is no longer a member of any of the Committees.

(5) Mr Rode resigned from the Board effective 30 September 2019 and is no longer a member of any of the Committees.

(6) Following discussions between the Company's Board of Directors and Christopher Cox, his reappointment was not proposed to the general shareholders' meeting on 5 November 2019 resolving upon the annual accounts for the financial year ending 31 December 2018.

(7) Ms Jane Moriarty was only appointed as a director on 14 March 2019, which explains her lesser attendance at the Board meetings.

The topics discussed at the Board and Committee Meetings are in line with the role and responsibilities of the Board and its Committees as set out in the Corporate Governance Charter, such as for example, the determination of the Company's principal objectives and strategy and the approval of all major investments, divestments, business plans and annual budgets, and since October 2018, the recapitalisation and restructuring of the Group.

### Independent Directors

A director will only qualify as an independent director if he or she meets at least the criteria set out in the 2020 Code on Corporate Governance according to which an independent director must fulfil the following conditions:

- non-executive or not entrusted with daily management of the company or a related company or person for the last 3 years/no longer enjoying stock options related to this position;
- less than 12 years as a non-executive board member;
- not an employee of the senior management of the company or a related company or person for the last 3 years/no longer enjoying stock options related to this position;
- no significant remuneration/patrimonial advantage from the company or a related company or person for the last 3 years apart from any fee received as a non-executive board member;
- no shares representing more than or equal to 1/10<sup>th</sup> of the company's capital or representing more than or equal to 1/10<sup>th</sup> of the company's voting rights and no nomination by a shareholder representing more than or equal to 1/10<sup>th</sup> of the company's capital or more than or equal to 1/10<sup>th</sup> of the company's voting rights;
- no direct or indirect significant business relationship with the company or a related company or person;

- no partner or member of the company's (external) audit team for the last 3 years;
- no executive of another company in which an executive of the company is a non-executive board member and no significant links with executive board members of the company or a related company or person; and
- no person with a spouse, legal partner or close family member to the second degree as board member or executive or person entrusted with the daily management or employee of the senior management or not fulfilling any other of abovementioned independence criteria.

The resolution appointing the director mentions the reasons on the basis of which the capacity of independent director is granted.

The Company discloses in its annual report which directors are independent directors. An independent director who ceases to satisfy the requirements of independence must immediately inform the Board of Directors.

The general shareholders meeting of the Company has now appointed Jane Moriarty, Carole Cable and Anne Fahy as independent directors.

Mr Konig's appointment in 2015 was upon the proposal of Trafigura, and he was, in accordance with Belgian law, appointed as independent director by the general shareholders' meeting. At the time of that general shareholders' meeting, Trafigura held 15.3% of the Company's share capital and did not have sufficient shares to constitute the majority of the shares present or represented. As disclosed on Nyrstar's website, he is currently, and since and indeed before his appointment with Nyrstar in 2015 has been, a consultant advisor to T Wealth Management SA, which has been separate from Galena Asset Management (a Trafigura affiliate) since June 2015. Mr Konig has not received any remuneration from Trafigura or its affiliates in respect of T Wealth Management SA, other than the limited remuneration he received from T Wealth Management SA between his appointment to Nyrstar at the end of April 2015 and the separation of T Wealth Management SA from Galena in June 2015. Separately, as also disclosed on Nyrstar's website, since May 2012 Mr Konig has been a director of Euromax Resources Ltd, a publicly listed Canadian company. Six years later, in April 2018, Galena became a shareholder and in March 2019 increased its holding to 53.1% (fully diluted 49.5%). Euromax's other shareholders include the European Bank of Reconstruction and Development, investment funds and management. Mr Konig does not receive any payment from Galena (or Trafigura) and his Euromax compensation is paid in deferred Euromax equity. This information is publicly disclosed, including on the Euromax website. For the avoidance of doubt, Mr Konig has not received any remuneration from Trafigura or its affiliates (including Galena), other than as referenced above. Prior to his appointment to Nyrstar, Mr Konig has had more than 35 years of commodity markets and banking experience including as President of European Goldfields until its sale to Eldorado Gold Corp, 15 years at the investment bank NM Rothschild and Sons Ltd. (9 years as a main board director), and senior positions in UBS and Goldman Sachs. Mr Konig is also the non-executive chairman of Stemcor Global Holdings Ltd, a leading independent service provider for the steel industry. All decisions of the Board, at least since Mr Konig became chairman, have been unanimous, taking into account the requirements of Belgian Company law and the Company's corporate governance charter, so he has never used or had cause to use the chairman's casting vote.

Martyn Konig was non-executive and independent director until 18 January 2019 when he took on the additional role of Executive Chairman in the context of the Restructuring. At the completion of the Restructuring on 31 July 2019, Mr. Konig again became a non-executive director. As described above, on 14 March 2019, Ms Jane Moriarty was appointed as additional independent director.

The Relationship Agreement between the Company and Trafigura provided that the proposal for appointment of any new independent director required the approval of a majority of the directors other than the Trafigura Directors, it being understood however, that the Relationship Agreement did not restrict the Trafigura group as shareholder to vote in favour of or against any proposed independent directors. See also "*—Board of Directors*". As mentioned above, the Relationship Agreement has been terminated upon completion of the Restructuring on 31 July 2019.

## **Performance Review of the Board, its Committees and its Members**

The Board of Directors evaluates its own size, composition, performance and interaction with executive management and that of its committees on a continuous basis.

The evaluation assesses how the Board of Directors and its committees operate, checks that important issues are effectively prepared and discussed, evaluate each director's contribution and constructive involvement, and assesses the present composition of the Board of Directors and its committees against the desired composition. This evaluation takes into account the members' general role as director, and specific roles as chairman, chairman or member of a board committee, as well as their relevant responsibilities and time commitment.

The evaluation exercise is usually performed by means of individual discussions between the Board members and the Company Secretary. Appropriate action is taken on those items that require improvement.

The Remuneration Committee further regularly reviews the composition, the size and the functioning of the Board of Directors and the different committees within the Board of Directors. The latest assessment took into account different elements, among others the composition and functioning of the Board of Directors and Committees, the thoroughness with which material subjects and decisions are prepared and discussed, the actual contribution of each director in terms of presence at Board and/or Committee meetings and the constructive involvement in the deliberation and resolutions, the evaluation whether the effective composition corresponds with the desirable or ideal composition, the application of the corporate governance rules within the Company and its bodies, and an evaluation of the specific roles such as Chairman of the Board and Chairman or member of a Board Committee. The Board of Directors acts on the results of the performance evaluation.

Non-executive directors assess their interaction with the executive management on a continuous basis.

## **Executive Management**

Until the completion of the Restructuring on 31 July 2019, the Company's executive management was composed of the Executive Chairman (from 18 January 2019), Chief Executive Officer and the other members of the Management Committee, as detailed above in "*—Management Committee*". During H2 2019, the Company retained the services of Mr. Roman Matej as Interim Chief Financial Officer and Mr. Anthony Simms as Head of External Affairs under a secondment agreement from Nyrstar Sales & Marketing AG. The executive services which are provided by these two secondees are beyond the scope of executive services provided under the terms of the Sale Deed and, as such, the costs of these seconded services are borne by the Company. Certain other ongoing executive services are provided by NN2 Newco Limited under the terms of the Sale Deed at no charge.

## **Chief Executive Officer**

The Chief Executive Officer, up until his resignation on 30 September 2019, was a member of the Board. The role was responsible for the leading and chairing the Management Committee and was accountable to the Board of Directors for the Management Committee's performance.

The role of the Chief Executive Officer was to implement the mission, strategy and targets set by the Board of Directors and to assume responsibility for the day-to-day management of the Company. The Chief Executive Officer reported directly to the Board of Directors.

## **Management Committee**

Until the completion of the Restructuring on 31 July 2019 when the members of the Management Committee ceased to be employees of the Company or subsidiaries thereof, the Board of Directors had delegated the day-to-day management of the Company as well as certain management and operational powers to the Chief Executive Officer. The Chief Executive Officer was assisted by the Management Committee.

The Management Committee was ordinarily composed of at least four members and included the Chief Executive Officer. Its members were appointed by the Board of Directors on the basis of a recommendation by the Nomination and Remuneration Committee. The

Company's Management Committee did not qualify as a "*directiecomité*" / "*comité de direction*" within the meaning of Article 524*bis* of the Belgian Companies Code (then applicable). The Management Committee was responsible and accountable to the Board of Directors for the discharge of its responsibilities. On 31 July 2019, the Management Committee had been dissolved as it was no longer required post the restructuring of the Company where the 2% stake in the Nyrstar operating group is held passively.

The Management Committee was responsible for assisting the Chief Executive Officer in relation to:

- operating the Company;
- implementing the decisions taken by the Board of Directors;
- putting in place internal controls and risk management systems (without prejudice to the Board of Directors', the Audit Committee's and the Health, Safety, Environment and Community Committee's monitoring roles) based on the framework approved by the Board of Directors;
- presenting the Board of Directors the complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with applicable accounting standards and policies;
- preparing the Company's required disclosure of the financial statements and other material, financial and non-financial information;
- presenting the Board of Directors with a balanced and understandable assessment of the Company's financial situation; and
- providing the Board of Directors in due time with all information necessary for the Board of Directors to carry out its duties.

### **Conflicts of Interest**

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as contemplated by Article 7:96 of the Belgian Code of Companies and Associations) on any matter before the Board of Directors must bring it to the attention of its fellow directors, and his statements about the nature of the conflict of interest is included in the minutes of the meeting of the Board of Directors. The director with a conflicting financial interest may not take part in any deliberations or voting related to such decision or transaction. The Board of Directors also includes in the minutes a description of the nature of the relevant decision or transaction and the financial consequences thereof for the Company. This part of the minutes is included in full in the annual report of the Company. The minutes are also shared with the statutory auditor of the Company who describes the financial consequences of such decisions in its report pursuant to Article 3:74 of the Belgian Code of Companies and Associations.

The Board of Directors has a policy in place for transactions or other contractual relationships between the Company, including its related companies, and its Board members, which are not covered by the legal provisions on conflict of interests. Section 1.4 of the Corporate Governance Charter sets out the procedure for transactions and other contractual relationships between Nyrstar, on the one hand, and the directors or related parties of directors, on the other hand, irrespective of whether or not falling within the scope of the legal provisions on conflicts of interest with directors or related parties of Nyrstar. Notably, such transactions or contractual relationships can only be entered into at market conditions, and the director concerned may only participate in the deliberation and decision-making process with regard to such transactions or contractual relationships if the Board of Directors votes to request or permit such participation and if permitted by law. Furthermore, if a director believes that such a conflict arises in respect of any material decision, operation or transaction, he or she must see to it that the Board of Directors is fully informed at the start of the meeting of the potential or perceived conflict of interest. Where applicable, the rules and procedures of articles 7:96 and/or 7:97 of the Belgian Code of Companies and Associations need to be complied with. For the purpose of the aforementioned rules, the following entities will qualify as a "related party" of a director: (a) a legal entity in which the director acts as a director, as a senior executive or in a similar capacity, and (b) a legal entity that is directly or indirectly under the control of the director concerned.

Section 3.2.4 of the Corporate Governance Charter contained a separate procedure for transactions between Nyrstar and members of the management committee (other than the Chief Executive Officer). Notably, any transaction or other contractual relationship between Nyrstar, on the one hand, and any member of the Management Committee or a related party of such Management Committee member,

on the other hand, required the prior approval of the CEO, which needed to be fully informed by the Management Committee member concerned of the terms and conditions of the transaction or contractual relationship, as well as of the corresponding interest of Nyrstar. Such transaction or contractual relationship could only be entered into at market conditions. For the purpose of the aforementioned rules, the following entities qualified as a "related party" of a Management Committee member: (a) a legal entity in which the Management Committee member acts as a director, as a senior executive or in a similar capacity, and (b) a legal entity that is directly or indirectly under the control of the Management Committee member.

There are no outstanding loans granted by the Company to any of the persons mentioned in "*—Board of Directors*" and in "*—Management Committee*", nor are there any guarantees provided by the Company for the benefit of any of the persons mentioned in "*—Board of Directors*" and in "*—Management Committee*".

None of the persons mentioned in "*—Board of Directors*" and in "*—Management Committee*" has a family relationship with any other of the persons mentioned in "*—Board of Directors*" and in "*—Management Committee*".

### **Dealing Code**

With a view to preventing market abuse (insider dealing and market manipulation), the Board of Directors has established a dealing code. The dealing code describes the declaration and conduct obligations of directors and certain other persons with respect to transactions in shares or other financial instruments of the Company. The dealing code sets limits on carrying out transactions in shares of the Company and allows dealing by the above-mentioned persons only during certain windows. A copy of the dealing code is available on the Company's website ([www.nyrstar.be](http://www.nyrstar.be)).

### **Disclosure Policy**

As a Belgian listed company and with a view to ensuring investors in shares of the Company have available all information necessary to ensure the transparency, integrity and good functioning of the market, the Board of Directors has established an information disclosure policy. The information disclosure policy is aimed at ensuring that inside information of which the Company is aware is immediately disclosed to the public. In addition, the information disclosure policy is aimed at ensuring information that is disclosed is fair, precise and sincere, and will enable the holders of shares in the Company and the public to assess the influence of the information on the Company's position, business and results.

### **Internal Control and Risk Management**

#### **General**

The Nyrstar Board of Directors is responsible for the assessment of the effectiveness of Nyrstar's Risk Management Framework and internal controls. The Company takes a proactive approach to risk management. The Board of Directors is responsible for ensuring that the nature and extent of risks are identified on a timely basis with alignment to the Group's strategic objectives and activities.

The Audit Committee plays a key role in monitoring the effectiveness of the Risk Management Framework and is an important medium for bringing risks to the attention of the Board of Directors. If a critical risk or issue is identified by the Board or management, it may be appropriate for all directors to be a part of the relevant risk management process, and as such the Board of Directors will convene a sub-committee comprised of a mix of members Board of Directors and senior management. Each respective sub-committee further examines issues identified and reports back to the Board of Directors.

The Company's Risk Management Framework requires regular evaluation of the effectiveness of internal controls to ensure the Company's risks are being adequately managed. The Risk Management Framework is designed to achieving the Company's objectives. The Company acknowledges that risk is not just about losses and harm. Risk can have positive consequences too. Mitigation of some of the inherent business risks could lead to potential business improvements.

Effective risk management enables the Company to achieve an appropriate balance between realising opportunities while minimising adverse impacts.

This section first gives an overview of the main features of the Company's internal control and risk management systems, in accordance with the Belgian Corporate Governance Code and the Belgian Code of Companies and Associations, which were in place through to the completion of the Restructuring on 31 July 2019. In light of the applicability of the 2020 Belgian Code on Corporate Governance' as of 1 January 2020, the current operations of the Company, the Company's holding company status and the 9 December Resolution, the Company is also reviewing its internal control and risk management systems. The main features of the Company's internal control and risk management systems which are currently in place following completion of the Restructuring, are set out thereafter.

### ***Components of the Risk Management Framework***

The Risk Management Framework pre-Restructuring was integrated in the management process and focused on the following key principles.

The key elements of the Risk Management Framework were:

#### ***1 Understanding the External and Internal Environment***

Understanding the internal and external business environment and the effect this has on Nyrstar's business strategy and plans. This informs the Company's overall tolerance to risk.

#### ***2 Consistent Methods for Risk Identification and Analysis of Risks, Existing Controls and Control Effectiveness***

Implementing systems and processes for the consistent identification and analysis of risks, existing controls and control effectiveness. Evaluating whether the level of risk being accepted is consistent with levels of risk acceptable to the Audit Committee.

#### ***3 Risk management and mitigation***

Using innovative and creative thinking in responding to risks and taking action where it is determined that the Group is being exposed to unacceptable levels of risk.

#### ***4 Stakeholder Engagement and Communication***

Involving all Nyrstar employees and relevant stakeholders in managing risks and communicating identified key risks and controls.

#### ***5 Monitoring and Review***

Regularly monitoring and reviewing our risk management framework, our risks and control effectiveness.

The guideline for the Risk Management Framework has been written to comply with ISO 31000; 2009. Compliance with the guideline is mandatory within Nyrstar.

### ***Components of the Risk Management Framework post-Restructuring***

The Risk Management Framework post-Restructuring is focuses on the following key principles:

#### ***1 Understanding the External and Internal Environment***

Understanding the internal and external business environment and the effect this has on Nyrstar's business strategy and plans. This informs the Company's overall tolerance to risk.

#### ***2 Consistent Methods for Risk Identification and Analysis of Risks, Existing Controls and Control Effectiveness***

Implementing systems and processes for the consistent identification and analysis of risks, existing controls and control effectiveness. Evaluating whether the level of risk being accepted is consistent with levels of risk acceptable to the Audit Committee.



### *3 Risk management and mitigation*

Using innovative and creative thinking in responding to risks and taking action where it is determined that the Company is being exposed to unacceptable levels of risk.

### *4 Stakeholder Engagement and Communication*

Involving all Nyrstar stakeholders, such as shareholders, in managing risks and communicating identified key risks and controls.

### *5 Monitoring and Review*

Regularly monitoring and reviewing our risk management framework, our risks and control effectiveness.

The guideline for the Risk Management Framework has been written to comply with ISO 31000; 2009. Compliance with the guideline is mandatory within Nyrstar.

### ***Critical Internal Controls***

The following is a summary of Nyrstar's critical internal controls which were in place through to the completion of the Restructuring on 31 July 2019. Given the role of the Company as a holding company after the Restructuring and the lack of employees or operations, such critical internal controls are no longer applicable, as the Board of Directors is responsible for all control and decision-making.

### ***Organisational Design***

There is a sound organisational structure with clear procedures, delegation and accountabilities for both the business side and the support and control functions, such as human resources, legal, finance, internal audit, etc.

The organisational structure is monitored on an ongoing basis, e.g. through benchmarking the organisational structure with industry standards and competitors. Responsibilities are delegated to business units, by business plans and accompanying budgets approved by management and the Board of Directors within set authorization levels.

### ***Policies and Procedures***

The Company has established internal policies and procedures to manage various risks across the Group. These policies and procedures are available on the Company's intranet-site, and distributed for application across the whole Group. Every policy has an owner, who periodically reviews and updates if necessary.

### ***Ethics***

The Board of Directors has approved a Corporate Governance Charter and a Code of Business Conduct, including a framework for ethical decision making. Given the role of the Company as a holding company after the Restructuring and the lack of employees or operations, the Code of Business Conduct is however no longer applied. The Board however still applies corporate governance principles in all its decision-making. The Board performs its daily activities and their business objectives according to the strictest ethical standards and principles.

### ***Whistleblowing***

Up until the completion of the Restructuring, Nyrstar also had a whistle blower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting, possible fraudulent actions, bribery and other areas. Following the completion of the Restructuring, the Company no longer has employees and, as such, does not need to operate a whistleblowing procedure.

## ***Quality Control***

Up until the completion of the Restructuring, Nyrstar was ISO 9001 certified for the smelting and refining of zinc and zinc alloys, lead and lead alloys, silver, gold and other by-products. All of its major processes and the controls that they encompass were formalized and published on the Company's intranet. After the completion of the Restructuring, such quality control is no longer needed.

## ***Financial Reporting and Budget Control***

Nyrstar applies a comprehensive standard for financial reporting. The standard is in accordance with applicable International Accounting Standards. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) as adopted by the European Union. The effectiveness and compliance with the standard for financial reporting is consistently reviewed and monitored by the Audit Committee.

In order to ensure adequate financial planning and follow up, a financial budgeting procedure describing the planning, quantification, the implementation and the review of the budget in alignment with forecasts, is closely followed.

Before the Restructuring, Nyrstar conducted Group wide budgeting process, which is centrally coordinated and consists of the following steps:

- 1) The Group business strategy is updated and communicated within Nyrstar, which amongst other things outlines the strategic guidelines and objectives for the upcoming financial year.
- 2) Key inputs and assumptions for the budgeting process for the upcoming financial year are provided by relevant internal stakeholders (including expected production, capital expenditure, metal prices, foreign exchange and commercial terms) and uploaded into the centralised budgeting, planning and consolidation system.
- 3) The key inputs and assumptions for the budget then go through a rigorous process of validation by relevant internal stakeholders and senior management. The Management Committee and the board sign off on the final agreed budget.
- 4) The final budget is communicated to the different Nyrstar business units and departments.
- 5) Nyrstar will then bi-annually communicate to shareholders the Group's full actual financial results, supplemented by quarterly interim management statements, which will include selected key financial results.

After the Restructuring, Nyrstar still applies a financial budgeting procedure. Nyrstar continues to communicate the actual financial results to its shareholders bi-annually, but this is no longer supplemented on a quarterly basis by interim management statements.

## ***Management Committees***

Various management committees were established and actively used, until the completion of the restructuring on 31 July 2019, as a control to manage various risks Nyrstar was exposed to:

### **METAL PRICE RISK COMMITTEE**

The metal price risk committee comprised the Chief Financial Officer, the Group Treasurer, the Group Controller and the Group Manager Financial Planning & Analysis. Nyrstar's metal price risk committee established policies and procedures on how Nyrstar manages its exposure to the commodity prices and foreign exchange rates.

## ***Information, Communication and Financial Reporting Systems***

The Group's performance against plan was monitored internally and relevant action was taken throughout the year. This included, weekly and monthly reporting of key performance indicators for the current period together with information on critical risk areas.

Comprehensive monthly board reports that included detailed consolidated management accounts for the period together with an executive summary from the Chief Financial Officer were prepared and circulated to the Board of Directors by the Company Secretary on a monthly basis.

### ***Monitoring and Review***

Management was responsible for evaluating existing controls and the control effectiveness and determining whether the level of risk being accepted was consistent with the level of risk approved by the Board of Directors. Management took action where it was determined that the Company was being exposed to unacceptable levels of risk and actively encouraged all Nyrstar employees to communicate freely risks and opportunities identified.

Internal audit was an important element in the overall process of evaluating the effectiveness of the Risk Management Framework and internal controls. The internal audits were based on risk based plans, approved by the Audit Committee. The internal audit findings were presented to the Audit Committee and management, identifying areas of improvement. Progress of implementation of the actions was monitored by the Audit Committee on a regular basis. The Group internal audit function is managed internally. The Audit Committee supervised the internal audit function.

The Board of Directors paid specific attention to the oversight of risk and internal controls. On a yearly basis, the Board of Directors reviewed the effectiveness of the Group's risk management and internal controls. The Audit Committee assisted the Board of Directors in this assessment. The Audit Committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company. The Audit Committee reviewed the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas e.g., whistleblower arrangements.

To support the protocols described above, both internal resources and external contractors are engaged to perform compliance checks, and reports are provided to the Audit Committee.

### ***Other***

The Company is committed to the ongoing review and improvement of its policies, systems and processes.

### **Principal Shareholders**

The Company has a wide shareholder base, mainly composed of institutional investors in the United Kingdom, the United States, Belgium and other European countries, but also comprising Belgian retail investors. The free float of the Company as at the date of this report was 70.5%.

The table below provides an overview of the shareholders that notified the Company pursuant to applicable transparency disclosure rules, up to the date of this report. Although the applicable transparency disclosure rules require that a disclosure be made by each person passing or falling under one of the relevant thresholds, it is possible that the information below in relation to a shareholder is no longer up-to-date.

	<b>Date of Notification</b>	<b>% of the voting rights attached to shares before dilution<sup>(1)</sup></b>	<b>% of the voting rights attached to shares on a fully diluted basis</b>
Union Holdings (Malta) Ltd <sup>(3)</sup> .....	18 Jan 2019	24.42%	24.42%
RSQ Investors (division of Quanteus Group BV), Kris Vansanten BVBA, Kris Vansanten, E3V & Partners BV and an unnamed physical person	15 Jan 2020	5.01%	5.01%

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Notes:

- (1) The percentage of voting rights is calculated on the basis of the 109,033,545 outstanding shares, taking into account the share subscription by Union Holdings (Malta) Ltd in the accelerated book build that was completed in November 2017 whereby Nyrstar issued 15,384,616 new shares.
- (2) The percentage of voting rights is calculated on the basis of 109,033,545 outstanding shares. The 2022 Convertible Bonds described below under "Share Capital and Shares" were cancelled as part of the restructuring completed on 31 July 2019.
- (3) Union Holdings (Malta) Ltd is an indirect subsidiary of Trafigura Group Pte. Ltd. and is ultimately controlled by Farringford N.V. According to the latest available information received by the Company, as at the date of this report Union held 26,830,622 shares representing 24.42% of the voting rights.

The above shareholders have no special voting rights nor control rights.

No other shareholders, alone or in concert with other shareholders, notified the Company of a participation or an agreement to act in concert in relation to 3% or more of the current total existing voting rights attached to the voting securities of the Company.

### Share Capital and Shares

On the date of this report, the share capital of the Company amounts to EUR 114,134,760.97 and is fully paid-up. It is represented by 109,873,001 ordinary shares, each representing a fractional value of (rounded) EUR 1.04 and representing one 109,873,001<sup>th</sup> of the share capital. The Company's shares do not have a nominal value.

On 25 September 2013, the Company issued 4.25% senior unsecured convertible bonds due 2018 (the "2018 Convertible Bonds") for an aggregate principal amount of € 120,000,000. The possibility to convert the 2018 Convertible Bonds into new shares of the Company was approved by the extraordinary general shareholders' meeting of the Company held on 23 December 2013. The 2018 Convertible Bonds can be converted into new or existing shares of the Company at any time. During the course of 2017 Nyrstar conducted two buybacks of the 2018 Convertible Bonds. In September 2018, the EUR 29 million of the 2018 Convertible Bonds that had remained outstanding with third parties was repaid by the Company.

On 11 July 2016, Nyrstar issued 5% senior guaranteed unsecured convertible bonds due 2022 (the "2022 Convertible Bonds") for an aggregate principal amount of € 115,000,000. The possibility to convert the 2022 Convertible Bonds into new shares of the Company was approved by the extraordinary general shareholders' meeting of the Company held on 17 November 2016. The 2022 Convertible Bonds have been released in exchange for the issuance of new securities to the holders of such by the Trafigura Group, following completion of the Restructuring on 31 July 2019.

### Form and Transferability of the Shares

The shares of the Company can take the form of registered shares and dematerialized shares. All the Company's shares are fully paid-up and are freely transferable.

### Currency

The Company's shares do not have a nominal value, but reflect the same fraction of the Company's share capital, which is denominated in euro.

### Voting Rights attached to the Shares

Each shareholder of the Company is entitled to one vote per share. Shareholders may vote by proxy, subject to the rules described in the Company's articles of association.

Voting rights can be mainly suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto of the Board of Directors of the Company;

- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 5%, 7.5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders' meeting, in the event that the relevant shareholder has not notified the Company and the FSMA at least 20 days prior to the date of the shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and
- of which the voting right was suspended by a competent court or the FSMA.

Pursuant to the Belgian Code of Companies and Associations, the voting rights attached to shares owned by the Company are suspended.

### **Dividends and Dividend Policy**

All shares are entitled to an equal right to participate in the Company's profits (if any). Pursuant to the Belgian Code of Companies and Associations, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's Board of Directors. The Company's articles of association also authorise the Board of Directors to declare interim dividends subject to the terms and conditions of the Belgian Code of Companies and Associations.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's statutory unconsolidated financial statements rather than its consolidated financial statements. In particular dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory (non-consolidated) financial statements (i.e., summarized, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as summarized in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10% of the Company's share capital. The Company's legal reserve currently meets this requirement.

In view of the Restructuring that was completed on 31 July 2019, the Board of Directors have taken the decision not to propose to shareholders a distribution for the financial year 2019. Any future dividends or other distributions will depend on any distributions made to the Company on (or proceeds from a potential sale of) the 2% participation that the Company holds in the Operating Group through the one B Ordinary Share held by the Company in NN2 Newco Limited and the financial situation in which the Company finds itself at that time, including elements such as repayment obligations under its loans.

### **Diversity policy**

Consistent with the diversity requirements specified by the Belgian Code of Companies and Associations, at least one third of the members of the Nyrstar Board of Directors is of the opposite gender.

Nyrstar believes in retaining a diverse workforce with staff of different genders, ages, cultures and professional backgrounds. However, as of yet this belief has not been formalized into a diversity policy applicable below Board level. At the end of 2019, the Company no longer had a workforce as these employees had become part of the Nyrstar Operating Group from 31 December 2019 with the completion of the restructuring.

### **Information that has an Impact in case of Public Takeover Bids**

The Company provides the following information in accordance with Article 34 of the Royal Decree dated 14 November 2007:

- (i) The share capital of the Company amounts to EUR 114,134,760.97 and is fully paid-up. It is represented by 109,873,001 shares, each representing a fractional value of (rounded) EUR 1.04 or one 109,873,001<sup>th</sup> of the share capital. The Company's shares do not have a nominal value.
- (ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.
- (iii) There are no holders of any shares with special control rights.
- (iv) The awards granted to employees under the Nyrstar Long Term Incentive Plan will vest upon determination by the Nomination and Remuneration Committee.
- (v) Each shareholder of Nyrstar is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.
- (vi) There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights, other than the Lock-up Agreement pursuant to which Trafigura Pte Ltd has agreed not to transfer, and has procured that Urion Holding (Malta) Ltd will not transfer, its shares in the Company for the term of the Lock-up Agreement.
- (vii) The rules governing appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and the Company's Corporate Governance Charter.
- (vii) The powers of the Board of Directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The Board of Directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e., to defend against public takeover bids). The Company's articles of association of association do not provide for any other specific protective mechanisms against public takeover bids.
- (viii) At the date of the report, the Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can enter into force or, subject to certain conditions, as the case may be, can be amended, be terminated by the other parties thereto or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements.:
  - the Limited Recourse Loan Facility with NN2 NewCo Limited entered into on 23 July 2019
- (ix) The Company's share based plans contain take-over protection provisions.

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

## Annual and General Meeting –16 April 2020

The Annual General Meeting of Shareholders will take place in Antwerp (Bluepoint, Filip Wiliotstraat, 2600 Antwerp) on [16 April] 2020. At this meeting shareholders will be asked to consider and, where applicable, approve amongst others the following matters:

### Annual General Meeting:

- Reports on the statutory financial statements
- Approval of the statutory financial statements
- Discharge from liability of the Directors
- Discharge from liability of the Statutory Auditor
- Approval of the Remuneration report
- Re-appointment of Ms. Anne Fahy