

# CORPORATE GOVERNANCE CHARTER

## 1 Introduction

This corporate governance charter (the **Corporate Governance Charter**) was adopted on 30 May 2017 by the Board of Directors of Balta Group NV, a public limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, with its registered office located at Wakkensteenweg 2, 8710 Wielsbeke and registered with the Crossroads Bank for Enterprises under number 0671.97.46.26 (RLE Ghent, division Kortrijk), whose shares are listed on Euronext Brussels (the **Company**).

The Board of Directors will review the Corporate Governance Charter at regular intervals and adopt any changes deemed necessary and appropriate. This Corporate Governance Charter supplements the corporate governance guidelines contained in the Belgian Companies Code (the **Companies Code**) and in the articles of association of the Company (the **Articles of Association**). This Corporate Governance Charter and the Articles of Association are available on the website [www.baltagroup.com](http://www.baltagroup.com).

## 2 Reference Code on Corporate Governance

The Company is committed to high standards of corporate governance and relies on the Belgian Code on Corporate Governance of 12 March 2009 (the **Corporate Governance Code**) as a reference code in accordance with Article 96 §2, paragraph 2 of the Companies Code. The Corporate Governance Code adopts the "comply or explain" regulatory approach. Listed companies must comply with the Corporate Governance Code. However, Listed Companies may deviate from provisions in the Corporate Governance Code if those provisions are not contained in the Companies Code. In such case, Listed Companies must provide a justification for this deviation in the annual corporate governance statement included in their annual report.

## 3 Governance structure

The Board of Directors is the main decision-making body of the Company and has full power to perform all acts that are necessary or useful to accomplish the Company's purpose, save for those acts that only the Shareholders or other management bodies may decide on in accordance with applicable laws or the Articles of Association.

The composition, powers and operation of the Board of Directors are described in the terms of reference of the Board of Directors (see Section 5).

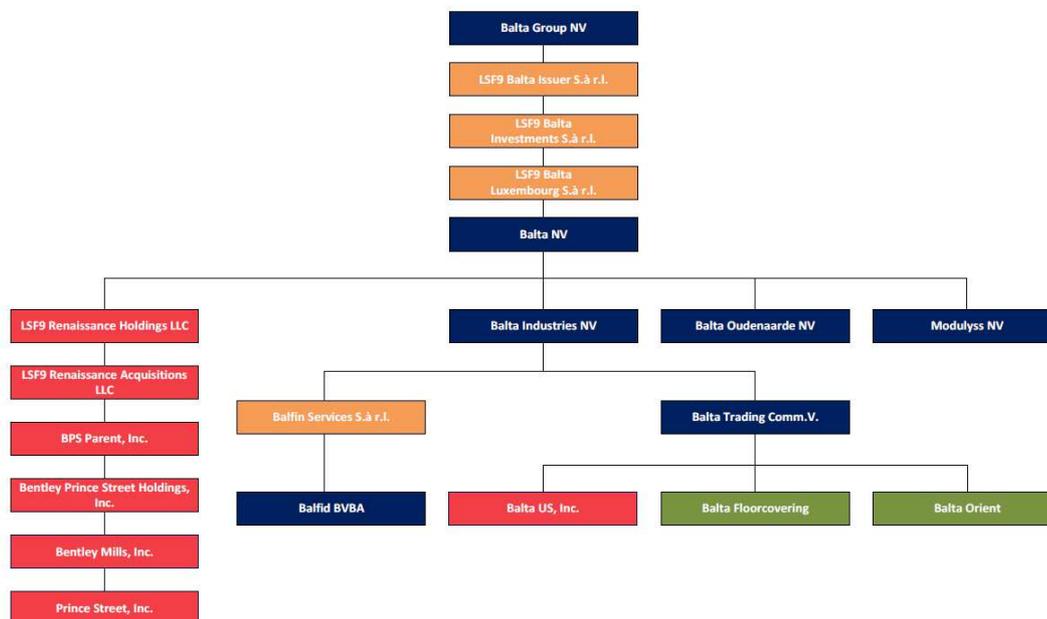
The Board of Directors has established an audit committee (the **Audit Committee**) and a remuneration and nomination committee (the **Remuneration and Nomination Committee**). These committees are advisory bodies. They assist the Board of Directors in specific matters, which they monitor closely, and with regard to which they formulate recommendations to the Board of Directors (although all final decisive powers remain entrusted to the Board of Directors). The composition, powers and operation of the Audit Committee and a Nomination and Remuneration Committee are described in their respective terms of reference (see Sections 6.2 and 6.3). The Board of Directors may modify these terms of reference at any time and revoke the powers granted to these committees.

No executive committee referred to in Article 524bis of the Companies Code was established. However, the Company has a Management Committee whose composition, role, tasks, duties and operation are set out in the relevant terms of reference (see Section 7.2). The Board of Directors has delegated the Company's day-to-day management, the Company's powers to execute the Board of Director's resolutions and, other limited and specified powers, to the Chief Executive Officer (the **CEO**).

## 4 Shareholdings

### 4.1 Group structure

The structure of the Group as 25 February 2019 is as follows:



### 4.2 Notification of significant shareholdings

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 (the **Transparency Law**), all natural and legal persons must notify the Company and the FSMA on the occurrence of, among other things, any one of the following triggering events:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as equivalent to voting securities;
- the crossing of a threshold by persons acting in concert;
- the conclusion, modification or termination of an agreement to act in concert;
- the downward crossing of the lowest threshold;
- the passive crossing of a threshold;
- the holding of voting securities in the Company upon the first admission of its securities to trading on a regulated market;
- an update in relation to previous notifications concerning financial instruments treated as equivalent to voting securities;
- the acquisition or disposal of the control of an entity that holds the voting securities in the Company; and
- introduction by the Company of additional notification thresholds in the Articles of Association,

in each case where the percentage of voting rights attaching to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at incremental intervals of 5% or, as the case may be, the additional thresholds specified in the Articles of Association.

The notification must be made as soon as possible and at the latest within four (4) trading days after the occurrence of the triggering event. Where the Company receives a notification that a threshold

has been reached, it must publish this information within three (3) trading days after receipt of the notification.

Taking into account such notifications that the Company has received pursuant to the Transparency Law, the major shareholders of the Company (i.e. above 5% on a non-fully diluted basis) are:

Name	Number of shares	Percentage of shares (%)	Date of latest transparency notification
LSF9 Balta Holdco S.à r.l.	19.856.416	55,2%	11/07/2017

Other than employment/management agreements entered into between the Company's group and certain employees/managers, who are also shareholders, there are no direct or indirect relationships between the Company and the main shareholders.

#### 4.3 Related party transactions

Save for certain exempted decisions and transactions, Article 524 of the Companies Code states that a special procedure applies to any decision or any transaction in execution of a decision that concerns (i) relations between a listed company and an affiliated company (except subsidiaries of the listed company) or (ii) relations between a subsidiary of the listed company and a company affiliated to the subsidiary (but not a subsidiary of this subsidiary).

Pursuant to this special procedure, decisions and transactions falling within the scope of Article 524 of the Companies Code should be presented to a committee of three independent directors, appointed by the Board of Directors in accordance with Article 526ter of the Companies Code, for their opinion. This committee must be assisted by one or more independent experts, appointed by the committee. This committee, after consultation with the independent expert(s), must submit written advice to the Board of Directors comprising (i) a description of the nature of the decision or transaction, (ii) an assessment of the patrimonial advantages or disadvantages of the decision or transaction for the Company and the shareholders and (iii) an estimate of its patrimonial consequences. In addition, this advice should include a determination on whether the transaction is so disadvantageous to the company as to be clearly unlawful (*kennelijk onrechtmatig/manifestement abusief*) and if it is not clearly unlawful, but nevertheless might disadvantage the company, an indication of the advantages that compensate for those disadvantages. After having acknowledged the opinion of the committee, the Board of Directors must resolve on whether to approve the decision or the transaction.

The minutes of the Board of Directors meeting must state whether the procedure has been complied with and include a justification for any deviation from the committee's recommendation. The statutory auditor must issue a separate opinion, to be annexed to the minutes of the Board of Directors' meeting, on the reliability of the figures contained in the committee's recommendation and in the minutes of the Board of Directors' meeting. The committee's advice, an excerpt from the minutes of the Board of Directors' meeting and the opinion of the statutory auditor must be included in the annual report of the Board of Directors.

This special procedure is not required for decisions and transactions entered into in the ordinary course of business at usual market conditions or for decisions and transactions whose value does not exceed 1% of the Company's consolidated net assets.

## **5 Board of Directors**

### **5.1 Powers and responsibilities of the Board of Directors**

#### **5.1.1 General**

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

In particular, the main duties of the Board of Directors are:

- defining the general policy strategy of the Company and its subsidiaries;
- deciding all major strategic, financial and operational matters of the Company;
- overseeing the management by the 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.

The Board of Directors has delegated certain powers to the CEO (see Section 7).

#### **5.1.2 Monitoring responsibilities**

The Board of Directors must, among other things:

- ensure that an internal control system and procedures are put in place, including an appropriate risk identification and management system and procedures to ensure legal compliance;
- monitor the functioning and adequacy of the internal control system and procedures, taking into account the review made by the audit committee;
- take the necessary measures to ensure the integrity of the financial statements;
- evaluate the performance of the Management Committee;
- monitor and review the effectiveness of the Board of Director's committees;
- monitor the activities of the statutory auditor and the internal audit department, taking into account the review of the audit committee;
- regularly review the business plan prepared by the Management Committee by, among other things, (i) developing an in-depth knowledge of the business being served, (ii) understanding and questioning the business plan's assumptions, and reaching an independent judgment as to the probability that the business plan can be realized; and (iii) monitoring corporate performance against the strategic targets and business plan;
- review, approve and monitor the Company's financial objectives;
- decide on the appointment or removal of any member of the Management Committee;
- decide on the principles governing the remuneration of the CEO and of the other members of the Management Committee, including any share-based or other incentives (without prejudice to the powers of the Shareholders' Meeting, to the extent applicable);
- decide on any delegation of powers to the CEO.

#### **5.1.3 Information to the Board of Directors**

The Board of Directors will take the necessary measures in order to ensure that it is informed on a regular basis on:

- the progress made towards the implementation of the business plan; and
- key business developments, key figures and key decisions of the Management Committee.

## **5.2 Composition of the Board of Directors**

### **5.2.1 General**

Pursuant to the Articles of Association, the Board of Directors must be composed of at least five (5) members.

In accordance with the Corporate Governance Code, the term of office of directors must not exceed four years.

The appointment and renewal of directors' mandates is based on a recommendation of the Remuneration and Nomination Committee and is subject to approval of shareholders at the Shareholders' Meeting.

The Articles of Association provide for nomination rights in favor of LSF9 Balta Holdco S.à.r.l. (**LSF9**), as follows:

- For as long as LSF9 Balta Holdco S.à r.l. or a company affiliated therewith within the meaning of article 11 of the Belgian Companies Code, directly or indirectly, holds at least 50% of the total number of shares issued by the company, it is entitled to nominate at least five (5) directors to be appointed by the Shareholders' Meeting.
- For as long as LSF9 Balta Holdco S.à r.l. or a company affiliated therewith within the meaning of article 11 of the Belgian Companies Code, 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 (4) directors to be appointed by the Shareholders' Meeting.
- For as long as LSF9 Balta Holdco S.à r.l. or a company affiliated therewith within the meaning of article 11 of the Belgian Companies Code, 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 (3) directors to be appointed by the Shareholders' Meeting.
- For as long as LSF9 Balta Holdco S.à r.l. or a company affiliated therewith within the meaning of article 11 of the Belgian Companies Code, 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 (2) directors to be appointed by the Shareholders' Meeting.
- For as long as LSF9 Balta Holdco S.à r.l. or a company affiliated therewith within the meaning of article 11 of the Belgian Companies Code, 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 (1) director to be appointed by the Shareholders' Meeting.

Pursuant to the Articles of Association, if the direct or indirect shareholding of LSF9 Balta Holdco S.à r.l. or a company affiliated therewith within the meaning of article 11 of the Belgian Companies Code in the company falls below one of the aforementioned thresholds, LSF9 Balta Holdco S.à r.l. shall cause a director appointed upon its nomination to tender its, his or her resignation as director of the company 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 LSF9 Balta Holdco S.à r.l.'s nomination shall automatically terminate on the date of the next annual Shareholders' Meeting.

### **5.2.2 Non-executive directors and independent directors**

At least half of the directors are non-executive, and at least three directors are independent.

In accordance with Article 526ter of the Companies Code, an independent director must at least:

- (i) not have been an executive member of the Board of Directors, or have exercised a function as a member of the executive committee, or as a person responsible for the daily management of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) for the previous five years prior to his/her appointment;
- (ii) not have exercised more than three consecutive mandates as a non-executive director on the Board of Directors, without exceeding a total term of more than twelve (12) years;

- (iii) not be a senior management employee (as defined in Article 19, 2° of the Law of 20 September 1948 on the organization of the business industry (*houdende organisatie van het bedrijfsleven/portant organisation de l'économie*) of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) during a period of three years prior to his/her appointment;
- (iv) not receive or have received from the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) any remuneration or other significant advantage of a patrimonial nature, apart from any bonus (*tantièmes*) or fee he/she receives or has received as non- executive member or member of the supervisory board;
- (v) (a) not hold any shareholder rights representing one tenth or more of the Company's share capital, the Company's social funds or of a category of shares of the Company;  
 (b) if the shareholder holds shareholder rights representing less than 10%:
  - these shareholder rights, together with the other shareholder rights in the Company held by companies that are controlled by the independent director in question, may not represent one tenth or more of the Company's share capital, the Company's social funds or of a category of shares of the Company; or
  - the disposal of those shares or the exercise of the related rights may not be subject to any contract entered into or any unilateral undertakings given by the independent director;
 (c) not represent, in any circumstances, a shareholder fulfilling the conditions covered under this point (v).
- (vi) not have or have had in the past financial year a significant business relationship with the Company or an affiliate or related person (as defined in Article 11 of the Companies Code), either directly or as partner, shareholder, member of the Board of Directors, member of senior management (as defined in Article 19, 2° of the Law of 20 September 1948 on the organization of the business industry) of a company or person who maintains such a relationship;
- (vii) not have been, within the past three years, a partner or employee of the current or previous statutory auditor of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code);
- (viii) not be an executive member of the board of directors of another company in which an executive director of the Company is a non-executive member of the Board of Directors or member of the supervisory board, and not have other significant ties with executive directors of the Company through involvement in other companies or bodies;
- (ix) not have a spouse, legal (cohabitating) partner or close family member to the second degree, who is a director or member of the executive/management committee or responsible for the daily management or a member of the senior management (as defined in Article 19, 2° of the Law of 20 September 1948 on the organization of business industry) of the Company or an affiliate or related person (as defined in Article 11 of the Companies Code) or who fall under the provisions of (i) to (viii) above.

### **5.2.3 Diversity**

At the latest, on 1 January 2023, at least one third of the directors on the Board of Directors must be of the opposite gender, in accordance with the rules of the Companies Code on newly listed companies.

### **5.2.4 Chairman of the Board of Directors**

The Chairman of the Board of Directors and the CEO are not the same individual, and the Chairman is a non-executive director.

The Chairman is responsible for the leadership of the Board of Directors. The Chairman takes the measures required to create a climate of trust within the Board of Directors, which contributes to an open discussion, constructive criticism and support for the decisions of the Board of Directors.

The Chairman must ensure that the Board of Directors functions effectively and in line with the Articles of Association and the Corporate Governance Charter. In particular, the Chairman:

- coordinates the processes that govern the appointment or re-election of the members of the Board of Directors and the Board of Directors' committees;
- plans the Board of Directors meetings and draws up, in consultation with the CEO, the calendar and the agenda of Board of Directors' and committee meetings. The Chairman is consulted reasonably in advance on all matters which the CEO wishes to submit to the Board of Directors;
- prepares, chairs and leads the Board of Directors' meetings and ensures that the procedures relating to the preparation, the deliberation, the approval of resolutions and the implementation of decisions runs smoothly. The Chairman ensures that the directors receive clear, timely and accurate information before the Board of Directors' meetings to allow recipients enough time to review this information;
- oversees and ensures the quality of continuous interaction and dialogue at Board of Directors' level;
- is responsible for providing the appropriate induction for newly appointed directors to ensure their swift contribution to the Board of Directors;
- chairs and leads the Shareholders' Meetings and ensures that they are conducted efficiently; and
- represents and safeguards, in consultation with the CEO, the interests of the Company by maintaining contact with external constituencies and participating in external policy forums.

For the exercise of its mandate, the Chairman may sub-delegate its powers to another non-executive director, who will act as deputy chairman.

#### **5.2.5 Company Secretary**

The Company Secretary is appointed by the Board of Directors and assists and advises the Board of Directors on governance matters. The Company Secretary assists and advises the Chairman of the Board of Directors and the Chairmen of the Board of Directors' committees in the exercise of their general and specific roles and duties.

The core responsibilities of the Company Secretary include:

- reporting regularly to the Board of Directors, under the direction of the Chairman and with the support of the Company legal team;
- ensuring, under the direction of the Chairman, good information flow within the Board of Directors and its committees and between the Management Committee and non-executive directors;
- acting as secretary of the Board of Directors and the committees (including preparing minutes); and
- facilitating induction and assisting with professional development within the Board of Directors.

Each director has direct access to the Company Secretary.

For the exercise of its mandate, the Company Secretary may sub-delegate its powers.

### **5.3 Functioning of the Board of Directors**

#### **5.3.1 Number of meetings and convening of the Board of Directors**

In principle, the Board of Directors meets at least five (5) times a year. Additional meetings may be called with appropriate notice at any time to address specific needs of the business. 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 (2) directors. The non-executive directors meet at least once a year, without the CEO and the other executive directors being present.

Board of Directors' meetings are convened in the manner specified in the Articles of Association.

### **5.3.2 Attendance and quorum**

If and when required, members may attend a meeting by video/phone conference or other means of communication which enables all persons participating in such meeting to hear each other in real time.

A director may be represented at the meeting by another director by means of a power of attorney made in writing (letter, fax) or through any other means of communication that leaves a trace (e.g., e-mail). A director may represent several other directors.

Management presentations to the Board are generally made by the CEO, who may be assisted by other members of the Management Committee or other senior officers, if necessary and at the discretion of the CEO. The Board can also require any member of the Management Committee to be heard.

The Board of Directors may only deliberate and decide on matters in the agenda and only if at least half of its members are present or represented at the meeting. If this quorum is not met, a second meeting with the same agenda will be convened immediately, which must be held within thirty (30) days following the first meeting and may validly decide, provided that at least three directors are present or represented. In addition, such quorum requirement shall not apply when an unforeseen emergency arises that makes it necessary for the Board of Directors to take action that would otherwise become time-barred by law or in order to avoid imminent harm to the Company.

The Board of Directors can only lawfully deliberate and decide on matters that are not stated on the agenda if all the members are present at the meeting and agree to this.

### **5.3.3 Deliberation, voting and minutes**

The meetings of the Board of Directors are presided over by the Chairman. If the Chairman is prevented from attending a meeting, the meeting is presided over by another director.

Without prejudice to the provisions of the Articles of Association, the decisions of the Board of Directors are adopted by a simple majority.

Minutes are taken at every Board of Directors' meeting.

The minutes are signed by the Chairman, the Company Secretary and any directors who request to do so.

In exceptional cases, due to urgent necessity and where the Company's interest demands this, the Board of Directors' decisions may be adopted by unanimous written agreement of the directors. However, this procedure cannot be used for drawing up the annual accounts or the utilization of the authorized capital.

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

Without prejudice to its right to set up other committees, the Board of Directors has established two (2) Board of Directors' committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: namely, the Audit Committee (in accordance with Article 526bis of the Companies Code and provision 5.2 of the Corporate Governance Code) and the Remuneration and Nomination Committee (in accordance with Article 526quater of the Companies Code and Provisions 5.3 and 5.4 of the Corporate Governance Code). These Committees have an advisory role, as the actual decision-making remains the responsibility of the Board of Directors. See Section 6.2 and 6.3 respectively.

The Board of Directors has not set up an executive committee in accordance with article 524bis of the Companies Code. However, the Company has a Management Committee, whose composition, role, tasks, duties and operations are set out Section 7.2.

The Board of Directors pays particular attention to the composition of each of the committees. It ensures that in appointing the members of each Committee, consideration is given to the specific knowledge and qualifications required for the optimal functioning of that Committee.

#### **5.4 Access to advisors**

The Board of Directors, its Chairman and its committees may call on external independent advisers, experts, consultants and other members of the Board of Directors, at the Company's expense, if required for the performance of their tasks. The Chairman, assisted by the Company Secretary, is entrusted with the coordination thereof with a view to ensuring cost efficiency and avoiding duplication of efforts.

#### **5.5 Evaluation**

Under the leadership of the Chairman, the Board of Directors must regularly evaluate its scope, composition, performance and that of its committees, as well as its interaction with the executive management.

#### **5.6 Conduct of the directors**

##### **5.6.1 Independence and commitment**

Each member of the Board of Directors is required:

- to be guided exclusively by the overall purpose of the Board of Directors of the Company, which is to pursue the long-term success of the Company and to ensure that all decisions are made in the corporate interests of the Company;
- to maintain in all circumstances their independence of judgment, decision and action; and
- to commit appropriately to the performance of his/her duties and ensure that he/she receives detailed and accurate information, which he/she must study carefully to acquire and maintain a thorough understanding of the key issues relating to the Company's business. He/she must seek clarification whenever he/she deems it necessary.

##### **5.6.2 Conflict of interests**

###### **a) In general**

Each Board member should arrange his/her personal and business affairs in such a way as to avoid any conflict of interests of a personal or patrimonial nature with the Company, directly or through relatives (including spouse or life companion, or other relatives by blood or marriage up to the second degree and foster children).

###### **b) Conflicting personal interest of a patrimonial nature**

Article 523 of the Companies Code provides for a special procedure if a director of the Company directly or indirectly has a personal interest of a patrimonial nature that conflicts with a decision or transaction that falls within the powers of the Board of Directors. The director concerned must inform the other directors before any decision of the Board of Directors is adopted, and the statutory auditor must also be notified. For companies having solicited funds from the public, such as the Company, the director thus conflicted may not participate in the deliberation or vote on the conflicting decision or transaction. The minutes of the meeting of the Board of Directors must set out the director's declaration of the conflict of interests, the nature of relevant decision or transaction, the patrimonial implications of the relevant decision or transaction for the Company, and justify the decision adopted by the Board of Directors. These minutes must be included in the Board of Director's annual report. The report of the statutory auditor to the annual accounts must contain a description of the patrimonial implications on the Company of each of the Board of Director's decisions in matters where such conflict arises.

##### **5.6.3 Transactions in shares of the Company**

The directors must fully comply with the Dealing and Disclosure Code (see Section 11 and Appendix 1).

##### **5.6.4 Transactions and agreements between the Company and directors**

Each member of the Board complies with the policy relating to transactions and other contractual relationships between the Company and its Board members, as included in Appendix 2.

### **5.6.5 Confidentiality**

Each member of the Board of Directors undertakes, both while a member of the Board of Directors and afterwards, to not disclose to anyone in any manner any confidential information relating to the business of the Company or companies in which the Company has an interest (a) that came to his/her knowledge within the normal scope of his/her activities for the Company and (b) that he/she knows is, or should know is, confidential, unless he/she has a legal obligation to disclose that information or such disclosure is required for the normal exercise of his/her mandate.

However, a member of the Board of Directors may disclose the information described above to staff members of the Company, or of companies in which the Company has an interest, who need to be informed of such information in view of their activities for the Company or for the companies in which the Company has an interest.

No member of the Board of Directors may use the information described above solely to his/her own advantage.

## **6 Board of Directors' committees**

### **6.1 General**

Next to the Management Committee (see Section 7.2), the Board of Directors is assisted by two committees: the Audit Committee and the Remuneration and Nomination Committee. This section sets out the terms of reference of committees set up by the Board of Directors and staffed by members of the Board of Directors. Additional committees may be set up by the Board of Directors as it deems appropriate.

Each committee should regularly (at least every two or three years) review its terms of reference and its own effectiveness and recommend any necessary changes to the Board of Directors.

The appointment of committee members is based on (i) their specific competences and experience, in addition to the general competence requirements for members of the Board of Directors and (ii) the requirement that each committee possesses the competences and experience to perform its tasks. The duration of the appointment of a committee member may not exceed the duration of his/her directorship.

### **6.2 Audit Committee**

#### **6.2.1 Role and responsibilities**

In accordance with Article 19 of the Articles of Association, the Board of Directors has set up the Audit Committee.

The Audit Committee advises the Board of Directors on accounting, audit and internal control matters, and must, in particular:

- inform the Board of Directors on the result of the statutory audit of the annual accounts and, if applicable, the consolidated accounts of the Company and explain how the statutory audit of the annual accounts and the consolidated accounts of the Company contributed to the integrity of the financial reports, and the role the Audit Committee played in this process;
- monitor the financial reporting process in relation to the Company and make recommendations or proposals to safeguard the integrity of the process;
- monitor the effectiveness of the Company's internal control and risk management systems and if there is an internal audit, monitor the internal audit of the Company and its effectiveness, at least once a year;
- monitor the statutory audit of the annual and, if applicable, the consolidated accounts of the Company, including any follow-up on any questions and recommendations made by the statutory auditor;

- review and monitor the independence of the statutory auditor, in particular whether the provision of additional services to the Company is appropriate. More specifically, the Audit Committee analyses, together with the statutory auditor, the threats to the statutory auditor's independence and the security measures taken to limit these threats, when the total amount of fees exceeds the criteria specified in article 4 §3 of Regulation (EU) No 537/2014;
- make recommendations to the Board for the appointment and reappointment of the statutory auditor of the Company in accordance with article 16 § 2 of Regulation (EU) No 537/2014.

The Audit Committee should also report regularly to the Board of Directors on the exercise of its duties, identifying any matters where it considers that action or improvement is needed and making recommendations as regards the steps to be taken.

The Audit Committee will meet sufficiently in advance of the Board of Directors' meetings so as to allow the members of the Audit Committee to make sound recommendations to the Board of Directors. It will meet at least four (4) times a year.

At least twice (2) a year, the Audit Committee will meet the statutory and internal auditors to discuss matters relating to terms of reference and any issues arising from the audit process, and in particular any material points for improvement in the internal control.

### **6.2.2 Composition**

The Audit Committee consists of at least three (3) members appointed for a term not exceeding that of their membership of the Board of Directors, all being non-executive directors, and a majority of them being independent directors.

The members of the Audit Committee must have collective expertise in respect of the activities of the Company. At least one member of the Audit Committee must have accounting or related financial management expertise. If a chairman is appointed, the chairman will be appointed by the members of the Audit Committee but must not be the Chairman of the Board of Directors.

## **6.3 Remuneration and Nomination Committee**

### **6.3.1 Role and responsibilities**

In accordance with Article 19 of the Articles of Association, the Board has set up the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors, the CEO and the other members of the Management Committee and must in accordance with Article 526quater of the Companies Code and the Corporate Governance Code, among other things:

- identify, recommend and nominate, for the approval of the Board of Directors, candidates to fill vacancies on the Board of Directors and executive management positions as they arise. In this respect, the Remuneration and Nomination Committee must consider and advise on proposals made by relevant parties, including management and shareholders;
- advise the Board of Directors on any proposal for the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Management Committee;
- draft appointment procedures for members of the Board of Directors and the CEO;
- ensure that the appointment and re-election process is organized objectively and professionally;
- periodically assess the size and composition of the Board of Directors and make recommendations to the Board of Directors with regard to any changes;
- consider issues related to succession planning;

- make proposals to the Board of Directors on the remuneration policy for directors and members of the Management Committee, as well as, where appropriate, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- make proposals to the Board of Directors on the individual remuneration of directors and members of the Management Committee, including variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the Board of Directors to the Shareholders' Meeting;
- prepare a remuneration report to be included by the Board of Directors in the corporate governance statement (as referred to in Article 96 §2 of the Companies Code);
- present and provide explanations in relation to the remuneration report at the annual Shareholders' Meeting;
- make proposals to establish performance targets and conduct performance reviews for the CEO and other members of the Management Committee; and
- report regularly on the exercise of its duties to the Board of Directors.

The Remuneration and Nomination Committee will meet sufficiently in advance of the Board of Directors' meetings so as to allow its members to make sound recommendations to the Board of Directors. It will meet at least twice (2) a year.

#### **6.3.2 Composition**

The Remuneration and Nomination Committee consists of at least three members, all being non-executive directors, and a majority of them being independent directors. The Chairman of the Remuneration and Nomination Committee is designated by the Board of Directors and must be either the Chairman of the Board of Directors or another non-executive director.

The CEO attends the meetings of the Remuneration and Nomination Committee when it handles the appointment and remuneration of the other members of the Management Committee and has an advisory vote.

A member of the Board of Directors may not attend a meeting of the Remuneration and Nomination Committee when it is dealing with the remuneration of that member of the Board of Directors, and may not be involved in decisions concerning his/her own remuneration.

### **6.4 Functioning of the Board of Directors' committees**

#### **6.4.1 Meetings**

Meetings may be called with appropriate notice at any time when a recommendation is to be made to the Board of Directors that falls within the competence of the committee.

Meetings are held at the place and on the day and time indicated in the convening notice.

If and when required, members may attend a meeting by phone conference or by other means of communication.

The chairman of the committee prepares, chairs and leads the committee meetings and ensures that they are conducted efficiently and in accordance with the Articles of Association and the Corporate Governance Charter. The chairman ensures that written materials are distributed well in advance to allow recipients enough time to review them. The chairman ensures that all members of the committee receive the same information.

The Company Secretary assists in the organization of the committee meetings. The Company Secretary may act as secretary to the committees and prepare the report and minutes on the findings and recommendations of the meeting.

#### **6.4.2 Convening notices**

Committee meetings are convened by the chairman of the committee.

Convening notices are given in writing (letter, courier, fax) or through any other means of communication that leaves a trace (e.g., e-mail) at least two (2) calendar days prior to the meeting, save in the case of urgency warranting a shorter notice period (whereby such urgency must be justified in the convening notice) .

Members may waive the benefit of the convening notices. In any event, members who are present or represented at a meeting are considered to have been validly convened for the meeting and to have waived the convening requirement.

#### **6.4.3 Quorum**

For a committee meeting to be valid, at least half of its members must be present or validly represented.

#### **6.4.4 Majority requirement**

All recommendations of the committee are adopted by a majority of the votes cast.

## **7 CEO and the Management Committee**

### **7.1 CEO**

The CEO is appointed and removed by the Board of Directors.

The CEO is vested with the day-to-day management of the Company and the execution of the resolutions of the Board of Directors. In addition, the CEO exercises the special and limited powers assigned to the CEO by the Board of Directors. Within that framework, the CEO has direct operational responsibility for the Company.

The CEO reports regularly to the Board of Directors.

Within the limits of the powers granted to the CEO by or pursuant to the Articles of Association, the CEO may delegate special and limited powers to any persons within the Company. The CEO may allow the sub-delegation of those powers.

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

### **7.2 Management Committee**

#### **7.2.1 Role and responsibilities**

The Management Committee does not constitute a "*directiecomité/comité de direction*" within the meaning of Article 524bis of the Companies Code.

The operational management of the Company is provided by the Management Committee under the leadership of the CEO and in accordance with the general policy orientations determined by the Board of Directors and under its ultimate supervision. The Management Committee exercises the duties assigned to it by the CEO.

Within the limits of the powers assigned to the Management Committee, the Management Committee may assign special and limited powers to one or more members of staff of the Company. The Management Committee may allow the sub-delegation of those powers.

Each year, the Management Committee prepares, under the direction of the CEO, a business plan assessing the medium-term purposes and strategy of the Company, which is submitted by the Management Committee to the Board of Directors for approval.

#### **7.2.2 Composition and functioning**

The Management Committee is composed of the CEO, who chairs the Management Committee, and certain other members. Such other members are appointed and removed by the Board of Directors, after having received advice of the CEO and the Remuneration and Nomination Committee.

The Management Committee acts as a collegial body and convenes at the invitation of the CEO. The Management Committee decides with a simple majority of the votes cast. In the event of tied votes within the Management Committee, the CEO has the casting vote.

### **7.2.3 Code of Conduct**

The members of the Management Committee must fully comply with the Dealing and Disclosure Code (see Section 11).

Each member of the Management Committee is expected to comply with the policy relating to transactions and other contractual relationships between the Company and the members of the Board of Directors and Management Committee as determined in Appendix 2.

Each member of the Management Committee undertakes, both while a member of the Management Committee and afterwards, not to disclose to anyone in any manner any confidential information with regard to the Company or companies in which the Company has an interest that came to that member's knowledge within the normal scope of his/her activities for the Company and that he/she knows or should know to be confidential, unless he/she has a legal obligation to disclose this information or such disclosure is required for the normal exercise of his/her mandate.

However, a member of the Management Committee is authorised to disclose the information described above to staff members of the Company and of Companies in which the Company has an interest who need to be informed of such information in view of their activities for the Company or for the companies in which the Company has an interest.

No member of the Management Committee is allowed to use the information described above solely to his/her own advantage.

## **8 Remuneration of directors and members of the Management Committee**

The remuneration of the directors is determined by shareholders at the Shareholders' Meeting. The remuneration of the CEO and the other members of the Management Committee is determined by the Board of Directors. However, schemes under which executive managers are remunerated in shares, share options or any other right to acquire shares should be subject to prior shareholder approval by way of a resolution at the general Shareholders' meeting. The approval should relate to the scheme itself and not to the grant of share-based benefits under the scheme to individuals.

Details of the remunerations of directors, the CEO and the other members of the Management Committee are published each year in the remuneration report, which forms part of the annual report.

The remuneration of non-executive directors should take into account their role as ordinary Board of Directors' members, and specific roles, as Chairman of the Board of Directors, Chairman or member of Board of Directors' committees, as well as their resulting responsibilities and commitment in time.

Non-executive directors are not entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits.

An appropriate proportion of an executive manager's remuneration package should be structured so as to link rewards to corporate and individual performance, thereby aligning the executive managers' interests with the interests of the Company and its shareholders.

## **9 Shareholders' Meetings**

### **9.1 Annual Shareholders' Meeting – Agenda & Questions**

The annual Shareholders' Meeting is held on the fourth Tuesday of the month of May at 10 a.m., or, if this day is a public holiday, on the first business day thereafter. It takes place at the registered office of the Company or at any other place designated by the notice convening the Shareholders' Meeting.

Shareholders who individually or jointly represent at least 3% of the share capital may propose items for inclusion on the agenda of the annual Shareholders' Meeting.

The Chairman of the Shareholders' Meeting will lead the Shareholders' Meeting in such a manner that there is sufficient time to answer any questions that the shareholders may have relating to the annual report, special reports and/or the items on the agenda.

## **9.2 Quorum and majorities**

In general, there is no attendance quorum requirement for the annual Shareholders' Meeting, except as provided for by law in relation to certain decisions. Decisions are adopted by a majority of the votes cast, except where the law or the Articles of Association provide for a special majority.

Matters involving special legal quorum and majority requirements include, among other things, amendments to the Articles of Association, issues of new shares, convertible bonds or warrants and decisions regarding mergers and demergers, which require at least 50% of the share capital to be present or represented and a majority of at least 75% of the votes cast. If the quorum is not reached, a second Shareholders' Meeting may be convened at which no quorum will apply. However, the special majority requirements remain applicable.

## **9.3 Minutes**

The minutes of the Shareholders' Meeting are drafted by the secretary of the meeting (who is, normally, the Company Secretary). The results of the votes and the minutes are posted on the Company's website as soon as possible after the meeting.

## **10 Statutory auditor**

The audit of the unconsolidated and consolidated financial statements of the Company is entrusted to the statutory auditor, who is appointed by shareholders at the Shareholders' Meeting, for a renewable term of three (3) years. The Shareholders' Meeting determines the remuneration of the statutory auditor.

## **11 Dealing and Disclosure Code**

The Board of Directors has established a Dealing and Disclosure Code, which is included under Appendix 1. Miscellaneous

If one or several provisions of this Corporate Governance Charter are or become invalid, this invalidity will not affect the validity of the remaining provisions. The Board may replace the invalid provisions by valid provisions whose effect, given the contents and the purpose of this Corporate Governance Charter, corresponds to the greatest extent possible, to that of the invalid provisions.

This Corporate Governance Charter is governed by Belgian law. The Belgian courts have exclusive jurisdiction to settle disputes resulting from or relating to this Corporate Governance Charter (including disputes relating to the existence, validity or termination of this Corporate Governance Charter). In the case of discrepancy between a provision of this Corporate Governance Charter and a (stricter) legal provision or provision of the Articles of Association, the latter provision will prevail.

**Appendix 1**  
**Dealing and Disclosure Code**

## **Appendix 2**

### **Policy for Transactions and other Contractual Relationships between the Company and the members of the Board of Directors and the Management Committee**

1. All transactions between the Company and non-executive members of the Board of Directors, the Management Committee or their permanent representatives, require the approval of the Board of Directors. These transactions may only take place at arm's length.
2. For instance, members of the Board of Directors or of the Management Committee or their permanent representatives may not, either directly or indirectly, conclude agreements with the Company relating to the delivery of goods or paid services (other than in the context of their mandates as a director or a member of the Management Committee), other than with the express authorization of the Board of Directors.
3. If members of the Board, or of the Management Committee or their permanent representatives are confronted with possible conflicting interests arising from a decision or transaction of the Company, they must inform the Chairman of the Board of Directors thereof as soon as possible. Conflicting interests include conflicting proprietary interests, functional or political interests or interests involving family members (up to the second degree).
4. If Article 523 of the Companies Code is applicable, the member of the Board of Directors involved must abstain from participating in the deliberations and in the voting regarding the agenda items affected by such conflict of interests.