(Non-binding translation)

Balta Group NV
Franklin Rooseveltlaan 172-174
B-8790 Waregem
Company number: 0671.974.626

(the **"Company")**

ANNUAL REPORT OF THE BOARD OF DIRECTORS
TO THE SHAREHOLDERS' MEETING OF 25 MAY 2022

Dear shareholders,

In accordance with legal and statutory Belgian regulations, we have the honour to present the annual report of the financial year 2021.

The Company is an holding company whose corporate purpose is the direct or indirect acquisition of shares and the management of the participating interests in Belgium and foreign countries. The Companies' shares are publicly traded. The Company was founded for an indefinite period on 1 March 2017.

1. Comments to the annual accounts

*Article 3:6, §1, 1° of the Belgian Code of Companies and Associations ("**Belgian Companies Code**" or "**BCCA**") determines the annual report gives information about the annual accounts to provide a true and fair view of the financial position and operations of the Company.*

	€
The balance sheet total is:	295.906.892,77
The financial result for the period available for distribution:	-176.641.388,47

The financial fixed assets amount to € 292,170,000.00, which is 99% of the balance sheet total.

The Equity at 31 December 2021 is composed as follows:

	2021 (€ thousands)	**2020 (€ thousands)**	**In- or decrease (€ thousands)**
Issued capital:	260.590	260.590	0
Share premium account:	65.660	65.660	0
Available reserves:	147.125	147.125	0
Accumulated loss:	-178.564	-1.923	176.641
Equity:	294.811	471.452	-176.641

The Equity represents 99% of the balance sheet total.

In the schedule below, you can find an overview of the income and charges for the financial year 2021.

	2021 (€ thousands)	2020 (€ thousands)	In- or decrease (€ thousands)
Operating income incl. non-recurring operating income:	3.098	1.951	1.147
Operating charges incl. non-recurring charges:	2.981	1.824	1.157
Operating profit:	117	**128**	**(11)**
Financial income incl. non-recurring financial income:	-	1	(1)
Financial charges incl. non recurring financial charges:	176.758	2	176.757
Loss for the period before taxes:	(176.641)	**127**	**(176.768)**
Transfer from/to postponed taxes:	-	-	-
Income taxes:	0	0	(0)
Loss for the period:	(176.641)	**126**	**(176.768)**
Transfer from/to untaxed reserves:	-	-	-
Loss for the period available for apporpriation:	(176.641)	**126**	**(176.768)**

The Board proposes to appropriate the profit as follows:

Gain (loss) to be appropriated	(176.641.388,47)	EUR
Profit (loss) to be carried forward	(1.922.656,14)	EUR
Profit (loss) to be appropriated	(178.564.044,61)	EUR
Appropriation of profit (loss)		
Transfers to reserves	-	EUR
Profit (loss) to be carried forward	(178.564.044,61)	EUR
Transfers to capital	-	EUR

We ask you to approve the annual accounts for the year ended 31 December 2021.

2. *Reporting and analysis in accordance with article 3:6, §1, 1° of the Belgian Companies Code*

In accordance with article 3:6, §1, 1° of the Belgian Companies Code, the following is reported:

The Company itself is not exposed to any operational risks other than those which exist for the Balta Group because the main activity of the Company is to provide services to the Balta Group. We refer to section 7 of this report for an overview of the risks which are defined within the Balta Group.

3. <u>*Information concerning significant events after the year-end*</u>

In accordance with article 3:6, §1, 2° of the Belgian Companies Code the annual report contains information about significant events which have occurred after the year-end.

The Company was pleased to announce that it has completed the sale of its Rugs, Residential polypropylene (Residential PP) and Non-Woven businesses, together with the Balta brand, to Victoria PLC (the Transaction, the Divested Businesses) on 4 April 2022. With the closing of the transaction, Balta Group NV has also settled the tender offer for its senior secured notes and refinanced other debt facilities (see below). Post completion, the Group has outstanding senior secured notes of € 132m, a sale-and-leaseback facility of € 20m and an undrawn RCF facility of € 45m.

In preparation of and conditioned upon completion of the Disposal discussed above, LSF9 Balta Issuer S.à r.l announced on 3 March 2022 that it was offering to purchase for cash any and all of its € 234,027,888 Senior Secured Notes due 2024 (the "Notes"), exchange any and all of the Notes for new Senior Secured Notes (the "New Notes") and soliciting consents (the "Consent Solicitation") to vote in favour of certain amendments to the terms of the Notes and the indenture governing the Notes (the "Proposed Amendments") from holders of the Notes ("Noteholders"). More than 90% of the holders of the principal amount of the Notes participated in the Tender Offer and/or Exchange Offer and so the Notes will remain outstanding as a single tranche as amended by the Proposed Amendments, for an amount of € 130m due in 2024.

The Proposed Amendments, amended the Indenture to decrease the redemption price of the Notes during the period on or after March 15 2023 to (but excluding) the date of redemption, to 100% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts.
Next to that, the € 61m European Super Senior Revolving Credit Facility was repaid and replaced by an undrawn € 45m Super Senior Revolving Credit Facility to be used by the full remaining continuing operations. Finally, the $ 18.0m revolving credit facility was also repaid in full and was terminated as the Bentley Group is now allowed to draw under the € 45m Super Senior Revolving Credit Facility.

Following the events in Ukraine that started in the first quarter of 2022, several economic sanctions against Russia were taken by both Europe and the US. The direct impact on the Balta Group was limited as we have no direct sourcing from Russia (nor Ukraine) and sales into Russia is only a negligible part of the group sales. New sales towards Russia are put on hold until further notice. The indirect impacts in terms of raw material prices, general inflation, interest rates are assessed on a daily basis and proportional measures are implemented.

4. <u>*Circumstances that could have a significant effect on the development of the Company*</u>

In accordance with article 3:6, §1, 3° of the Belgian Companies Code, the annual report contains information on circumstances that could have a significant effect on the development of the Company insofar as this information or circumstances does not harm the Company.

No risks other than the risks associated with the activities of the Company and relating to the activities described above should be mentioned.

5. <u>*Research and development*</u>

In accordance with article 3:6, §1, 4° of the Belgian Companies Code the annual report contains information of the activities of research and development.

No research and development activities have been executed.

6. ***Corporate governance statement***

This chapter provides information on Balta Group NV's (hereinafter also referred to as "Balta" or "the Company") corporate governance.

CORPORATE GOVERNANCE CHARTER

Pursuant to article 3:6 § 2, 1° of the Belgian Code of Companies and Associations ('Belgian Code on Companies and Associations' or 'BCCA'), Balta relies on the Belgian Code on Corporate Governance of 9 May 2019 (the 'Corporate Governance Code') as a reference code. The Corporate Governance Code can be found on the website of the Belgian Corporate Governance Committee (www.corporategovernancecommittee.be).

As a Belgian headquartered, listed company with a commitment to high standards of corporate governance, the Board adopted a Corporate Governance Charter in May 2017, as required by the Corporate Governance Code. This Corporate Governance Charter is updated occasionally and was most recently revised in 2018. It is available for download on the Corporate Governance section of our investor relations website www.baltainvestors.com.

The Company follows the rules provided by the Belgian Corporate Governance Code of 2020, except as explicitly stated otherwise and justified in the Corporate Governance Statement.

CAPITAL AND SHAREHOLDERS STRUCTURE

Capital and capital evolution

The capital of the Company amounts to € 260,589,621 as of 31 December 2021 represented by 35,943,396 shares without nominal value. Each share carries one vote. No capital movements took place in 2021.

Shareholder evolution

The applicable successive thresholds pursuant to the Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market and other provisions are set at 5% of the total voting rights, and 10%, 15%, 20% and so on at incremental intervals of 5%.

In the course of 2021, the Company received a transparency declaration from Prime AIFM Lux S.A. on 27 September 2021, stating that by virtue of an acquisition of shares on 17 September 2021, it holds at that date 1,798,185 shares of the Company, representing 5.00% of the voting rights.

Shareholder structure

The following table shows the shareholder structure on 31 December 2021 based on the notifications made to the Company and the Belgian Financial Services and Markets Authority ('FSMA') by the shareholder listed below in accordance with article 6 of the Belgian law of 2 May 2007 on the notification of significant shareholdings:

Shareholders	**Shares**	
	Number	%
LSF 9 Balta Holdco S.à r.l.	19,408,879	54.00%
Farringdon Capital Management	1,804,095	5.02%
Prime AIFM Lux S.A.	1,798,185	5.00%
Management	383,245	1.07%
Public	12,548,992	34.91%

No acquisitions or disposals of shares by persons discharging managerial responsibilities ('PDMR') have been notified in the course of 2021.

Dividend policy

Subject to the availability of distributable reserves and the lack of any material external growth opportunities, the Company intends to pay a dividend of between 30% to 40% of its net profits for the year based on its consolidated IFRS financial statements. The amount of any dividend and the determination of whether to pay the dividend in any year may be affected by several factors, including the Company's business prospects, cash requirements, and any material growth opportunities.

Shareholders' Meetings

Due to the measures and recommendations made by public authorities in Europe and Belgium in the context of the COVID-19 pandemic, the Board of Directors strongly recommended the shareholders not to be physically present at the Annual Shareholders' Meeting in 2021. The shareholders were advised to participate in the Annual Shareholders' Meeting by granting a proxy or by completing a voting form. The shareholders were given the possibility to attend the Annual Shareholders' Meeting online via a livestream in the language of their choice (Dutch or English).

Annual General Shareholders' Meeting

The Company's Annual General Shareholders' Meeting ('Shareholders' Meeting') took place on 26 May 2021.

Shareholders acknowledged the annual report and the statutory auditor's report with respect to the statutory and consolidated annual accounts relating to the financial year ending on 31 December 2020 and the consolidated annual accounts relating to the financial year ending on 31 December 2020.

Shareholders approved the remuneration report relating to the financial year ending on 31 December 2020 as well as the remuneration policy. They further approved the statutory annual accounts relating to the financial year ending on 31 December 2020, including the allocation of the results as proposed by the Board of Directors. Both the directors and the statutory auditor (PwC, Bedrijfsrevisoren BV, represented by Mr Peter Opsomer, with registered seat at Woluwedal 18, 1932 Sint-Stevens-Woluwe), were discharged of liability regarding the execution of their mandates during the financial year ending on 31 December 2020.

Shareholders approved the reappointment of:

- Mr Cyrille Ragoucy as executive director;
- Mr Michael Kolbeck, Mr Neal Morar, Mrs Hannah Strong, Mr Jeremy Fryzuk and Mr Patrick Lebreton as non-executive directors;
- Mrs Sarah Hedger and Accelium BV, represented by its permanent representative Mr Nicolas Vanden Abeele, as independent directors. Both independent directors comply with the criteria of independence set forth in article 7:87 of the Belgian Companies and Associations Code.

All directors were re-appointed for a four-year period, until the annual general meeting resolving on the annual accounts of the financial year ending on 31 December 2024.These mandates are remunerated as described in the annual remuneration report and in accordance with the remuneration policy.

Dealing Code

On 29 August 2017, the Board approved the Company's Dealing Code in accordance with the EU Market Abuse Regulation EU 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ('MAR'). The Dealing Code restricts transactions of Balta securities by members of the Board and the Management Committee, senior management and certain other persons during closed and prohibited periods. The Dealing Code also contains rules concerning the disclosure of intended and executed transactions by leading managers and their closely associated persons through a notification to the Company and to the FSMA. The General Counsel is the Compliance Officer for the purposes of the Balta Dealing Code.

THE BOARD AND COMMITTEES

Balta Group NV has a Board of Directors, a Management Committee, an Audit Committee and a Remuneration and Nomination Committee.

BOARD OF DIRECTORS

Mandate of the Board

The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realisation of the Company's purpose, except for those actions that are specifically reserved by law or the articles of association for the Shareholders' Meeting or other corporate bodies.

In particular, the Board of Directors is responsible for:

- defining the general policy and strategy of the Company and its subsidiaries;
- deciding on all major strategic, financial and operational matters of the Company;
- overseeing the management by the Chief Executive Officer ('CEO') and other members of the Management Committee; and
- all other matters reserved to and obligations imposed (including disclosure obligations) on the Board of Directors by law or the articles of association.

Composition of the Board of Directors

The BCCA proposes different governance models. The Company has chosen monism, meaning a single Board of Directors. This governance model aligns with the existing model and is the most suitable for our organisation. The CEO chairs the Management Committee and the Board of Directors. The CEO is a vital link between different management levels and the Board of Directors, and is best placed to connect the supervision of the business. That is the main reason we did not adopt a dualism governance model (with a Supervisory Board and Management Board). This model does not allow those individuals are a member of both Boards.

Pursuant to the articles of association, the Board of Directors must comprise at least five members.

On 31 December 2021, the Board consisted of nine members, comprising three independent non-executive directors. The CEO is the only executive member of the Board of Directors.
The articles of association entitle LSF 9 Balta Holdco S.à r.l., if it holds at least 50% of the total number of shares issued by the Company (which is the case), to nominate at least five members to be appointed by the Shareholders' Meeting.
Although the term of office of directors under Belgian law is limited to six years (renewable), the Corporate Governance Code recommends that it be limited to four years. The articles of association limit the term of office of directors to four years.

The appointment and renewal of directors is based on a recommendation of the Remuneration and Nomination Committee to the Board of Directors and is subject to approval by the Shareholders' Meeting, considering the nomination rights described above.

On 31 December 2021, the Board of Directors was composed as follows:

Name	Position	Director since	Mandate expires
Cyrille Ragoucy	Chairman of the Board and CEO	2017	2025
Michael Kolbeck	Non-Executive Director and chairman of the Remuneration and Nomination Committee	2017	2025
Accelium BV, represented by Nicolas Vanden Abeele	Independent Director	2017	2025
Sarah Hedger (1)	Independent Director	2017	2025
Itzhak Wiesenfeld	Independent Director	2019	2023
Neal Morar	Non-Executive Director	2018	2025
Hannah Strong	Non-Executive Director	2017	2025
Jeremy Fryzuk	Non-Executive Director and chairman of the Audit Committee	2017	2025
Patrick Lebreton	Non-Executive Director	2017	2025

(1) On 31 December 2021, Mrs Sarah Hedger stepped down as a non-executive independent director (see below)

Mrs Annelies Willemyns was appointed as Corporate Secretary of the Board of Directors.

Mr Cyrille Ragoucy has more than 30 years experience in senior management positions. His last operational position, before becoming CEO of Balta, was as CEO of Tarmac Ltd (originally Lafarge Tarmac), a leading building materials and construction solutions firm in the UK, where he oversaw the creation of the joint venture between Lafarge SA and Anglo American as well as the integration of several acquisitions, before the entity was purchased by CRH, a large Irish construction firm in August 2015. From 1998 to 2012, Mr Ragoucy was with Lafarge, serving as CEO of Lafarge Shui On Cement, a Chinese joint venture between Lafarge and Shui On, and CEO of Lafarge Construction Materials for Eastern Canada, among other director and executive-level posts.

Mr Ragoucy holds a Master of Management from the University of Paris IX (Dauphine), France.

Mr Michael Kolbeck is Managing Director and Head of Europe for Corporate Investments at Hudson Advisors UK Limited, which advises Lone Star Funds, including Lone Star Fund IX, an investor in the Company. Prior to being appointed to his post at Hudson in January 2017, he was a Managing Director at Lone Star Germany Acquisitions GmbH. He currently also serves as Board Member of Xella International S.A., a leading European building materials company, and of LSF11 Skyscraper Investments S.à r.l., the main entity at the head of the MBCC Group, a leading supplier of innovative construction chemicals and solutions, and of Dynamic Bulk LLC, a shipping company, and is an observer of the Board of LSF10 Edilians Investments S.à r.l., a leading roof tile manufacturer in France. Prior to joining Lone Star and Hudson in 2004, Mr Kolbeck worked for several years as an investment manager for Allianz Group.

Mr Kolbeck holds a Master's degree in Business Administration from Ludwig-Maximilians University, Munich, Germany.

Mr Nicolas Vanden Abeele is currently CEO of Ascom, a global leading player in medtech and healthcare ICT solutions. He is a seasoned global leader with over 25 years of multi-market and deep commercial, financial and operational expertise. Nicolas brings a valuable track record in sales acceleration, business transformation and operational excellence in a variety of leadership roles. Prior to Ascom, he served 4,5 years as a member of the Executive Committee and divisional head of Barco, a global leader in visualisation solutions, and 6 years with the Etex Group, as a member of the Executive Committee, where he headed the Insulation and Building Materials Division. Prior to Etex, he held various global executive positions in the technology industry with Nokia/Alcatel-Lucent, with postings also in the Americas and Asia, and in strategy consulting with Arthur Andersen.

Mr Vanden Abeele holds Master's degrees in Business Administration (K.U. Louvain, Belgium), Management (Solvay School of Management/ULB Belgium) and International Business and European Economics (College of Europe, Belgium).

Mrs Sarah Hedger was employed by General Electric for 12 years, prior to retiring in March 2017. She held leadership positions in its Corporate, Aviation and Capital business development teams, leaving General Electric as Leader of Business Development and M&A for its GE Capital division. While at General Electric, she served as a non-executive director of

GE Money Bank AB from 2011 to 2014, prior to its sale to Santander Group, as well as GE Capital EMEA Services Limited from 2011 to 2018. Before General Electric, Mrs Hedger worked at Lazard & Co. Limited for 11 years, leaving as Director Corporate Finance and spent five years as an auditor at PricewaterhouseCoopers.

Mrs Hedger was appointed as non-executive director of OneSavings Bank plc on 1 February 2019. She was also appointed a non-executive director of OSB Group PLC on 28 February 2020, which replaced OneSavings Bank plc as the listed holding company of the same group on 30 November 2020.

Mrs Hedger holds a Master’s degree in Electrical and Electronic Engineering and Business Studies from Imperial College, London University and is a qualified chartered accountant.

Mr Itzhak (Tzachi) Wiesenfeld has 30 years’ experience in senior management positions. For 12 years he was the EMEA CEO at ASSA ABLOY, the global leader in door opening solutions. EMEA had a revenue of € 2bn and 10,000 employees across 40 factories and 100 selling units. Under Mr Wiesenfeld’s leadership, the EMEA revenues grew by 50% and delivered high profits and strong cash flows.

Previously Mr Wiesenfeld was CEO of ASSA ABLOY in the UK and CEO of Mul-T-Lock in Israel. His experience includes optimisation of manufacturing footprint, digitisation of industrial companies and execution of many M&A deals. His commercial background includes B 2B and B 2C in a competitive, multi-channel market environment.

Mr Wiesenfeld is currently the chairman of ACRE, a global integrated security business, headquartered in Dallas, Texas, and iLOQ, a fast-growing digital locks company, based in Finland. He is also a board member at FläktGroup, a leading European air management solutions company. Mr Wiesenfeld is also a Senior Industry Expert, supporting private equity firms with M&A deals.

Mr Wiesenfeld holds a BSc degree in Industrial Engineering and an MBA. He is also a Sloan graduate from London Business School. Mr Wiesenfeld holds a dual British and Israeli citizenships.

Mr Neal Morar is a Managing Director in the Corporates team at Hudson Advisors UK Limited, which advises Lone Star and the funds which it administers, including Lone Star Fund IX, which is an investor in the Company. Prior to his current role, he held the post of UK CFO of Hudson Advisors UK Limited for five years and served on the Boards of various entities across industries including hotels and developments, loan servicer in Italy and an equity release company. Prior to joining Hudson in 2012, Mr Morar worked for 5 years as Managing Director, International CFO for AIG Investments and 10 years in various CFO roles for the FTSE 100 Capita Group including the set up and running of a captive server in Mumbai, India, in 2003. Mr Morar obtained membership of the Chartered Certified Accountants in 1996, gained Fellow status (FCCA) in 2001 and has also been regulated in various capacities with the FCA (UK), JFSC (Jersey) and CBI (Ireland) over the last 20 years.

Mr Morar holds a degree in Accounting and Finance from the University of Hertfordshire, UK.

Mrs Hannah Strong is Senior Vice President, Legal Counsel at Hudson Advisors UK Limited, which advises Lone Star and the funds which it administers, including Lone Star Fund IX, an investor in the Company. Prior to her position at Hudson, Mrs Strong worked as in-house legal counsel at The Carlyle Group (2013-2017) and was a corporate associate at Latham & Watkins in London (2007-2013). Mrs Strong has extensive experience advising on legal and compliance issues that face companies across numerous industries and jurisdictions.

Mrs Strong holds a Bachelor's degree in Jurisprudence from Oxford University.

Mr Jeremy Fryzuk is Director in the Corporate Private Equity Team at Hudson Advisors UK Limited, which advises Lone Star and the funds which it administers, including Lone Star Fund IX, an investor in the Company. Prior to his post at Hudson, he worked for Rhône Group (2013-2015), a mid-market private equity fund based in London. Prior to joining Rhône, he worked for Morgan Stanley in the firm's principal investments group and investment banking division.

Mr Fryzuk holds a Bachelor of Commerce with a major in Finance from Dalhousie University in Canada.

Mr Patrick Lebreton is Managing Director Corporates at Hudson Advisors UK Limited, which advises Lone Star and the funds which it administers, including Lone Star Fund IX, an investor in the Company. Prior to his post at Hudson, he was a Director (Operating Partner) of Montagu Associates (2012-2015), advising the Montagu Private Equity Fund. From 2004 to 2012, he was an Executive Vice President in the Portfolio Group at Bain Capital. Previously he held executive posts at General Electric, was a manager at Accenture, and is a retired U.S. Army Officer, having served in Operation Desert Storm. He is currently a non-executive Director of McCarthy and Stones, a UK retirement home builder and operator, and of Edilans S.à r.l., the leading French roofing solutions company.

Mr Lebreton holds a Bachelor of Science in International Economics and Finance from Georgetown University and a Master's degree in Business Administration from Harvard Business School.

Evolution in composition during 2021

On 31 December 2021, Mrs Sarah Hedger stepped down as a non-executive independent director.

As of 1 January 2022, Mrs Vanessa Temple joined the Board of Directors as a non-executive independent director by way of co-optation and for the remainder of the mandate of Mrs Sarah Hedger. On 31 January 2022 Mrs Temple was appointed as a member of the Audit Committee.

Mrs Temple has been a member of ING's Climate Risk team since Q1 2021. Previously, for 6 years, she led ING's corporate sector teams for Belgium, Luxembourg & the Nordics, after having led its Belgian capital structuring & advisory team. Prior to these leadership positions, she worked for many years as an originator for various debt products: complex financing, and acquisition & leveraged finance and bonds for large & mid-sized corporates. In the early stages of her career, she spent 3 years working for ING in Singapore, as a corporate relationship manager. Mrs Temple has been working for ING for over 20 years.

Functioning of the Board of Directors

In principle, the Board of Directors meets at least five times a year. Additional meetings may be called with appropriate notice at any time to address specific business needs. In total, the Board met on twelve (12) occasions. All Directors were present (or were represented) at these meetings.

Major matters reviewed and discussed by the Board of Directors in 2021 were:

- Financial and overall performance of the Group;
- Continuous monitoring of the cashflow situation, the purchase action plan and follow-up of the impact of COVID-19;
- Implementation, actions, outcome and follow-up of health & safety initiatives;
- Detailed follow-up of the progress made with the Company's three-year transformation and earnings enhancement programme NEXT;
- General strategic, financial and operational matters for the business;
- Approval of the acquisition by Victoria of the Balta Home Residential Broadloom PP and Captiqs businesses;
- On a recommendation from the Audit Committee, approval of the quarterly and half-year financial results and the corresponding reports and press releases, the refinancing business plan, the 2021 budget and the amendment of the RCF;
- On a recommendation from the Remuneration and Nomination Committee, approval of the 2020 bonus and the 2021 bonus methodology for members of the Management Committee, as well as the appointment of a new director;
- Follow-up of specific projects and approval of relevant documents related to these projects;
- Approval of corporate strategy (liquidations, share transfers, …).

The Board of Directors is convened by the chairman or the CEO whenever the interest of the Company so requires, or at the request of two directors.

Directors' attendance at Board and Committee meetings

	Board of Directors	Audit Committee	Remuneration and Nomination Committee
Cyrille Ragoucy	12/12		
Michael Kolbeck	12/12		4/4
Accelium BV, represented by Nicolas Vanden Abeele	12/12	6/6	4/4
Sarah Hedger	12/12	6/6	4/4
Itzhak Wiesenfeld	12/12		4/4
Neal Morar	12/12		
Hannah Strong	12/12		
Jeremy Fryzuk	12/12	6/6	
Patrick Lebreton	12/12		

Under the lead of its chairman, the Board will regularly evaluate its scope, composition and performance and those of its Committees, as well as its interaction with executive management.

The CEO and other executive managers are invited to attend meetings as appropriate. The Chief Financial Officer ('CFO') is present at all Board meetings and other members of the Management Committee are regularly invited to attend. This guarantees appropriate inter-action between the Board and management.

Diversity

For companies whose securities are admitted to a regulated market for the first time, the requirement to have at least one-third of board members of an opposite gender than the other members is to be met as of the first day of the sixth financial year starting after the IPO, being for the Company as of 1 January 2023. Our Board of Directors is currently 22% female. The necessary attention is being paid to meet this requirement as soon as practically possible. Our Board also features a mix of expertise from different operational fields.

We face a challenge to make our broader workforce diverse and create fully equal opportunities regardless of gender, race or cultural background given the nature of our operations. In 2020, the Management Committee launched a new ambition, to have at least 40% women in all layers of Balta Group's top management by 2030. This would reflect the partition of gender in the whole of our organisation. Increasing gender diversity both in the workplace and in the leadership teams are critical success factors in making better decisions and developing more innovative business solutions. A demonstrated focus on gender equality enables an organisation to attract and retain the best talent. It also ensures that all employees within the organisation have access to equal opportunities in developing their careers in a workplace free of bias.

Balta employees have diverse backgrounds across all age groups, from our identified 'future leaders' through to those with deep domain expertise, and are gender diverse with an increasing number of women in management roles.

Being a global business headquartered in Belgium, we operate in several different languages and employ over 50 nationalities across 10 locations. This is reflected in the Management Committee, composed of diverse American, Belgian, French and German nationalities.

It is our strong belief that employing the right people for the right roles encourages a balanced workplace and this has been reflected in a slight improvement in gender balance at the end of 2021. However, our diversity does need to improve in senior management functions and we expect the steps taken in engagement and well-being will help address this issue. During 2022, we will continue to work towards making our workforce reflect the international stage on which we operate more closely.

Balta is actively trying to attract and promote women to managerial positions through our recruitment campaigns and our internal talent management process. A great deal of actions in promoting an optimal work-life balance were promoted for men and women. This way, we encourage all our employees and managers to move to this new way of working.

Audit Committee

In accordance with the stipulations in book 7, title 4, chapter 1 of the Belgian Code on Companies and Associations and provision 5.2 of the Corporate Governance Code, the Board of Directors of Balta has established an Audit Committee.

During 2021, the Audit Committee consisted of three members, all being non-executive directors and a majority of them being independent directors.

On 31 December 2021 Mrs Sarah Hedger stepped down as a non-executive independent director. She was also no longer a member of the Audit Committee as from that date.

By decision of the Board of 31 January 2022 Mrs Temple was appointed as a new member of the Audit Committee.

In the course of 2021, the Audit Committee met six (6) times.

As required by the Belgian Code on Companies and Associations, Mr Jeremy Fryzuk, chairman of the Audit Committee possesses appropriate expertise and experience in this field. Reference is made to his biography in the 'Board of Directors' section above.

The chairman reported the outcome of each meeting to the Board of Directors.

The CEO and CFO are not members of the Audit Committee but are invited to attend its meetings. This guarantees appropriate interaction between the Committee and management. As appropriate, other Board members are invited to attend the Audit Committee meetings.

The statutory auditor attended three meetings during which it reported on the outcome of the audit and presented the global audit plan.

In addition to its statutory powers and its power under the Corporate Governance Charter, the Audit Committee considered the following main subjects: the quarterly financial statements, refinancing, the compliance approach and related policies, the 2021 budget and the approval of non-audit services, and the amendment of the RCF.

Name	Position	Director since	Mandate expires
Jeremy Fryzuk	Non-Executive Director and chairman of the Audit Committee	2017	2025
Accelium BV, represented by Nicolas Vanden Abeele	Independent Director	2017	2025
Sarah Hedger	Independent Director	2017	2025

Remuneration and Nomination Committee

In accordance with the stipulations in book 7, title 4, chapter 1 of the Belgian Code on Companies and Associations and provision 5.3 and 5.4 of the Corporate Governance Code, the Board of Directors has established a Remuneration and Nomination Committee. During 2021, the Remuneration and Nomination Committee consisted of four members, all being non-executive directors and a majority of them being independent directors:

Name	Position	Director since	Mandate expires
Michael Kolbeck	Chairman and Non-Executive Director	2017	2025
Accelium BV, represented by Nicolas Vanden Abeele	Member and Independent Director	2017	2025
Sarah Hedger	Member and Independent Director	2018	2025
Itzhak Wiesenfeld	Member and Independent Director	2019	2023

On 31 December 2021 Mrs Sarah Hedger stepped down as a non-executive independent director. She was also no longer a member of the Remuneration and Nomination Committee.

In 2021 the Remuneration and Nomination Committee met four (4) times.

The CEO and the Group HR Director are not members of the Committee, but are invited to attend its meetings, unless the members of the Committee want to meet separately (e.g., when discussing remuneration). This guarantees appropriate interaction between the Committee and management.

In addition to its statutory powers and its powers under the Corporate Governance Charter, the Remuneration and Nomination Committee discussed the following main subjects: the performance of members of the Management Committee, the 2020 bonus for members of the Management Committee and the general management, compensation and benefit packages for members of the Management Committee, the remuneration report, remuneration policy and talent and succession planning at management level.

Chief Executive Officer

Mr Ragoucy was appointed as CEO by the Board of Directors and reports directly to it. The CEO has direct operational responsibility for the Company and oversees the organisation and day-to-day management of the Company and its subsidiaries.

The CEO is responsible for the execution and management of the outcome of all Board of Directors' decisions.

The CEO heads the Management Committee, which reports to him, within the framework established by the Board of Directors and under its ultimate supervision.

Management Committee

The Management Committee is chaired by the CEO. Other members of the Management Committee are appointed and removed by the Board of Directors upon the advice of the CEO and the Remuneration and Nomination Committee.

The Management Committee exercises the duties assigned to it by the CEO, under the ultimate supervision of the Board of Directors.

The composition of the Company's Management Committee changed in 2021 and consists of the following members on 31 December 2021:

Name	Position
Cyrille Ragoucy	Chief Executive Officer
Jan-Christian Werner	Chief Financial Officer
Marc Dessein BV, represented by Marc Dessein	Managing Director Balta home
Jim Harley	President Bentley Mills Inc
Mieke Buckens	Group HR Director
Emmanuel Rigaux	Managing Director Commercial and Residential Europe

For the biography of **Mr Cyrille Ragoucy**, please see the 'Board of Directors' section above.

Mr Jan-Christian Werner was appointed Chief Financial Officer of Balta in 2019. Mr Werner has extensive experience in financial controllership, Corporate Finance and M&A at international stock market listed companies. Before joining Balta, Mr Werner was Head of the Finance organisation for the EMEA region at Orion Engineered Carbons for five years and afterwards spent one year as acting CFO of AvesOne AG, a listed Investment holding company.

Mr Emmanuel Rigaux is Managing Director for the Commercial and Residential Europe Business Unit, which includes modulyss, Balta carpets and Captiqs. He started his new role on 7 October 2021. He started his career with the Boston Consulting Group and spent 20 years in the Lafarge (then Holcim Group) in operational positions in the US, Europe and Africa. His last position in Holcim was as CEO of LHMA, a pan-African Joint Venture with Al-Mada, a leading private equity based in Casablanca. Mr Rigaux joined Balta in 2019 as Chief Transformation Officer to design and lead the NEXT program.

Mr Marc Dessein has worked for Balta since 1992, serving as Managing Director of the Rugs division since 2006. From 1993 until 2006, he was General Manager of the Wool-Heatset Rugs Business Unit of Balta and prior to that Export Sales manager. From 1985 to 1992 he held sales and management positions at Pfizer, Radar and Sun International.

Mr Jim Harley, a seasoned industry executive, rejoined Bentley in February 2013 as Chief Operating Officer, and became President in November 2017. He started his career with Bentley more than 35 years ago, as part of the management team that built the company from a small start-up carpet manufacturer in 1980 into a brand widely recognised for its innovative design, high-quality products and excellence in customer service. Prior to re-joining Bentley, he spent 15 years in executive roles at Tandus (now Tarkett), Monterey Carpets and Chroma Systems.

Mrs Mieke Buckens joined Balta in September 2021 as Human Resources Director. Mrs Buckens holds a Master's degree in Law and has a wealth of HR management experience as she worked for leading global companies. She has previously served in international HR executive roles at TUI, Barry Callebaut and Deceuninck.

Mr Kris Willaert (Group HR Director) left Balta on 15 October 2021 and was replaced by Mrs. Mieke Buckens. Mr Kris Willaert joined Balta on 3 June 2019 as Group HR Director. He holds a Master's degree in Communication Sciences and has a wealth of HR management experience having worked for leading global companies. He has previously served in international HR executive roles at KONE International (Southern Europe, Middle East and Africa), MasterCard Europe and Lloyds Pharma.

Mr Oliver Forberich (Managing Director Balta carpets, ITC and arc edition) and **Quercum BV**, represented by **Mr Stefan Claeys** (Managing Director modulyss) left Balta on 22 November 2021.

Mr Oliver Forberich joined Balta on 2 September 2019 as Managing Director Balta carpets, ITC, arc edition and Captiqs. In 1998, he started his career at SCHOTT focusing on business development and marketing. In 2006 Mr Forberich joined thinXXS Microtechnology and moved on in 2007 to join Bekaert in Belgium. Mr Forberich worked at Bekaert for 12 years holding various general management positions before being appointed Chief Marketing Officer and Senior Vice President Stainless Technologies. Over the last 20 years he gained extensive experience in many different industries across the globe.

Mr Stefan Claeys joined Balta on 23 April 2019, as Managing Director modulyss. Mr Claeys worked at Beaulieu from 2012 until he joined Balta as General Manager of the technical textiles division. From 2002 to 2012, he was in the Wienerberger Group in various positions including Director Corporate Marketing and Export, CEO of Wiekor in Poland and Product Group Business Manager at the Vienna HQ. Prior to that he occupied international sales, marketing and business development positions within CNH Group, Bekaert and the Koramic Investment Group.

Statutory auditor

The audit of the statutory and consolidated financial statements of the Company are entrusted to the statutory auditor appointed at the Shareholders' Meeting, for renewable terms of three years. The current statutory auditor is PricewaterhouseCoopers Bedrijfsrevisoren BV, with its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, and represented by Mr Peter Opsomer.

The current mandate of PricewaterhouseCoopers Bedrijfsrevisoren BV will expire at the Annual General Shareholders' Meeting that will be asked to approve the annual accounts for the financial year ended on 31 December 2022.

Article 3:71 of the Belgian Code on Companies and Associations and article 24 of the Law of 7 December 2016 on the organisation of the profession of and the public supervision over auditors, limit the liability of auditors of listed companies to € 12m for, respectively, tasks concerning the legal audit of annual accounts within the meaning of article 3:55 of the Belgian Code on Companies and Associations and other tasks reserved to auditors of listed companies by Belgian law or in accordance with Belgian law, except for liability resulting from the auditor's fraud or other deliberate breach of duty.

In 2021, the remuneration paid to the statutory auditor for auditing activities amounted to € 605,000. Remuneration paid for other assignments outside the audit mandate were € 285,000 and € 64,000 for tax related services.

RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of securities which have been admitted to trading on a regulated market, requires that listed companies disclose certain items that may have an impact in the event of a takeover bid.

Capital structure

A comprehensive overview of our capital structure as of 31 December 2021 can be found in the 'Capital Structure' section of this Corporate Governance Statement.

Restrictions on transfers of securities

The Company's articles of association do not impose any restrictions on the transfer of shares. Furthermore, the Company is not aware of any such restrictions imposed by Belgian law except in the framework of the Market Abuse Regulation.

Holders of securities with special control rights

There are no holders of securities with special control rights other than the nomination rights set out below.

The Company has not set up employee share plans where control rights over the shares are not exercised directly by the employees.

Restriction on voting rights

The articles of association of the Company do not contain any restrictions on the exercise of voting rights by the shareholders, provided that the shareholders concerned comply with all formalities to be admitted to the Shareholders' Meeting.

Shareholder agreements

Balta is not aware of any shareholder agreement which includes, or could lead to, a restriction on the transfer of its shares or exercise of voting rights related to its shares.

Rules on the appointment and replacement of members of the Board of Directors and on amendments to the articles of association

The term of office of directors under Belgian law is limited to six years (renewable) but the Corporate Governance Code recommends that it be limited to four years.

In accordance with the articles of association, the Company is managed by a Board of Directors that shall consist of a minimum of five directors. These are appointed by the Shareholders' Meeting for a maximum term of four years, as recommended by the Corporate Governance Code, and may be reappointed. Their mandate may be revoked at any time by the Shareholders' Meeting.

Should any of the directors' mandates become vacant, for whatever reason, the remaining directors may temporarily fill such vacancy until the next Shareholders' Meeting appoints a new director.

For as long as LSF 9 Balta Holdco S.à r.l. ('LSF 9') or a company affiliated therewith within the meaning of article 1:20 of the Belgian Code on Companies and Associations (a 'company affiliated therewith'), directly or indirectly, holds at least 50% of the total number of shares issued by the Company – which was the case in 2021 – it is entitled to nominate at least five directors to be appointed by the Shareholders' Meeting.

For as long as LSF 9 or a company affiliated therewith, directly or indirectly, holds less than 50% but at least 40% of the total number of shares issued by the Company, it is entitled to nominate four directors to be appointed by the Shareholders' Meeting.

For as long as LSF 9 or a company affiliated therewith, directly or indirectly, holds less than 40% but at least 30% of the total number of shares issued by the Company, it is entitled to nominate three directors to be appointed by the Shareholders' Meeting.

For as long as LSF 9 or a company affiliated therewith, directly or indirectly, holds less than 30% but at least 20% of the total number of shares issued by the Company, it is entitled to nominate two directors to be appointed by the Shareholders' Meeting.

For as long as LSF 9 or a company affiliated therewith, directly or indirectly, holds less than 20% but at least 10% of the total number of shares issued by the Company, it is entitled to nominate one director to be appointed by the Shareholders' Meeting.

If the direct or indirect shareholding of LSF 9 or a company affiliated therewith in the Company falls below one of the aforementioned thresholds, LSF 9 shall cause a director appointed upon its nomination to tender its, his or her resignation as director with effect as of the date of the next annual Shareholders' Meeting, failing which the mandate of the director who was most recently appointed upon LSF 9's nomination, shall automatically terminate on the date of the next annual Shareholders' Meeting.

The CEO is vested with the day-to-day management of the Company and the representation of the Company in respect of such management. The Board of Directors appoints and removes the CEO.

Within the limits of the powers granted to him/her by or pursuant to the articles of association, the CEO may delegate special and limited powers to a Management Committee or any other person.

Save for capital increases decided by the Board of Directors within the limits of the authorised capital, only an Extraordinary Shareholders' Meeting is authorised to amend the Company's articles of association. A Shareholders' Meeting is the only body which can deliberate on amendments to the articles of association, in accordance with the articles of the Belgian Code on Companies and Associations.

AUTHORISED CAPITAL AND ACQUISITION OF OWN SHARES

Authorised capital

According to article 6 of the articles of association, the Board of Directors may increase the capital of the Company once or several times by a (cumulated) amount of maximum 100% of the amount of the capital.

This authorisation may be renewed in accordance with the relevant legal provisions. The Board of Directors can exercise this power for a period of five years as from the date of publication in the Annexes to the Belgian Official State Gazette of the amendment to the articles of association approved by the Extraordinary Shareholders' Meeting of 26 May 2020.

Any capital increases which can be decided pursuant to this authorisation will take place in accordance with the modalities to be determined by the Board of Directors and may be effected (i) by means of a contribution in cash or in kind (where appropriate including a in distributable share premium), (ii) through conversion of reserves, whether available or unavailable for distribution, and issuance premiums, with or without issuance of new shares with or without voting rights. The Board of Directors can also use this authorisation for the issuance of convertible bonds, subscription rights or bonds to which subscription rights or other tangible values are connected, or other securities.

When exercising its authorisation within the framework of the authorised capital, the Board of Directors can limit or cancel the preferential subscription right of shareholders in the interests of the Company, subject to the limitations and in accordance with the conditions provided for by the Belgian Code on Companies and Associations. This limitation or cancellation can also occur to the benefit of the employees of the Company or its subsidiaries, or to the benefit of one or more specific persons, even if these are not employees of the Company or its subsidiaries.

The Board of Directors is expressly empowered to proceed with a capital increase in all forms, including but not limited to a capital increase accompanied by the restriction or withdrawal of the preferential subscription right, (even after receipt by the Company of a notification by the FSMA) of a takeover bid for the Company's shares. Where this is the case, however, the capital increase must comply with the additional terms and conditions laid down in article 7:202 of the Belgian Code on Companies and Associations. The powers hereby conferred on the Board of Directors remain in effect for a period of three years from the date of publication in the Annexes to the Belgian Official State Gazette of the authorisation of the Extraordinary Shareholders' Meeting of 26 May 2020. These powers may be renewed for a further period of three years by resolution of the Shareholders' Meeting, deliberating and deciding in accordance with applicable rules. If the Board of Directors decides upon an increase of authorised capital pursuant to this authorisation, this increase will be deducted from the remaining part of the authorised capital specified in the first paragraph.

In the course of 2021, the Board of Directors did not make use of its mandate to increase Balta's capital as stated in article 6 of the articles of association.

Acquisition of own shares

According to article 16 of its articles of association, the Company may, without any prior authorisation of the Shareholders' Meeting, in accordance with articles 7:215 ff. of the Belgian Code on Companies and Associations and within the limits set out in these provisions, acquire, on or outside a regulated market maximum 20% of its own shares for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 10% above the highest closing price in the last thirty trading days preceding the transaction. This authorisation is valid for five years from the date of the publication in the Annexes to the Official Belgian State Gazette of the authorisation of the Extraordinary Shareholders' Meeting of 26 May 2020. This authorisation covers the acquisition on or outside a regulated market by a direct subsidiary within the meaning and the limits set out by article 7:221, indent 1 of the Belgian Code on Companies and Associations. If the acquisition is made by the Company outside a regulated market, even from a subsidiary, the Company shall comply with article 7:215 §1 4° of the Belgian Code on Companies and Associations.

The Board of Directors is authorised, subject to compliance with the provisions of the Belgian Code on Companies and Associations, to acquire and to divest for the Company's account the Company's own shares, profit-sharing certificates or associated certificates if such acquisition is necessary to avoid serious and imminent harm to the Company. Such authorisation is valid for three years as from the date of publication in the Annexes to the Official Belgian State Gazette of the authorisation of the Extraordinary Shareholders' Meeting of 26 May 2020.

In accordance with article 7:218 of the Belgian Code on Companies and Associations the Board of Directors is authorised to divest itself of part of or all the Company's shares at any time and at a price it determines, on or outside the stock market or in the framework of its remuneration policy to members of the personnel of the Company. This authorisation covers the divestment of the Company's shares, profit-sharing certificates or associated certificates by a direct subsidiary within the meaning of article 7:221, indent 1 of the Belgian Code on Companies and Associations. By authorisation of the Extraordinary Shareholders' Meeting of 26 May 2020 the Board of Directors is, in accordance with article 7:218, §1, 4° of the Belgian Code on Companies and Associations, explicitly authorised to divest its own shares, in favour of persons who are not part of the personnel of the Company.

In the course of 2021, the Board of Directors did not make use of its mandate to acquire its own shares as stated in article 16 of the articles of association.

MATERIAL AGREEMENTS TO WHICH BALTA OR CERTAIN OF ITS SUBSIDIARIES IS A PARTY CONTAINING CHANGE OF CONTROL PROVISIONS

Senior Secured Notes

On 3 August 2015, LSF 9 Balta Issuer S.à r.l. (the 'Issuer') issued € 290,000,000 in aggregate principal amount of 7.75% Senior Secured Notes due 2022 of which € 234,900,000 remained outstanding after the partial redemptions in 2017. On 8 March 2021, an amend and extend agreement was closed and the maturity date of the replacement Senior Secured Notes issued was extended until 31 December 2024.

Upon the occurrence of a change of control (as defined in the Senior Secured Notes Indenture), the Senior Secured Notes Indenture requires the Issuer to offer to repurchase the Senior Secured Notes at 101% of their aggregate principal amount, plus accrued and unpaid interests and additional amounts, if any, to the date of purchase.

Revolving Credit Facility

On 3 August 2015, the Issuer and LSF 9 Balta Investments S.à r.l. entered into a Super Senior Revolving Credit Facility Agreement (as amended or supplemented from time to time, the 'Revolving Credit Facility'), which provides for € 61,000,000 of committed financing at 31 December 2020.

On 9 October 2020 the Company signed agreements with each of its lenders under its existing European Super Senior Revolving Credit Facility to amend and extend the maturity date for this facility to 30 June 2024.

The Revolving Credit Facility requires mandatory prepayment in full or in part in certain circumstances including upon a change of control (as defined in the Revolving Credit Facility).

One-off PSU package CEO

Mr Ragoucy was awarded a one-off package consisting of PSUs in view of his appointment as permanent CEO. The agreement relative to this one-off award contains a clause that triggers an accelerated vesting of the PSUs on the occurrence of a public takeover resulting in a change of control of the Company (i.e. the closing/first settlement date of a voluntary or mandatory public takeover bid on all shares of Balta Group NV).

Sale-and-leaseback

On 1 April 2014, a subsidiary of the Company, Balta Oudenaarde NV, entered into a sale-and-leaseback agreement with four banks, containing a change of control clause. In case of a change of control there is a full or partial immediate repayment.

On 20 December 2019, the Company entered into a sale-and-leaseback agreement with three banks. If a third party gains control over the Company, the banks are entitled to terminate the agreement at their own discretion. This change of control clause was approved by the general Shareholders' Meeting of 26 May 2020 in accordance with article 7:151 of the Belgian Code on Companies and Associations.

Factoring Agreement

On 7 September 2012, several subsidiaries of the Company entered into a Commercial Finance Agreement with ING. At several occasions, this Agreement was amended. The last time on 10 June 2021. According to the applicable general terms, the outstanding sums are immediately due in case of a change of control, if such a change would not be in the interest of the bank.

2018 Long Term Incentive Plan

In 2018, a long-term incentive plan (the '2018 LTIP') was implemented to create alignment between managers' and shareholders' interests. The 2018 LTIP consists of Performance Share Units ('PSUs') which convert into shares and vest to relevant managers that still provide services to the Balta Group on the third anniversary of their award, to the extent that the Company's share price reaches certain defined targets. As approved by the Shareholders' Meeting of 16 June 2018 in accordance with article 7:151 of the Belgian Code on Companies and Associations, the PSU vesting is accelerated in the event of a change of control or the closing of a public takeover bid for the Company.

2019 Long Term Incentive Plan

Also in 2019, a long-term incentive plan (the '2019 LTIP') was implemented by the Board of Directors. The PSUs granted under the 2019 LTIP will vest to relevant managers that still provide services to the Balta Group on the second and third anniversaries of their award, to the extent that the Company's share price reaches certain defined targets. The clause allowing for accelerated PSU vesting in the event of the closing of a public takeover bid for the Company was approved by the Shareholders' Meeting of 28 May 2019, in accordance with article 7:151 of the Belgian Code on Companies and Associations.

2020 Long Term Incentive Plan

On 5 March 2020, the Board of Directors approved a new long-term incentive plan (the '2020 LTIP'). The PSUs granted under the 2020 LTIP will vest to relevant managers that still provide services to the Balta Group on the third anniversary of their award, to the extent that the Company's share price reaches certain defined targets. The clause allowing for accelerated PSU vesting in the event of the closing of a public takeover bid for the Company was approved by the Shareholders' Meeting of 26 May 2020, in accordance with article 7:151 of the Belgian Code on Companies and Associations.

Severance pay pursuant to the termination of contract of Board members or employees pursuant to a takeover bid

The Company has not concluded any agreement with its Board members or employees which would result in the payment of specific severance pay if, pursuant to a takeover bid, the Board members or employees resign, are dismissed or their employment agreements are terminated.

Please see the section ‘Provisions concerning individual severance payments for Management Committee members / Termination Provisions’ of this Corporate Governance Statement on termination provisions of the members of the Management Committee.

CONFLICTS OF INTEREST

Directors’ conflicts of interest

Articles 7:96 and 7:97 of the Belgian Code on Companies and Associations provides for a special procedure if a director of the Company, save for certain exempted decisions or transactions, directly or indirectly has a personal financial interest that conflicts with a decision or transaction that falls within the Board of Directors’ powers. The director concerned must inform the other directors before any decision of the Board of Directors is taken and the statutory auditor must also be notified. For listed companies, the director thus conflicted may not participate in the deliberation or vote on the conflicting decision or transaction.

Relevant section of the minutes of the Board of Directors of 9 March 2021

Before the deliberation started, Mr Cyrille Ragoucy declared a conflict of interest, as defined in article 7:96 of the Belgian Code on Companies and Associations (‘BCCA’), concerning the following items on the agenda: (i) the approval of the 2020 bonus for the members of the Management Committee and (ii) approval of the 2021 compensation and benefits packages for the members of the Management Committee.

The conflict results from the fact that Mr Ragoucy is both director of the Company and member of the Management Committee.

In observance of article 7:96 of the Belgian Code on Companies and Associations, the Board acknowledged that the approval of the 2020 bonus for the members of the Management Committee and approval of the 2021 compensation & benefits packages for members of the Management Committee would have the following financial consequences for the company: the 2020 bonus pay out amounts to € 218,000. The fixed annual remuneration for 2021 amounts to € 700,000 gross. Subject to satisfying all performance objectives set by the Board of Directors, the target variable fee for 2021 may be a maximum of € 560,000 gross.

In accordance with article 7:96 BCCA, Mr Ragoucy refrained from taking part in the deliberations and from voting on those resolutions. The Board noted that Mr Ragoucy did not participate in the deliberation and decision making on the approval.

The Board noted that the quorum was met notwithstanding that Mr Ragoucy did not participate in the deliberation nor in the voting on any item giving rise to the conflict of interests.

Notwithstanding the aforementioned conflict of interest, each director, by signing the minutes, confirmed approval of any documents, events, transactions mentioned therein, to be in the corporate interest.

Compliance with the 2020 Belgian Code on Corporate Governance

Balta is committed to high standards of corporate governance and to the 2020 Corporate Governance Code as a reference code for the financial year ending 31 December 2021. As the Corporate Governance Code is based on a ‘comply or explain’ approach, the Board of Directors intends to comply with the Corporate Governance Code, except with respect to the following:

1) the articles of association allow the Company to grant shares, stock options and other securities vesting earlier than three years after their grant;

2) certain members of the Management Committee are entitled in certain circumstances to severance pay higher than 12 months of remuneration. This is due to binding agreements which were already in place at the time of the Company’s IPO. All agreements with members of the Management Committee entered into by the Company after its IPO follow the 2020 Corporate Governance Code;

3) the group of directors appointed at the nomination of LSF 9 Balta Holdco S.à r.l., constitute a majority of the directors (5 out of 9) as a consequence of the majority of shares held by that company. This situation is specific to the Company’s shareholding structure and is based on nomination rights set out in the Company’s articles of association. As LSF 9 Balta HoldCo S.à r.l. reduces its shareholding below certain agreed percentages their right to appoint directors is also reduced (see above). The Remuneration and Nomination Committee aims to ensure, in consultation with LSF 9 Balta Holdco S.à r.l., that the Board of Directors is well-balanced and that non-executive directors have complimentary skills and experience;

4) the chairman of the Board and the CEO are the same individual. The Board of Directors appointed its chairman as CEO. Following his mandate as interim CEO, during which he was instrumental in developing and starting to implement the NEXT programme, the Board of Directors requested that Mr Ragoucy assumed the role in a permanent capacity. Given his deep knowledge of the organisation and his strong track record of leading and driving strategy and profitability improvements, the Board of Directors is convinced that Mr Ragoucy is best placed to continue to drive and deliver the implementation of the Company’s transformation programme;

5) the non-executive directors of the Board of Directors are not remunerated in shares, which are held until one year after they leave the Board of Directors and at least three years after the moment of the award. As the remuneration policy of the Company entails that the directors appointed upon nomination by LSF 9 Balta Holdco S.à r.l. are not remunerated, they are also not entitled to shares. Their personal interests are aligned with the long-term interests of the Company. Also the non-executive independent directors are not remunerated in shares, because the Company feels that they are sufficiently oriented to the creation of long-term value for the Company and in this way they maintain their independent status. This will be reviewed annually;

6) the members of the Management Committee are not remunerated in shares. To ensure the personal interests of the Management Committee are aligned with the interests of long-term shareholders, other mechanisms were put in place, i.e., LTIP and variable remuneration;

7) the variable remuneration awarded to members of the Management Committee for 2021 was based upon Group (and divisional) financial targets and not on individual targets. Initially individual targets were set (such as plant safety walks), however due to COVID-19 pandemic measures, these individual targets were replaced by alternative Company objectives. This will be reviewed annually;

8) no specific provisions on the recovery of or withholding of payment of variable remuneration are inserted in the contracts with Management Committee members. The customary triggers included in claw-back provisions, such as fraud or gross misconduct, can be addressed in other ways such as dismissal (for cause), recovery on the basis of civil law, exclusion from D&O insurance coverage and others. In addition, the number of situations that could give rise to a claw-back is very limited, as grants of variable remuneration will be based on audited financial information.

REMUNERATION REPORT

Introduction

The remuneration report is structured in a way to be transparent and to comply with the latest rules, regulations and guidance on the (standardised) presentation of the remuneration report, including the Shareholder Rights Directive and the related Belgian Implementation Act.

The remuneration paid to the members of the Board of Directors and the Management Committee in 2021 was in line with Balta's remuneration policy, as amended and approved by the Shareholders' Meeting of 26 May 2021.

This remuneration policy continues the existing practices, while updating certain principles to better promote the long-term interests of the Company and the alignment of all stakeholders.

During the financial year 2021, Balta did not deviate from the principles laid down in its remuneration policy.

Remuneration of directors

In accordance with the Company's remuneration principles, as decided by the Shareholders' Meeting dated 26 May 2021, only the independent directors of the Board of Directors are entitled to a (fixed) remuneration for their director's mandate. No director's remuneration was paid to the directors appointed upon nomination by LSF 9 Balta Holdco S.à r.l.

The remuneration of the independent members of the Board of Directors was as follows in 2021:

- Annual independent director's fee of € 40,000 gross;
- Additional annual fee for each Committee membership of € 10,000 gross; and
- Additional annual fee for the chairman of the Board of Directors of € 70,000 gross.

The remuneration of the chairman of the Board of Directors is capped at € 120,000 gross. Since the chairman of the Board of Directors has been mandated as CEO of the Company, he is no longer remunerated for his director's mandate.

The actual remuneration granted to the directors in 2021

Name / position	Chairmanship	Independent directorship	AC membership	RNC membership	Total
Cyrille Ragoucy CEO Chairman of the Board of Directors	-	-	-	-	-
Michael Kolbeck Non-executive director Chairman of the Remuneration and Nomination Committee	-	-	-	-	-
Jeremy Fryzuk Non-executive director Chairman of the Audit Committee	-	-	-	-	-
Accelium BV, represented by Nicolas Vanden Abeele Independent director	-	€ 40,000	€ 10,000	€ 10,000	€ 60,000
Sarah Hedger Independent director	-	€ 40,000	€ 10,000	€ 10,000	€ 60,000
Itzhak Wiesenfeld Independent director	-	€ 40,000	-	€ 10,000	€ 50,000
Neal Morar Non-executive director	-	-	-	-	-
Hannah Strong Non-executive director	-	-	-	-	-
Patrick Lebreton Non-executive director	-	-	-	-	-
Total	-	€ 120,000	€ 20,000	€ 30,000	€ 170,000

No other benefits were paid to the members of the Board of Directors for their director's mandate. A total of € 170,000 gross was granted.

Remuneration granted to the CEO and other members of the Management Committee

The remuneration for the members of the Management Committee was reviewed by the Board of Directors on 9 March 2021 based on recommendations from the Remuneration and Nomination Committee of 4 March 2021.

In line with the Company's remuneration principles, as decided by the Shareholders' Meeting dated 30 May 2017, the remuneration of the members of the Management Committee included (i) a fixed annual fee, (ii) a variable annual fee (short-term incentive plan ('STIP')), (iii) a long-term incentive plan ('LTIP'), (iv) pension contributions, and (v) various other benefits.

(i) Fixed annual fee

For the financial year 2021, the CEO received a fixed annual fee of € 700,000 (gross) and the other members of the Management Committee received a total fixed annual fee of € 2,764,970 (gross), severance payments included.

(ii) Short-term incentive plan ('STIP')

The short-term incentive plan rewards the realisation of key financial performance indicators with targets recommended by the Remuneration and Nomination Committee and approved by the Board of Directors for the period from 1 January 2021 to 31 December 2021.

For the CEO, the CFO, the Group HR Director and the CTO, the STIP for 2021 was based on Group financial targets: 70% on Group Adjusted EBITDA and 30% on Group Seasonality Adjusted Net Debt. For the Managing Directors of the divisions, the STIP was based on the realisation of Group and divisional financial targets: 25% on Group Adjusted EBITDA, 50% on Divisional Adjusted EBITDA and 25% on Divisional Working Capital.

The Remuneration and Nomination Committee evaluated achievement against the 2021 performance objectives for each member of the Management Committee and proposed their short-term variable remuneration component to the Board of Directors.

The aim of the variable fee is to create a high-performance culture through a cash bonus linked to performance against contracted deliverables with due regard to preventing excessive risk taking. This STIP is harmonised throughout the organisation. It is designed to reward the manager for the performance of the Company and its divisions over a one-year time horizon.

The variable remuneration is not spread over time.

In 2021, the target STIP was 80% of fixed annual remuneration for the CEO and, on average, 46% of annual fixed remuneration for other members of the Management Committee.

(iii) Long-term incentive plan ('LTIP')

In 2018, the Board of Directors decided to implement annual Long-Term Incentive Plans ('LTIPs') to create alignment between manager's and shareholders' interests. These LTIPs consist of Performance Share Units ('PSUs').

The PSUs in the 2018 LTIP could vest to relevant managers that still provide services to the Balta Group on the third anniversary of their award and are converted into shares, to the extent that the Company's share price had reached defined targets with a minimum hurdle of € 13.25 per share required for any conversion. The 2018 LTIP was awarded to members of the Management Committee at that time. Since the minimum hurdle was not reached, there was no vesting in 2021.

In 2019, a similar LTIP was designed to drive the performance and long-term growth of the Group by offering long-term incentives to managers who contribute to such performance and growth and was also intended to facilitate recruiting and retaining personnel of outstanding ability. The PSUs granted under the 2019 LTIP will vest to relevant managers that still provide services to the Group on the second and third anniversaries of their award, to the extent that the Company's share price has reached certain defined targets, all significantly above the current share price. The clause allowing for accelerated PSU vesting in the event of the closing of a public takeover bid for the Company was approved by the Shareholders' Meeting on 28 May 2019, in accordance with article 7:151 of the Belgian Code on Companies and Associations. The 2019 LTIP was awarded to the CEO and to the other members of the Management Committee.

For the same purposes, a 2020 LTIP was also implemented. The PSUs granted under the 2020 LTIP will vest to relevant managers that still provide services to the Balta Group on the third anniversary of their award, to the extent that the Company's share price reaches certain defined targets. The clause allowing for accelerated PSU vesting in the event of the closing of a public takeover bid for the Company was approved by the Shareholders' Meeting on 26 May 2020, in accordance with article 7:151 of the Belgian Code on Companies and Associations. The 2020 LTIP was awarded to the members of the Management Committee, except to the CEO.

In 2021 no LTIP was implemented.

(iv) Pension contributions

Members of the Management Committee can be entitled to affiliation with a Group insurance scheme.

(v) Other benefits

Members of the Management Committee can be entitled to a Company car or car allowance, lunch vouchers and fixed expenses.

(vi) Overall remuneration awarded to the CEO as a member of the Management Committee

For the year ended 31 December 2021, the total remuneration of the CEO was as follows:

- Base salary (gross remuneration): € 700,000
- Variable remuneration (relating to performance in 2021, paid out in 2022): € 780,752
- Pension: nil
- Other compensation components (company car, fuel card and smartphone): € 12,720
- No PSUs were granted in 2021.

Upon his appointment as CEO, Mr Ragoucy was compensated for (a) the fact that no LTIP award was made to him in 2018 and (b) the loss of income connected to him giving up external roles. Therefore he was awarded a one-off package consisting of PSUs, which would vest subject to a significant increase in the Company's share price (i.e., to a minimum share price of € 13).

(vii) Remuneration awarded to the other Management Committee members

For the year ended 31 December 2021, the total remuneration of the other Management Committee members was as follows:

- Base salary (gross remuneration – severance payments included): € 2,764,970
- Variable remuneration (relating to performance in 2021, paid out in 2022): € 957,057
- Pension: € 74,851
- Other compensation components (car, insurance, lunch vouchers, representation allowances): € 104,549
- No PSUs were granted in 2021.

Overview LTIP

Main conditions of LTIP					Information regarding the financial year	
In 2021 no LTIP was implemented.						
Beneficiaries	Plan	Performance period	Award date	Vesting date	PSU awarded	Shares vested
Members of the Management Committee	2020	11/09/2020 – 11/08/2023	11/09/2020	11/08/2023	84,500	0
	2019	Period 1: 05/16/2019 – 05/15/2021 Period 2: 05/16/2019 – 05/15/2022	16/05/2019	Vesting date 1: 05/15/2021 Vesting date 2: 05/15/2022	343,500	0
	2018	07/01/2018 – 06/30/2021	07/01/2018	06/30/2021	46,666	0

Overview remuneration

Name and position	Fixed annual fee	STIP	LTIP	Pension contributions	Various other benefits	Total remuneration	% of fixed and variable
Cyrille Ragoucy (CEO)	€ 700,000	€ 780,752	€ 0	€ 0	€ 12,720	€ 1,493,472	48% fixed 52% variable
Other members of the Management Committee (total)	€ 2,764,970	€ 957,057	€ 0	€ 74,851	€ 104,549	€ 3,901,472	75% fixed 25% variable

CHANGES TO THE REMUNERATION POLICY SINCE THE END OF 2021

No changes have been made to the remuneration policy since the end of 2021.

Provisions concerning individual severance payments for Management Committee members / Termination provisions

During 2021, no changes were made for the following specific termination provisions of the enumerated Management Committee members.

Other than in the case of termination in certain events of breach of contract, the CEO is entitled to a notice period of six (6) months or a termination fee equal to the proportion of the fixed fee that he would be entitled to during this six months' period.

Other than in the case of termination in certain events of breach of contract, the CFO is entitled to a minimum notice period of six (6) months. As an exception, in case of termination of the employment contract by the employer before 31 August 2021 directly resulting from a divestment or reorganisation, he will be entitled to a notice period of twelve (12) months. If the employer does not require him to perform his duties during the entire notice period, he will be entitled to an amount equal to his fees for the non-performed period.

Other than in certain cases of termination for breach of contract, Mr Marc Dessein is entitled to a notice period of eighteen (18) months and a termination fee equal to the relevant portion of his fixed and variable fee paid out in the preceding calendar year for early termination of the notice period.

Mr Dessein is subject to a noncompetition clause for a period of up to one (1) year from the date of termination or resignation, restricting his ability to work for competitors. He is entitled to receive compensation of an amount up to € 162,500 of remuneration if this non-competition clause is applied in full.

Mr Dessein's management agreement dates from before the IPO. The termination provision included in Mr Dessein's management agreement was justified given his skills and seniority.

Other than in the case of termination in certain events of breach of contract, Mr Kris Willaert was entitled to a minimum notice period of six (6) months. If the employer does not require him to perform his duties during the entire notice period, he will be entitled to an amount equal to his fees for the non-performed period.

Other than in the case of termination in certain events of breach of contract, Mr Stefan Claeys was entitled to a notice period of six (6) months or a termination fee equal to the proportion of the fixed fee that he would be entitled to during this six months' period.

The notice period of Mr Jim Harley can be negotiated, with a minimum of two (2) weeks.

Other than in the case of termination in certain events of breach of contract, Mrs Mieke Buckens is entitled to a minimum notice period of thirty (30) calendar days or a termination fee equal to the proportion of the fixed fee that she would be entitled to during these 30 calendar days.

Unlike the previous termination provisions, for the following Management Committee members some changes were made to their provisions during 2021.

Comparative information on change of remuneration and Company performance, and ratio

	FY 2017 [1]	FY 2018	FY 2019	FY 2020	FY 2021
Board of Directors and Management Committee remuneration					
Board of Directors members' total remuneration	€ 124,584	€ 216,022	€ 162,930	€ 154,462	€ 170,000
CEO's total remuneration	€ 584,000	€ 776,490	€ 990,664	€ 867,141	€ 1,493.472
Management Committee members' total remuneration	€ 1,708,496	€ 1,353,114	€ 2,230,675	€ 2,536,733	€ 3,901,427
Company performance					
Group Adjusted EBITDA	€ 84,381,000	€ 72,352,000	€ 74,356,000	€ 67,990,000	€ 87,800,000
Average remuneration (on a full-time equivalent basis) for employees					
Employees of the Company [2]	€ 584,000	€ 776,490	€ 990,664	€ 867,141	€ 1,493,472

(1) As Balta Group NV was incorporated in 2017, only data as from 2017 can be mentioned.
(2) Only one individual has an employment agreement with Balta Group NV.

Since the addendum signed on 17 March 2021 Mr Oliver Forberich was entitled to a notice period of twelve (12 months) as an exception and in case of termination of the employment contract by the employer before 31 December 2021 directly resulting from a divestment or reorganisation of the Residential division. If the employer does not require him to perform his duties for the entire notice period, he will be entitled to an amount equal to the fees for the non-performed period.

Since the agreement effective as from 7 October 2021 Mr Emmanuel Rigaux was entitled to a notice period of twelve (12 months), as an exception and in case of termination of the employment contract by the employer before 31 December 2021 directly resulting from a divestment or reorganisation. If the employer does not require him to perform his duties for the entire notice period, he will be entitled to an amount equal to the fees for the non-performed period.

In accordance with the terminations provisions as set forth here-above severance payments were made to Mr Oliver Forberich and Mr Stefan Claeys for an aggregate amount equal to € 610,478. These severance payments are included in the total renumeration.

Clawback provision regarding members of the Management Committee

There are no clawback provisions. No specific provisions on the recovery of or withholding of payment of variable remuneration are inserted in the contracts with Management Committee Members. The customary triggers included in claw-back provisions, such as fraud or gross misconduct, can be addressed in other ways such as dismissal (for cause), recovery on the basis of civil law, exclusion from D&O insurance coverage and others. In addition, the number of situations that could give rise to a claw-back is very limited, as grants of variable remuneration will be based on audited financial information.

Compliance with remuneration policy, long-term objectives and sustainability

Remuneration is aligned with current market practice and targets a market median position for the total salary package. The remuneration system rewards individual performance. Short-term variable pay incentivises actions and results in line with annual Company targets. Long-term commitment to the Company is stimulated through a share-based long-term incentive plan, that considers the share price performance of the Company. Balta's remuneration rewards its employees fairly and appropriately regardless of gender, nationality or beliefs, and will solely be based on function and performance.

Derogations and deviations from the remuneration policy

There were no derogations or deviations in 2021.

In 2021, the ratio between the highest remunerated executive and the least remunerated employee (on a full-time equivalent basis) within the Company was 1.

Information on shareholder vote

The Shareholders' Meeting on 26 May 2021 approved the remuneration report for financial year 2020 with a majority of 87.6%. The remuneration policy was approved with a majority of 87.6%.

7. ***Risk management and internal control framework***

Balta operates a risk management and control framework in accordance with the Belgian Code on Companies and Associations and the Corporate Governance Code. Balta is exposed to a wide variety of risks within the context of its business operations, possibly resulting in its objectives being affected or potentially not being achieved. Controlling such risks is a core task of the Board of Directors, the Management Committee and all other employees with managerial responsibilities. The risk management and control system has been set up to achieve the following goals: achieving Balta's objectives, achieving operational excellence, ensuring correct and timely financial reporting and ensuring compliance with all applicable laws and regulations.

Control environment

The control environment constitutes the basis of the internal control and risk management system. The control environment is defined by a mix of formal and informal rules and corporate culture on which the operation of the business relies.

Three lines of defence

Balta applies the 'three lines of defence model' to clarify roles, responsibilities and accountabilities, and to enhance communication within the area of risk and control:

- First line of defence: the line management is the first body responsible for assessing emerging risks continuously and implementing controls in response to these risks.
- Second line of defence: oversight functions such as Finance, Controlling, Safety Health Environment and Quality, Compliance and Legal oversee and challenge risk management as executed by the first line of defence. Those constituting the second line of defence provide guidance and direction and verify whether the first line of defence is properly designed, in place, and operating as intended.
- Third line of defence: internal audit provides the governing body and senior management with comprehensive assurance based on the highest level of independence and objectivity within the organisation and challenges the risk management processes as executed by the first and second line of defence. External auditors, regulators and other external bodies reside outside the organisation's structure, but they have an important role in the organisation's overall governance and control structure. When coordinated effectively, external auditors, regulators and other groups outside the organisation can be considered as additional lines of defence, providing assurance to the organisation's shareholders, including the governing body and senior management.

Policies, procedures and processes

Corporate culture is sustained by the implementation of different company-wide policies, procedures and processes such as the Balta compliance charter, the anti-fraud and anti-corruption policy, the gift and entertainment policy, the travel and expense note policy, the non-audit services policy, the reserved matters policy, the antitrust policy, the anti-money laundering policy, Delegation Of Authority and Signing (DOAS) policy, the economic sanctions policy, the privacy and data protection policies (GDPR) (including the data breach policy, data protection policy, the privacy policy for collaborators, the privacy policy for recruitment and selection), the whistleblowing policy and the quality management system. Both the Board of Directors and the Management Committee fully endorse these initiatives. Employees will be regularly informed and trained on these subjects to develop sufficient risk management and control at all levels and in all areas of the organisation. Balta is a company with an open culture, striving to uphold the outmost business ethics. As unethical behaviour might take place in most organisations, having an open corporate culture is not always enough to eliminate such unethical behaviour. For this reason, Balta has implemented a speak-up procedure, policy and tool in 2020 and has further rolled out the awareness to all Balta employees in 2021. Cases which are reported in the whistleblowing tool and which fall within the scope of the policy are anonymously managed by a dedicated investigation team. General and discrete reporting on whistleblowing cases is provided to the Audit Committee.

Group-wide ERP system

The majority of Balta's entities operate the same Group-wide ERP system, which is managed centrally. This system embeds the roles and responsibilities defined at Group level. Through this system, the main flows are standardised, key internal controls are enforced and regular testing is carried out by the corporate finance department. The system also allows detailed monitoring of activities and direct central access to data.

Control activities

Control measures are in place to minimise the effect of risk on Balta's ability to achieve its objectives. These control activities are embedded in Balta's key processes and systems to ensure that the risk responses and Balta's overall objectives are carried out as designed. Control activities are conducted throughout the organisation at all levels and within all departments. The following control measures have been implemented at Balta: an authorisation cascade in the computer system, access and monitoring systems in the buildings, payment authorities, cycle counts of inventories, identification of machinery and equipment, daily monitoring of the cash position and an internal reporting system by means of which both financial data and operational data are reported on a regular basis. Deviations from budgets and previous reference periods are carefully analysed and explained. Great importance is attached to the security of all data stored in computer systems.

Information and communication

Balta recognises the importance of timely, complete and accurate communication and information, top-down as well as bottom-up. The Group therefore communicates operational and financial information at both divisional and group level. The general principle is to ensure consistent and timely communication to all stakeholders of all information impacting their area of responsibility.

All key business processes are managed through the ERP system for the majority of the subsidiaries. This not only offers extensive functionality with regard to internal reporting and communication, but also the ability to manage and audit access rights and authorization management on a centralised basis. During 2021, a number of additional reporting tools have been rolled out within the Group which further enable more instant in depth and automated reporting.

The Management Committee also discusses the results on a monthly basis. The Corporate Finance department directs the information and communication process. For both internal and external reporting and communication, a financial calendar in which all reporting dates are set out is communicated to all parties involved.

Risk management

Sound risk management starts with identifying and assessing the risks associated with the business, in order to minimise such risks on the organisation's ability to achieve its objectives and to create value for its stakeholders.

All Balta employees are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility. Balta has identified and analysed its key corporate risks as disclosed under the 'Summary of main risks' chapter of this Annual Report.

Risk management and internal control with regard to financial reporting
The accurate and consistent application of accounting rules throughout the Company is ensured by means of Finance and Accounting procedures and guidelines. The accounting teams are responsible for producing the accounting figures, whereas the controlling teams check their validity. These checks include consistency tests, comparing current figures with historical and budget figures, as well as sample checks of transactions according to their materiality. Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. These checklists ensure clear communication of timelines, the completeness of tasks and the clear assignment of responsibilities. Uniform reporting of financial information throughout the organisation ensures a consistent flow of information, in turn allowing potential anomalies to be detected. The Group-wide ERP system and management information tools give the central controlling team direct access to disaggregated financial and non-financial information. An external financial calendar is planned in consultation with the Board of Directors and the Management Committee. This calendar is announced to external stakeholders via the Investor Relations section of our corporate website. The objective of this external financial reporting is to provide Balta stakeholders with the information necessary for making sound business decisions. Supervision and monitoring of control mechanisms is mainly performed by the Board of Directors through the work of the Audit Committee and the Management Committee. Internal audit also reports to the Audit Committee on the risk-based audit plan. Risk-based auditing focuses on the analysis and management of the corporate, operational and strategic risks. The aim is to provide assurance to the Board of Directors and the Audit Committee that risk management processes are managing risks effectively and adequately in relation to the risk appetite. Moreover, the statutory auditor, in the context of reviewing the annual accounts, reports to the Audit Committee on their review of internal controls and risk management systems. In doing so, the statutory auditor focuses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements.

8. Renumeration report

The renumeration report is included by the Board in the annual Corporate Governance Statement.

The Remuneration and Nomination Committee advises the Board and consist of all non-executive directors and a majority of them being independent directors.

The following directors form the Remuneration and Nomination Committee: Michael Kolbeck, Vanessa Temple, Itzhak Wiesenfeld and Nicolas Van Den Abeele (providing services through Accelium BVBA).

9. *Information concerning permanent establishments of the Company*

In accordance with article 3:6, §1, 5° of the Belgian Companies Code the annual report contains information on the permanent establishments of the Company.

We confirm there are no permanent establishments.

10. *Justification of the application of the valuation rules*

In the case the balance shows a loss carried forward or the income statement of the financial year and the income statement of the previous year shows a loss in two consecutive periods, in accordance with article 3:6, §1, 6° of the Belgian Companies Code, the annual report contains a justification of the application of the valuation rules under going concern.

The loss carried forward is due to a write-off following the sale of part of the Balta Group and concerns a one-time event which will have no effect on the future activities of the company. The company will use the proceeds of the sale to optimize its operations which will result in an improvement of its results. This operation and the further strategic plans of the group guarantee the continuity of the company.

The Board proposes to apply the valuation rules under going concern.

11. *Information of the use of financial instruments*

In accordance with article 3:6, §1, 8° of the Belgian Companies Code, the annual report contains information concerning the use of financial instruments by the Company and the risk management.

The Company doesn’t use financial instruments.

12. *Discharge directors and auditor*

We ask to individually discharge the directors and the auditor for the execution of their mandate.

Done at Waregem on April 21st, 2022.

The Board of Directors

RAGOUCY Cyrille
Chairman

Accelium BV
Permanently represented by
VAN DEN ABEELE Nicolas
Director

KOLBECK Michael
Director

MORAR Neal
Director

TEMPLE Vanessa
Director

STRONG Hannah
Director

FRYZUK Jeremy
Director

LEBRETON Patrick
Director

WIESENFELD Itzhak
Director