

THE BELGIAN CODE ON CORPORATE GOVERNANCE

DRAFT 2009 CODE

Legend

- Changes: highlighted in yellow
- Deleted text: ~~strikethrough~~
- Sentences moved from one Provision (guideline) to another
 - Original sentence ~~Strikethrough in grey~~
 - Moved sentence Highlighted in grey

THE Belgian Code on corporate governance

TABLE OF CONTENTS

FOREWORD	3
PREAMBLE	4
THE CORPORATE GOVERNANCE PRINCIPLES	8
PRINCIPLE 1. THE COMPANY SHALL ADOPT A CLEAR GOVERNANCE STRUCTURE	8
PRINCIPLE 2. THE COMPANY SHALL HAVE AN EFFECTIVE AND EFFICIENT BOARD TAKING DECISIONS IN THE CORPORATE INTEREST	10
PRINCIPLE 3. ALL DIRECTORS SHALL DEMONSTRATE INTEGRITY AND COMMITMENT	12
PRINCIPLE 4. THE COMPANY SHALL HAVE A RIGOROUS AND TRANSPARENT PROCEDURE FOR THE APPOINTMENT AND EVALUATION OF THE BOARD AND ITS MEMBERS	13
PRINCIPLE 5. THE BOARD SHALL SET UP SPECIALISED COMMITTEES	16
PRINCIPLE 6. THE COMPANY SHALL DEFINE A CLEAR EXECUTIVE MANAGEMENT STRUCTURE	17
PRINCIPLE 7. THE COMPANY SHALL REMUNERATE DIRECTORS AND EXECUTIVE MANAGERS FAIRLY AND RESPONSIBLY	19
PRINCIPLE 8. THE COMPANY SHALL ENTER INTO A DIALOGUE WITH SHAREHOLDERS AND INVESTORS BASED ON MUTUAL UNDERSTANDING OF OBJECTIVES AND CONCERNS	22
PRINCIPLE 9. THE COMPANY SHALL ENSURE ADEQUATE DISCLOSURE OF ITS CORPORATE GOVERNANCE	24
Appendix A. Criteria of independence	25
Appendix B. Transactions in shares and compliance with directive 2003/6/EC on insider dealing and market manipulation (market abuse)	26
Appendix C. Audit committee	26
Appendix D. Nomination committee	29
Appendix E. Remuneration committee	30
Appendix F. Disclosure requirements	31
COMPOSITION OF THE CORPORATE GOVERNANCE COMMITTEE	34

FOREWORD

The Corporate Governance Committee was set up in January 2004 on the initiative of the Banking, Finance and Insurance Commission (CBFA), Euronext Brussels and the Federation of Enterprises in Belgium.

The Committee aimed to draft a code of best corporate governance practices in line with international practice and EU recommendations, targeting all companies incorporated under Belgian law whose shares are listed on a regulated market ('listed companies').

The Committee published the '**Belgian Corporate Governance Code**' (the '**Code**') on 9 December 2004. The Code took effect on 1 January 2005. Listed companies were asked to publish a Governance Charter by 1 January 2006 and to include a Corporate Governance Chapter in their 2005 annual report (published in 2006).

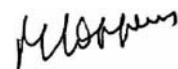
Research and surveys published since 2006 reveal that market participants adopted the Code as their **reference code**, the companies either adopting the recommendations or explaining their reasons for adopting other governance practices.

When the code was published the Committee acknowledged the evolving nature of corporate governance and committed itself to regularly review corporate governance practices and regulatory developments and to adapt the recommendations set out in the Code accordingly – and where appropriate.

Companies' adoption of the Code as their reference code and the Committee's **commitment** prompted the Committee to take the following initiatives:

- To adopt a more permanent form as a private foundation;
- To expand its composition by appointing new members from various representative areas;
- To carry out a public consultation on three years experience of application of the Code;
- To review the Code, based on the analysis of national and international developments in corporate governance regulations, codes and best practices and on the outcome of the public consultation;
- To publish an amended version of the Code (the "2009 Code") before year end 2008, submitting a draft version of the 2009 Code to public consultation.

Through developing and promoting high standards of governance practices, such initiatives enhance the Committee's position in Belgium as the reference point for listed companies and other market participants. In the name of the Committee, I wish to thank all those who contributed to the realisation of this objective.



Maurice Lippens

PREAMBLE

1 What is good corporate governance?

Corporate governance is a set of rules and behaviours according to which, companies are managed and controlled. A good corporate governance model will achieve its goal by setting a proper balance between entrepreneurship and control, as well as between performance and conformance. **Good governance must be embedded in the company's values.**

For **entrepreneurship**, good corporate governance should not only facilitate performance-driven direction, but should also provide mechanisms for direction and leadership while ensuring integrity and transparency in the decision-making process.

Good corporate governance should help determine a company's objectives, the means through which these objectives are attained and how performance is to be evaluated. In this sense, corporate governance should provide incentives for the board and management to pursue objectives that are in the interest of the company, its shareholders and other stakeholders.

Control means effective evaluation of performance, careful management of potential risks, and proper supervision of conformity with agreed procedures and processes.

Here, the emphasis is on monitoring whether robust control systems are effectively in operation, whether potential conflicts of interest are managed and whether sufficient checks are in place to prevent abuse of power leading to private benefits prevailing over corporate benefits.

2 Main aim of the Code

This Code's main objective is to support long-term value creation. Business success demonstrates that good governance leads to creation of wealth, not only for shareholders but also for all other stakeholders. Recent examples of corporate malpractice, however, have shown that failing corporate governance may lead to significant losses well beyond the loss of shareholder capital.

Governance practices, based on transparency and accountability, will reinforce the confidence of investors in companies and will benefit other stakeholders. Good governance will enable companies to access external funding at a lower cost. Good corporate governance will also bring macro-economic advantages, such as improving economic efficiency and growth, and protecting private investments.

3 Context of the Code

Belgian company law and financial law applicable to listed companies contain an extensive set of governance rules that listed companies must apply. This Corporate Governance Code has to be seen within this context.

In formulating the Code, the Committee based itself on the existing Belgian legislation applicable to companies, in particular the provisions of the Belgian Code on Companies and financial law applicable to listed companies.

In developing the Code, the Committee also paid great attention to the European Commission's initiatives in the field of corporate governance, **as well as to the international governance recommendations. These recommendations have led the Committee to include additional provisions on certain items which are considered best practices that go beyond Belgian law.**

The Code has been drawn up with the 'one-tier board' model in mind and other Belgian specificities such as their shareholding structure. That choice is justified by the **existing governance structures for listed companies in Belgium.**

4 Structure, content and character of the Code

The Committee has opted for a flexible approach based on a 'comply or explain' system. The 'comply or explain' approach has been in operation in several countries for many years and the flexibility it offers has been widely welcomed by both company boards and investors. This approach is also favoured by the OECD and the European Commission.

Indeed, the strict and rigid application of a detailed set of rules would not allow the taking into account of companies' specificities, such as size, shareholding structure, activities, exposure to risks and management structure. A code based on a rigid approach would therefore be unlikely to be followed by the companies at which it is aimed.

The Code contains three sets of rules: **principles, provisions, structured under nine principles guidelines.**

These **principles as a whole** form the pillars on which good corporate governance should rest. ~~The principles are broad enough for all companies to be able to adhere to them, whatever their specificities. All companies should apply them without exception.~~

Provisions (some of which are further substantiated in Appendices) are recommendations. Companies are expected to comply with these recommendations or explain why, taking into account their specific situation, they do not comply with them. Indeed, while it is expected that listed companies will comply with the Code's provisions most of the time, it is recognised that departure from **some** of the provisions of the Code may be justified. **Companies giving a considerate explanation of the reason why they depart from some of the Code's provisions are still applying the Code.**

Smaller listed companies, in particular those new to listing, as well as young growth companies, may judge that some provisions are disproportionate or less relevant in their case, **e.g. the CEO succeeding as chairman.** Also, holding companies and investment companies may need a different board structure, which may affect the relevance of some provisions. In those cases, companies should determine what they consider to be the best rules in their specific situation and provide an explanation ('explain') in the Corporate Governance Chapter of the annual report.

The provisions are supplemented with **guidelines**, which provide guidance as to how the company should implement or interpret the provisions laid down in the Code. The obligation to comply or explain does not apply to the guidelines.

5 Disclosure

Disclosure, leading to transparency, is an essential ingredient of the Code. Indeed, disclosure is crucial to allow an effective outside monitoring. Hence the Codes' provisions aim at putting in place a high level of transparency concerning companies' corporate governance.

Transparency is obtained through disclosure in two different documents; the **Corporate Governance Charter**, posted on a company's website, and the **Corporate Governance Chapter** of the annual report. **"Annual report" is used in the meaning of annual financial report, being the report that - according to the Transparency Directive - comprises the audited financial statements, the report of the board of directors etc.**

In the Corporate Governance Charter, the company will describe the main aspects of its corporate governance, such as its governance structure, the terms of reference of the board and its committees as well as other important topics (e.g. remuneration policy). The Corporate Governance Charter should be updated regularly.

The Corporate Governance Chapter of the annual report should include more factual information relating to corporate governance, including changes to the company's corporate governance together with relevant events that took place during the year under review, such as appointment of new directors, designation of committee members, or the annual remuneration received by members of the board.

6 Monitoring & Compliance

~~Unlike in some neighbouring countries, Belgian listed companies are often controlled by one or more major shareholders. Therefore, one cannot rely on market monitoring alone to guarantee adequate compliance with the Code by listed companies. As~~ **in many other countries,** the Committee has opted for a combined monitoring system relying on the board, the company's shareholders and the Banking, Finance and Insurance Commission (CBFA), possibly complemented with other mechanisms.

– The Board

In a 'one-tier board' model, the board has a dual role to play, to support entrepreneurship and to ensure effective monitoring and control. Hence, to be able to play its role as the guardian of corporate interest, it is important that the board is composed of both executive and non-executive directors, including independent non-executive directors. All directors should demonstrate independence of judgment, and objectivity in making board decisions but the independent directors will have a crucial role to play in that respect. It is the board's responsibility to see to the accuracy and completeness of the Corporate Governance Charter and Corporate Governance Chapter of the annual report.

– Shareholders

Given the reliance of the Code on a flexible 'comply or explain' approach, shareholders, and in particular institutional investors, should play an important role in carefully evaluating a company's corporate governance and should give weight to all relevant factors drawn to their attention.

Shareholders should carefully consider explanations given for deviations from the Code and make reasoned judgments in each case. They should be prepared to enter into a dialogue if they do not accept the company's position, bearing in mind in particular the size and complexity of the company and the nature of the risks and challenges it faces.

Controlling shareholders can appoint representatives to the board. They are therefore in a position to monitor both from inside and outside the company, with the benefits and risks that such a strong position may entail. Controlling shareholders should thus make considered use of their position and respect the rights and interests of minority shareholders.

– CBFA

The Banking Finance and Insurance Commission (CBFA) acting within its mission of supervision of the periodic and ongoing information obligations of listed companies, as laid down in the law of 2 August 2002, will contribute to the external monitoring of the Code. It will lend its moral support to the implementation of the disclosure provisions which the Code addresses to Belgian listed companies, in addition to the obligations imposed by the applicable laws and regulations.

The existence and the acceptance by the Belgian financial world of a single Code on corporate governance (initiated by FEB and Euronext Brussels) will contribute to the reinforcement of the Belgian financial market and the confidence of the investors.

The CBFA recommends listed companies to disclose relevant information about their corporate governance rules and practices in accordance with the provisions of the Code. It is up to the listed companies to determine whether they comply with the Code's provisions, or explain their reasons for non compliance. In case, contrary to Principle 9 and Appendix F, no disclosure about a specific item as identified in the Code has been made, the CBFA intends, within the framework of its control programme, to draw the attention of the listed company to that fact and invite it to disclose, as the case may be, the reasons for not complying with the specific Code's provision. The CBFA's role is limited to verifying the observance of the "comply or explain" principle, and to invite companies to live up to it. Moreover, the CBFA intends to publish, from time to time, general comparative overviews of corporate governance practices in Belgian listed companies.

However, with respect to the disclosure items that are imposed pursuant to the applicable laws or regulations whether or not said items are part of the Code - the CBFA's competences, including its powers to impose sanctions, remain unchanged. Its role in the external monitoring of the Code does not alter its legally mandated supervisory responsibility.

7 Follow-up

The Committee also feels that what constitutes good corporate governance will evolve with changing business circumstances and international financial markets requirements. It is therefore important to ensure a regular review of corporate governance practices and the adaptation of the recommendations.

To this end, in May 2007, on the initiative of FEB, Euronext Brussels and the other founding members, the Committee became a private foundation and expanded to include certain stakeholders, such as the Institute of Registered Auditors and the Central Economic Council. The Committee's main objective is to ensure that the Code's provisions remain relevant to listed companies and are regularly updated in line with practice, legislation and international standards. This 2009 Code is part of this process.

8 Scope of application and entry into force

The Code applies to companies incorporated in Belgium whose shares are admitted to trading on a regulated market ("listed companies"). However, given its flexibility, the Code could also function as a reference framework for all other companies.

This 2009 Code is the second edition of the Belgian Corporate Governance Code. The 2009 Code applies to reporting years beginning on or after 1 January 2009. It supersedes and replaces the Code issued in 2004.

Companies are expected to review in 2009 their actual governance in light of the 2009 Code recommendations and, as the case may be, to adjust their governance practices and their Corporate Governance Charter accordingly. Companies are expected to comply with the new recommendations for disclosure in their 2009 annual report, published in 2010.

~~The Code replaces the existing Belgian codes on corporate governance for Belgian listed companies i.e. the 'Recommendations from the Federation of Belgian Companies' published in January 1998 and the Recommendations issued in December 1998 by the Brussels Stock Exchange (now Euronext Brussels) and the Banking and Finance Commission (now BFIC).~~

~~This Code enters into force on 1 January 2005. At the general meeting held in 2005, corporate governance should be an item on the agenda for information and consideration. Where possible, there could already be a statement in the annual report for the year 2004, published in 2005, to that effect.~~

~~As from 1 January 2006, listed companies should have made public a Corporate Governance Charter, outlining their corporate governance structure and policies.~~

~~In the annual report for the year 2005, published in 2006, listed companies will be expected to devote a specific chapter to corporate governance, describing their governance practices during that year and including explanations, where applicable, on deviations from the Code.~~

THE CORPORATE GOVERNANCE PRINCIPLES

PRINCIPLE 1. THE COMPANY SHALL ADOPT A CLEAR GOVERNANCE STRUCTURE

1.1. Every company should be headed by a collegial board. The company should define and disclose the board's terms of reference in its Corporate Governance Charter (hereinafter "CG Charter").

Guideline The board's role should be to pursue the long-term success of the company by providing entrepreneurial leadership and enabling risks to be assessed and managed.

Guideline The board's responsibilities should be defined in the articles of association of the company and in the terms of reference of the board. It is the board's duty to define its terms of reference detailing its responsibilities, duties, composition and operation, within the limits defined by the articles of association of the company.

Guideline The board should be organised in such a way that it is able to perform its tasks efficiently.

Guideline The company should adapt its governance structure to its evolving needs.

1.2. The board should decide on the company's values and strategy, its risk appetite and key policies.

Guideline The board should ensure that the necessary financial and human resources are in place for the company to meet its objectives.

Guideline In translating values and strategies into key policies, the board should pay attention to corporate social responsibility and diversity, including gender diversity.

1.3. With respect to its monitoring responsibilities, the board should, at least :

- maintain a sound system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
- take all necessary measures to ensure the integrity and timely disclosure of the company's financial statements and other material financial and non-financial information that needs to be disclosed to the shareholders and investors;
- review executive management performance;
- supervise the performance of the external auditor and supervise the internal audit function.

1.4. The board should decide on the executive management structure and determine the powers and duties entrusted to executive management. These should be included in the terms of reference of the board and in those of executive management.

1.5. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. The chairman of the board and the chief executive officer (hereinafter "CEO") should not be the same individual. The division of responsibilities between the chairman and the CEO should be clearly established, set out in writing and agreed by the board.

1.6. ~~Guideline~~ The chairman should establish a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO (Guideline 1.5).

1.7. The CEO should not go on to become chairman of the board. There should be at least a 2 years period before a former CEO may become chairman of the board.

1.8. The board should foster - through appropriate measures - an effective dialogue with the shareholders and investors, based on mutual understanding of objectives and concerns.

1.9. The board should ensure that its obligations to all its shareholders are understood and met. It should account to shareholders for the discharge of its responsibilities.

PRINCIPLE 2. THE COMPANY SHALL HAVE AN EFFECTIVE AND EFFICIENT BOARD TAKING DECISIONS IN THE CORPORATE INTEREST

2.1. The board's composition should ensure that decisions are made in the corporate interest. It should be determined on the basis of the necessary diversity, including gender diversity, and complementary skills, experience and knowledge. A list of the members of the board should be disclosed in the Corporate Governance Chapter of the annual report (hereinafter "CG Chapter").

Guideline The board should be small enough for efficient decision-making. It should be large enough for its members to contribute experience and knowledge from different fields and for changes to the board's composition to be managed without undue disruption.

2.2. No individual or group of directors should dominate the board's decision-making. No one individual should have unfettered powers of decision-making. At least half the board should comprise non-executive directors and at least three of them should be independent.

Guideline A non-executive director is any member of the board who has no executive responsibilities in the company.

2.3. A non-executive director is considered to be independent when he is free from any business, family or other relationship – with the company, its controlling shareholder or the management of either – that creates a conflict of interest such as to jeopardise the exercise of his free judgement. ~~To be considered independent, a director should be free from any business, close family or other relationship with the company, its controlling shareholders or the management of either that creates a conflict of interest such as to affect that director's independent judgment.~~

~~Guideline A controlling shareholder is a shareholder who solely or in concert, directly or indirectly controls a company in the meaning of Article 5 of the Code on Companies.~~

In assessing independence, the board should take into account the criteria set out in appendix A.

The board should disclose which directors it considers to be independent. If one or more of the criteria in Appendix A are not met, **the board** should disclose its reasons for nevertheless considering this director to be independent.

An independent director who ceases to satisfy the requirements of independence should immediately inform the board.

2.4. The chairman is responsible for the leadership of the board. He or she should take the necessary measures to develop a climate of trust within the board, contributing to open discussion, constructive dissent and support for the board's decisions.

Guideline The chairman should promote effective interaction between the board and the executive management.

Guideline The board may entrust the chairman with other specific responsibilities.

2.5. The chairman sets the agenda of the board meetings, after consultation with the CEO, and ensures that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed. The minutes of the meeting should sum up the discussions, specify any decisions taken and state any reservations voiced by directors.

Guideline The agenda should list the topics to be discussed and specify whether they are for information, for deliberation or for decision-making purposes.

2.6. The chairman is responsible for ensuring that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings. All directors should receive the same board information.

Guideline The chairman should ensure that all directors can make a knowledgeable and informed contribution to board discussions and that there is sufficient time for consideration and discussion before decision-making.

Guideline Directors should have access to independent professional advice at the company's expense, subject to compliance with the relevant procedure laid down by the board.

2.7. The board should meet sufficiently regularly to discharge its duties effectively. The number of board and board committee meetings and the individual attendance record of directors should be disclosed in the CG Chapter.

Guideline ~~The board should meet sufficiently regularly to discharge its duties effectively (*2.7).~~ The company should foresee the possibility to organize - when necessary - board and committee meetings through the use of video, telephone or internet-based means.

2.8. The board should appoint a company secretary advising the board through the chairman on all governance matters. Where necessary the company secretary should be assisted by the company lawyer. Individual directors should have access to the company secretary.

Guideline The role of the company secretary should include ensuring under direction of the chairman, good information flows within the board and its committees and between executive management and non-executive directors, as well as facilitating induction and assisting with professional development as required. The company secretary should also report through the chairman on how board procedures, rules and regulations are followed and complied with.

PRINCIPLE 3. ALL DIRECTORS SHALL DEMONSTRATE INTEGRITY AND COMMITMENT

3.1. Independence of judgment is required in the decisions of all directors, executive and non-executive alike, whether the non-executive directors are independent or not.

3.2. Directors should make sure they receive detailed and accurate information and should study it carefully so as to acquire and maintain a strong command of the key issues relevant to the company's business. They should seek clarification whenever they deem it necessary.

3.3. While executive and non-executive directors are part of the same collegial body, they have each a specific and complementary role to play on the board.

- | | |
|-----------|--|
| Guideline | Executive directors should provide all relevant business and financial information for the board to function effectively. |
| Guideline | Non-executive directors should constructively challenge and help develop strategy and key policies proposed by executive management. |
| Guideline | Non-executive directors should scrutinise the performance of executive management in meeting agreed goals. |

3.4. Directors cannot use the information obtained in their capacity as director for purposes other than for the exercise of their mandate.

- | | |
|-----------|--|
| Guideline | Directors have an obligation to handle with caution the confidential information received in their capacity as director. |
|-----------|--|

3.5. Each member of the board should arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the company. ~~All directors should inform the board of conflicts of interest as they arise and abstain from voting on the matter involved in accordance with the relevant provisions of the Code on Companies. Any abstention from voting, motivated by a conflict of interest, should be disclosed in accordance with the relevant provisions of the Code on Companies. Any abstention from voting, motivated by a conflict of interest, should be disclosed in accordance with the relevant provisions of the Code on Companies.~~ Transactions between the company and its board members should take place at arms' length.

3.6. The board should establish a policy for transactions or other contractual relationships between the company, including its related companies, and its board members, which are not covered by the legal provisions on conflicts of interest. This policy should be disclosed in the CG Charter. Comments on the application of this policy should be disclosed in the CG Chapter. ~~Transactions between the company and its board members should take place at arms' length (* 3.5).~~

3.7. The board should take all necessary and useful measures for effective and efficient execution of the Belgian rules on market abuse. In this respect it should at least adhere to the provisions and guidelines laid down in Appendix B.

PRINCIPLE 4. THE COMPANY SHALL HAVE A RIGOROUS AND TRANSPARENT PROCEDURE FOR THE APPOINTMENT AND EVALUATION OF THE BOARD AND ITS MEMBERS

Nomination and appointment

4.1. There should be a rigorous and transparent procedure for an efficient appointment and re-election of directors. The board should draw up nomination procedures and selection criteria for board members, allowing for specific rules for executive and non-executive directors where appropriate.

4.2. The chairman of the board or another non-executive director should lead the nomination process. The nomination committee should recommend suitable candidates to the board. The board should then make proposals for appointment or re-election to the general meeting of shareholders.

4.3. For any new appointment to the board, the skills, knowledge and experience already present and those needed on the board should be evaluated and, in the light of that evaluation, a description of the role and skills, experience and knowledge needed should be prepared (also referred to as a 'profile').

4.4. When dealing with a new appointment, the chairman of the board should ensure that, before considering the candidate, the board has received sufficient information such as the candidate's resume (CV), the assessment of the candidate based on the candidate's initial interview, a list of the positions the candidate currently holds, and, if applicable, the necessary information for assessing the candidate's independence.

4.5. Non-executive directors should be made aware of the extent of their duties at the time of their application, in particular as to the time commitment involved in carrying out those duties. They should not consider taking on more than five directorships in listed companies. Changes to their other relevant commitments and their new commitments outside the company should be reported to the chairman of the board as they arise.

Guideline Non-executive directors should undertake to have sufficient time to meet what is expected of them, taking into account the number and importance of their other commitments.

4.6. Any proposal for the appointment of a director by the shareholders' meeting should be accompanied by a recommendation from the board, based on the advice of the nomination committee. This provision also applies to proposals for appointment originating from shareholders.

The proposal should specify the proposed term of the mandate, which should not exceed four years. It should be accompanied by relevant information on the candidate's professional qualifications together with a list of the positions the candidate already holds. The board will indicate whether the candidate satisfies the independence criteria.

Without prejudice to applicable legal provisions, proposals for appointment should be communicated at least 24 days before the general meeting, together with the other points on the agenda of the general meeting. ~~This provision also applies to proposals for appointment originating from shareholders.~~

4.7. The board should designate its chairman.

Induction Professional development

4.8. The chairman should ensure that newly appointed directors receive an appropriate induction to ensure their early contribution to the board.

Guideline The induction process should help the director grasp the fundamentals of the company, including its business challenges, governance, strategy, key policies, finance as well as risk management and internal control systems.

4.9. For directors joining board committees, the induction provided should encompass a description of their specific role and duties and any other information linked to the specific role of that committee.

Guideline For new audit committee members, this programme should cover the audit committee's terms of reference and provide an overview of the company's internal control organisation and risk management systems. They should be provided in particular with full information on the company's specific accounting, financial and operational features. This induction should also include meeting the external auditor and the relevant company staff.

4.10. Directors should update their skills and improve their knowledge of the company to fulfil their role both on the board and on board committees.

Guideline Necessary resources should be available for developing and updating directors' knowledge and skills.

Evaluation

4.11. Under the lead of its chairman, the board should regularly (e.g. at least every two to three years) assess its size, composition, performance and those of its committees, as well as its interaction with executive management.

Guideline Regular evaluation by the board of its own effectiveness should promote continuous improvement in the governance of the company.

Guideline The evaluation process should have four objectives:

- assessing how the board or the relevant committee operates;
- checking that the important issues are suitably prepared and discussed;
- evaluating the actual contribution of each director's work, the director's presence at board and committee meetings and his constructive involvement in discussions and decision-making;
- checking the board's or committee's current composition against the board's or committee's desired composition.

Guideline Although evaluation is a board responsibility, the board should be assisted in this evaluation by the nomination committee, and possibly also by external experts.

4.12. The non-executive directors should regularly (preferably once a year) assess their interaction with executive management. In this respect, non-executive directors should meet at least once a year in absence of the CEO and the other executive directors.

4.13. There should be a periodic evaluation of the contribution of each director aimed at adapting the composition of the board to take account of changing circumstances. When dealing with re-election, the director's commitment and effectiveness should be evaluated in accordance with a pre-established and transparent procedure.

Guideline Special attention should be given to the evaluation of the chairman of the board and the chairmen of the committees.

4.14. The board should act on the results of the performance evaluation by recognising its strengths and addressing its weaknesses. Where appropriate, this will involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the board.

Guideline The board should satisfy itself that plans are in place for orderly succession for appointments to the board. It should satisfy itself that any appointment and re-election, whether of executive or non-executive directors, will allow an appropriate balance of skills and experience to be maintained on the board.

PRINCIPLE 5. THE BOARD SHALL SET UP SPECIALISED COMMITTEES

5.1. The board should set up specialised committees to analyse specific issues and advise the board on those issues. The decision-making remains within the collegial responsibility of the board. The board should determine and disclose in the CG Charter the terms of reference of each committee detailing its role, composition and operation.

5.2. The board should set up an audit committee to assist the board in fulfilling its monitoring responsibilities in respect of control in the broadest sense. The audit committee should follow the provisions set out in appendix C.

5.3. The board should set up a nomination committee following the provisions set out in appendix D.

5.4. The board should set up a remuneration committee following the provisions set out in appendix E.

Guideline The nomination committee and the remuneration committee may be combined provided the combined committee satisfies the composition requirements for the remuneration committee.

5.5. The chairman of the board should ensure that the board appoints committee members and a chairman for each of those committees. Each committee is composed of at least three members. Designation should not be for a term exceeding that of board membership.

Guideline In deciding on the specific composition of a committee, consideration should be given to the needs and qualifications required for the optimal functioning of that committee.

Guideline Each committee may invite any non-member to attend its meetings.

5.6. Board committees should be entitled to seek external professional advice at the company's expense after informing the chairman of the board.

5.7. After each committee meeting, the board shall receive from each committee a report on its findings and recommendations.

PRINCIPLE 6. THE COMPANY SHALL DEFINE A CLEAR EXECUTIVE MANAGEMENT STRUCTURE

6.1. The board should determine, in close consultation with the CEO, the terms of reference of the executive management detailing its responsibilities, duties, powers, composition and operation. These terms should be disclosed in the CG Charter.

6.2. Executive management should at least include all executive directors. If there exists a management committee, executive management also includes all members of that committee, whether or not the committee is established within the scope of Article 524bis of the Code on Companies. A list of the members of the executive management should be disclosed in the CG Chapter.

6.3. The nomination committee should assist the board for the nomination and succession planning of executive management, unless otherwise decided by the board.

6.4. The board should empower executive management to enable it to perform its responsibilities and duties. Taking into account the company's values, its risk appetite and key policies, executive management should have sufficient latitude to propose and implement corporate strategy.

6.5. Executive management should:

- be entrusted with the running of the company;
- put internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other risks), without prejudice to the board's monitoring role;
- be responsible and accountable vis-à-vis the board for the complete, timely, reliable and accurate preparation of the company's financial statements, in accordance with the accounting standards and policies of the company;
- be responsible and accountable vis-à-vis the board for the preparation of the company's adequate disclosure of the financial statements and other material financial and non-financial information;
- present the board with a balanced and understandable assessment of the company's financial situation;
- provide the board in due time with all information necessary for the board to carry out its duties;
- be accountable to the board for the discharge of its responsibilities.

6.6. Clear procedures should exist for:

- proposals from executive management for decisions to be made by the board;
- the decision-making by executive management;
- the reporting to the board of key decisions made by executive management.

These procedures should be reviewed and adjusted when required for the effective exercise by the board and executive management of their respective powers and duties.

Guideline The powers to represent the company solely or jointly and the extent of, and limitations on, those powers shall be clearly defined, taking into account the way in which the board entrusted executive management with the running of the company and the relevant provisions of the Code on Companies. All concerned should be fully acquainted with the scope of those powers.

6.7. Each member of the executive management should arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the company. Transactions between the company and its executive managers should take place at arms' length.

6.8. The policy established by the board according to Provision 3.6 should also address transactions or other contractual relationships between the company, including its related companies, and its executive managers.

PRINCIPLE 7. THE COMPANY SHALL REMUNERATE DIRECTORS AND EXECUTIVE MANAGERS FAIRLY AND RESPONSIBLY

7.1. Levels of remuneration should be sufficient to attract, retain and motivate directors and executive managers who have the profile determined by the board.

7.2. There should be a formal and transparent procedure for developing a policy on non-executive directors and executive managers' remuneration and for fixing the remuneration of individual non-executive directors and executive managers. No individual should be involved in deciding his or her own remuneration. The company should disclose this remuneration policy in its CG Charter.

7.3. The board should prepare a Remuneration Report containing at least, the information listed in 9.3./2. The Remuneration Report should form a specific part of the CG Chapter.

Non-executive directors' remuneration

7.4. The remuneration of non-executive directors should take into account their general responsibilities role, as ordinary board member, and specific roles, as chairman of the board, chairman or member of board committees, as well as their resulting responsibilities and time commitment.

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

~~Guideline — Under Belgian law, any director's mandate may be terminated "ad nutum" (at any time) without any form of compensation.~~

7.6. ~~In the CG Chapter of the annual report, the company should disclose on an individual basis.~~ The amount of the remuneration and other benefits granted directly or indirectly to non-executive directors, by the company or any other undertaking belonging to the same group should be disclosed, on an individual basis, in the Remuneration Report. Any material deviation from the remuneration policy applicable for the financial reported year should be explained in the Remuneration Report.

~~Executive directors' remuneration~~

~~**7.6** — Provisions on the remuneration of non-executive directors apply to the remuneration of executive directors in their capacity as board members.~~

~~**7.7** — Provisions on the remuneration of executive managers apply to the remuneration of executive directors in their executive capacity.~~

Executive managers' remuneration

7.7. The level and structure of the remuneration of executive managers should be such that qualified and expert professionals can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities. The board should determine formal and transparent procedures on the remuneration of executive managers. No individual should be involved in deciding his or her own remuneration (* 7.2).

7.8. If an executive manager is also an executive director, the determination of his remuneration should take into account the compensation received in his capacity of board member. ~~The board determines the remuneration policy for executive managers.~~

~~Guideline — The level and structure of the remuneration of executive managers should be such that qualified and expert professionals can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities. (* 7.7)~~

7.9. An appropriate proportion of executive managers' remuneration package should be structured so as to link rewards to corporate and individual performance, thereby aligning the executive managers' interest with the interest of the company and its shareholders.

~~**7.10** — If an executive manager is also an executive director, the remuneration should be determined taking into account the compensation received in that person's capacity as a board member. (* 7.8)~~

7.10. Where executive managers are eligible for incentives, their grant should be subject to relevant and objective performance conditions designed to enhance corporate value. Performance conditions and evaluation of performance achieved against targets and review procedures for executive managers' performance should be established and outlined in the Remuneration Report.

7.11. 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 annual shareholders' general meeting. The approval should relate to the scheme itself and not to the grant to individuals of share-based benefits under the scheme.

~~Guideline — As a rule, shares should not vest and options should not be exercisable within less than three years.~~

7.12. At least once a year, the remuneration committee should discuss with the CEO both the operation and performance of executive management. The CEO should not be present at the discussion of his or her own evaluation. The evaluation criteria should be clearly specified and outlined in the Remuneration Report.

~~**7.13.** In the CG Chapter of the annual report, the company should disclose, on an individual basis. The amount of the remuneration and other benefits granted directly or indirectly to the CEO, by the company or any other undertaking belonging to the same group, should be disclosed in the Remuneration Report. This information should be disclosed with a split between:~~

- ~~– basic remuneration;~~
- ~~– variable remuneration: any incentive relating to the financial reported year;~~
- ~~– pension: cost of pension with an explanation of the retirement schemes applicable (defined benefit and/or defined contribution)~~
- ~~– other components of the remuneration, such as cost of pension, cost or monetary value of (other) insurance coverage and monetary value of other fringe benefits, with an explanation and, if appropriate, the amounts details of the main components.~~

~~Any material deviation from the remuneration policy applicable for the financial reported year should be explained in the Remuneration Report.~~

~~**7.14.** In the CG Chapter of the annual report, the company should disclose, on a global basis. The amount of the remuneration and other benefits granted, directly or indirectly to the other members of executive management, by the company or any other undertaking belonging to the same group, should be disclosed on an individual or global basis, in the Remuneration Report. This information should be disclosed with a split between:~~

- basic remuneration;
- variable remuneration: any incentive relating to the financial reported year;
- pension: cost of pension, with an explanation of the retirement schemes applicable (defined benefit and/or defined contribution)
- other components of the remuneration, such as ~~cost of pension~~ cost or monetary value of (other) insurance coverage, ~~monetary value of other~~ and fringe benefits, with an explanation and, if appropriate, the amounts of the main components.

Any material deviation from the remuneration policy applicable for the financial reported year should be explained in the Remuneration Report.

7.15. For the executive managers, on an individual basis, the Remuneration Report should disclose the number and key features of shares, share options or any other right to acquire shares, granted, exercised or lapsed during the financial reported year.

7.16. ~~The company should disclose in the CG Chapter of the annual report.~~ For the executive managers the Remuneration Report should disclose the main contractual terms of appointment, including commitments that such terms would entail in the event of early termination. ~~hiring and termination arrangements with executive managers.~~

Guideline Commitments in the event of early termination should be carefully considered. The aim should be to avoid rewarding poor performance.

7.17. The contractual commitments in case of early termination agreed as from 1 January 2009, between the company or any undertaking belonging to the same group and its CEO, should not include an indemnity exceeding 18 month's basic remuneration and variable remuneration.

Guideline When determining the indemnity, the variable remuneration should not be taken into account automatically, especially in case of poor performance.

PRINCIPLE 8. THE COMPANY SHALL ENTER INTO A DIALOGUE WITH SHAREHOLDERS AND INVESTORS BASED ON MUTUAL UNDERSTANDING OF OBJECTIVES AND CONCERNS

Shareholders' information

8.1. The company should treat all shareholders equally and respect their rights. It should ensure that all necessary facilities and information to enable shareholders to exercise their rights are available.

Guideline — The company should enter into a dialogue with shareholders based on the mutual understanding of objectives and concerns. (*title of principle 8)

Communication with shareholders and investors

8.2. The company should design a disclosure and communication policy promoting effective dialogue with shareholders and investors.

8.3. The company should ensure that all necessary facilities and information to enable shareholders to exercise their rights are available. The company should dedicate a specific section of its website to describing the shareholders' rights to participate and vote at the general shareholders' meeting. This section should also contain a timetable on periodic information and shareholders' meetings. The articles of association and the CG Charter should be available at any time.

8.3 — The articles of association and the CG Charter should be available at any time. (*revised 8.3)

8.4 — The company should disclose in its CG Charter its shareholding and control structure and any cross shareholdings exceeding 5% of the shareholdings or voting rights, insofar as it is aware of them, and as soon as it has received the relevant information.

8.4. The company should disclose in its CG Charter the identity of its major shareholders, with a description of their voting rights and special control rights, and, if they act in concert, a description of the key elements of existing shareholders' agreements. The company should also disclose other direct and indirect relationships between the company and major shareholders.

Shareholders' meetings

8.5. The company should encourage the shareholders to participate to the shareholders' meeting. The shareholders' meeting should be used to communicate with shareholders. Those shareholders who are not present should be able to vote in absentia, such as by proxy voting.

Guideline — The company could in this respect also take into account the specificities of the exercise of rights by non-resident shareholders. Within the given existing framework, the company should consider whether modern technology could offer solutions to some practical issues and whether an appropriate approach could be developed in this respect.

Guideline — Alone or together with other listed companies, the company should discuss with financial intermediaries methods of increasing participation at the general shareholders' meeting.

Guideline — The chairman should ask institutional investors and their voting agencies explanations on their voting behaviour.

8.6. The company should make the relevant information accessible **through its website** in advance of general meetings.

8.7. When convening meetings, the company should provide appropriate explanations on agenda items and on resolutions put forward by the board. In addition to the formalities imposed by the Code on Companies in this respect, the company should use its website to make public all relevant information and documentation on the exercise of the shareholders' voting rights.

8.8. The level of shareholding for the submission of proposals by a shareholder to the general shareholders' meeting should not exceed 5% of the share capital.

8.9. **The chairman conducts the general meeting and** should take the necessary measures for relevant questions from shareholders to be answered. At the general meeting, the directors should answer questions put to them by the shareholders on their annual report or on the items on the agenda.

Guideline Under the guidance of the chairman of the board, directors should answer such questions, insofar as the answers would not cause a material prejudice to the company, its shareholders or its employees.

8.10. The company should post the results of votes and the minutes of the general meeting on its website as soon as possible after the meeting.

Companies with one or more controlling shareholder(s)

8.11. For companies with one or more controlling shareholder(s), the board should endeavour to have the controlling shareholders make a considered use of their position and respect the rights and interests of minority shareholders.

Investors

8.12. Given the reliance on market monitoring to enforce the flexible 'comply or explain' approach of this Code, the board should **take the necessary measures to** encourage investors, and in particular institutional investors, to play an important role in carefully evaluating a company's corporate governance. The board should endeavour to have institutional and other investors give weight to all relevant factors drawn to their attention.

Guideline ~~The chairman should ask institutional investors explanations on their voting behaviour- (*8.5)~~

8.13. The board should endeavour to have investors carefully consider explanations given for departure from this Code and have them be able to make reasoned judgments in each case. The board should engage in a dialogue with investors if those investors do not accept the company's position, bearing in mind in particular the company's size and complexity and the nature of the risks and challenges it faces.

PRINCIPLE 9. THE COMPANY SHALL ENSURE ADEQUATE DISCLOSURE OF ITS CORPORATE GOVERNANCE

9.1. The company should establish a CG Charter describing all the main aspects of its corporate governance policy, including at least the elements listed in the provisions of Appendix F.

~~**9.2.** The company should state in its CG Charter that it follows the Corporate Governance Principles laid down in this Code.~~

9.2. The CG Charter should be updated as often as needed to reflect the company's corporate governance at any time. It should be available on the company's website specifying the date of the most recent update.

9.3. The company should establish a CG Chapter in its annual report describing all relevant corporate governance events that took place during the year under review. That document should include at least the elements listed in the provisions of Appendix F.

9.4. **The company should state both in its CG Chapter and its CG Charter that it adopts this Code as its reference Code.** If the company does not comply with one or more provisions of this Code, it should explain why in the CG Chapter ("comply or explain").

~~**9.5.** Whenever a price sensitive information or information relating to changes in the shareholders' rights occur in relation to corporate governance, the company should disclose it immediately.~~

~~Guideline — Price sensitive information or information relating to changes in the shareholders' rights must be understood within the meaning of Article 6, § 1 of the Royal Decree of 31 March 2003 on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market.~~

APPENDIX A. CRITERIA OF INDEPENDENCE

2.3./1. The assessment of independence should be made taking into account the following criteria:

- not being an executive or managing director of the company or an associated company, and not having been in such a position for the previous three years;
- not being an employee of the company or an associated company, and not having been in such a position for the previous three years;
- not receiving, or having received, significant additional remuneration from the company or an associated company apart from a fee received as non-executive director;
- not being a controlling shareholder or a shareholder with a shareholding of more than 10%, or a director or executive officer of such a shareholder;
- not having, or having had within the last year, a significant business relationship with the company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
- not being or having been within the last three years, a partner or employee of the current or former external auditor of the company or an associated company;
- not being an executive or managing director of another company in which an executive or managing director of the company is a non-executive or managing director, and not having other significant links with executive directors of the company through involvement in other companies or bodies;
- not having served on the board as a non-executive director for more than three terms.
- not being a close family member of an executive or managing director or of persons in the situations described above.

2.3./2. Whenever legally required the Company should apply the criteria laid down in Article 524 of the Code on Companies.

APPENDIX B. TRANSACTIONS IN COMPANY STOCK AND COMPLIANCE WITH THE BELGIAN RULES ON MARKET ABUSE

3.7./1. The board shall draw up a set of rules (the "dealing code") regulating transactions and the disclosure of such transactions in shares of the company or in derivatives or other financial instruments linked to them (the "company stock") carried out for their own account by directors and other persons discharging managerial responsibilities. The dealing code should specify which information regarding those transactions should be disclosed to the market.

- | | |
|-----------|--|
| Guideline | The dealing code should set limitations on the carrying out of transactions in the company stock for a designated period preceding the announcement of its financial results ("closed periods") or in any other period considered sensitive ("prohibited periods"). |
| Guideline | The board should make sure that a compliance officer is designated, who will have the duties and responsibilities assigned by the dealing code. The compliance officer should inter alia monitor the directors and other persons discharging managerial responsibilities compliance with the dealing code. |
| Guideline | The dealing code should provide that before any transaction in the company stock, a director or another person discharging managerial responsibilities should at least inform the compliance officer about the transaction he intends to carry out. |
| Guideline | If the director or the other person discharging managerial responsibilities carries out a transaction in company stock and the compliance officer has been informed, the transaction should be made public according to the dealing code. |

3.7./2. The board should also designate the other persons to whom these rules will apply.

APPENDIX C. AUDIT COMMITTEE

5.2./1. The board should set up an audit committee composed exclusively of non-executive directors. At least a majority of its members should be independent. The chairman of the board should not chair the audit committee. The board should satisfy itself that the committee has sufficient relevant expertise to fulfil its role effectively notably in **accounting, auditing and finance**.

5.2./2. The board should determine the role of the audit committee. The audit committee should report regularly to the board on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

5.2./3. Parent companies should ensure that the audit review and the reporting on that review cover the group as a whole.

Financial reporting

5.2./4. The audit committee should monitor the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting standards used by the company and its group. This includes the criteria for the consolidation of the accounts of companies in the group.

This review involves assessing the correctness, completeness and consistency of financial information.

The review should cover periodic information before it is made public. It should be based on an audit programme adopted by the committee.

5.2./5. Management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In this respect, particular attention should be paid to both the existence of, and the justification for, any activity carried out by the company in offshore centres and/or through special purpose vehicles.

5.2./6. The committee should discuss significant financial reporting issues with both executive management and the external auditor.

Internal controls and risk management

5.2./7. At least once a year, the audit committee should review the internal control and risk management systems set up by executive management, with a view to ensuring that the main risks (including those relating to compliance with existing legislation and regulations) are properly identified, managed and disclosed.

5.2./8. The audit committee should review the statements included **in the CG Charter** on internal control and risk management.

5.2./9. The audit committee should review the specific arrangements made, by which staff of the company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. If deemed necessary, arrangements should be made for proportionate and independent investigation of such matters, for appropriate follow-up action and arrangements whereby staff can inform the chairman of the audit committee directly.

Internal audit process

5.2./10. An independent internal audit function should be established, with resources and skills adapted to the company's nature, size and complexity. If the company does not have an internal audit function, the need for one should be reviewed at least annually.

5.2./11. The audit committee should review the internal auditor's work programme, having regard to the complementary roles of the internal and external audit functions. It should receive internal audit reports or a periodic summary thereof.

5.2./12. The audit committee should review the effectiveness of the internal audit. In particular, it should make recommendations on the selection, appointment, reappointment and dismissal of the head of internal audit and on the budget allocated to internal audit, and should monitor the responsiveness of management to the committee's findings and recommendations.

External audit process

5.2./13. The audit committee should make recommendations to the board on the selection, appointment, reappointment and dismissal of the external auditor and the terms of his engagement. In accordance with the Code on Companies, this proposal should be submitted to the shareholders for approval.

5.2./14. The audit committee should monitor the external auditor's independence, in particular in view of the provisions of the Code on Companies and the regulatory requirements. The committee should obtain a report from the external auditor describing all relationships between the independent auditor and the company and its group.

5.2./15. The audit committee should also monitor the nature and extent of non-audit services. The committee should propose to the board and apply a formal policy specifying the types of non-audit services a) excluded, b) permissible after review by the committee, and c) permissible without referral to the committee, taking into account the specific requirements under the Code on Companies.

5.2./16. The audit committee should be informed of the external auditor's work programme. The committee should obtain timely information about any issues arising from the audit

5.2./17. The audit committee should review the effectiveness of the external audit process, and the responsiveness of management to the recommendations made in the external auditor's management letter.

5.2./18. The audit committee should investigate the issues giving rise to the resignation of the external auditor, and should make recommendations as to any required action.

Operation of the audit committee

5.2./19. The audit committee should meet at least four times a year. It should review regularly (at least every two to three years) its terms of reference and its own effectiveness and recommend any necessary changes to the board.

5.2./20. At least twice a year, the audit committee should meet the external and internal auditors, to discuss matters relating to its terms of reference and any issues arising from the audit process and in particular material weaknesses in the internal control.

5.2./21. The audit committee should decide whether, and if so, when the CEO, the chief financial officer (or senior employees responsible for finance, accounting, and treasury matters), the internal auditor and the external auditor should attend its meetings. The committee should be entitled to meet with any relevant person without any executive manager present.

5.2./22. In addition to maintaining an effective working relationship with management, the internal and external auditors should be guaranteed free access to the board. To this effect, the audit committee should act as the principal contact point for the internal and external auditors. The external auditor and the head of the internal audit should have direct and unrestricted access to the chairman of the audit committee and the chairman of the board.

APPENDIX D. NOMINATION COMMITTEE

5.3./1. The board should set up a nomination committee composed of a majority of independent non-executive directors.

5.3./2. The chairman of the board or another non-executive director should chair the committee.

5.3./3. The chairman of the board can be involved but should not chair the nomination committee when dealing with the designation of his successor.

5.3./4. The nomination committee should make recommendations to the board with regard to the appointment of directors.

Guideline The role of the nomination committee should be to ensure that the appointment and re-election process is organised objectively and professionally.

Guideline More specifically, the nomination committee should:

- draft appointment procedures for board members;
- periodically assess the size and composition of the board and make recommendations to the board with regard to any changes;
- identify and nominate, for the approval of the board, candidates to fill vacancies as they arise;
- advise on proposals for appointment originating from shareholders;
- properly consider issues related to succession planning.

5.3./5. The nomination committee should consider proposals made by relevant parties, including management and shareholders. In particular, the CEO should be entitled to submit proposals to, and adequately consulted by the nomination committee, especially when dealing with issues related to executive directors or executive management.

5.3./6. The nomination committee should meet at least twice a year and every time it deems necessary to carry out its duties. It should review regularly (at least every two to three years) its terms of reference and its own effectiveness and recommend any necessary changes to the board.

APPENDIX E. REMUNERATION COMMITTEE

5.4./1. The board should set up a remuneration committee composed exclusively of non-executive directors. At least a majority of its members should be independent. The chairman or another non-executive director should chair the committee.

5.4./2. The CEO should participate to the meetings in the remuneration committee when it deals with the remuneration of other executive managers.

5.4./3. The remuneration committee should make proposals to the board on the remuneration policy for non-executive directors and executive managers, and, where applicable, on the resulting proposals to be submitted to the shareholders.

~~5.4./4. The remuneration policy for executive management should include at least:~~

- ~~- the main contractual terms including the main characteristics of pension schemes and termination arrangements;~~
- ~~- the key elements for determining the remuneration, including
 - ~~▪ the relative importance of each component of the remuneration;~~
 - ~~▪ the performance criteria chosen for the variable elements;~~
 - ~~▪ the fringe benefits.~~~~

5.4./4. The remuneration committee should make ~~recommendations~~ proposals to the board on individual remuneration of directors and executive managers, including for the latter bonuses and long-term incentives, whether stock-related or not, in the form of stock options or other financial instruments and, where applicable, on the resulting proposals to be submitted to the shareholders.

5.4./5. The remuneration committee should meet at least twice a year and every time it deems necessary to carry out its duties. It should review regularly (at least every two to three years) its terms of reference and its own effectiveness and recommend any necessary changes to the board.

5.4./6. The remuneration committee is responsible for preparing the Remuneration Report.

APPENDIX F. DISCLOSURE REQUIREMENTS

[Numbers between brackets are references to the provisions of the Code.]

The CG Charter

9.1./1. The CG Charter should at least include:

- a statement that the company adopts this Code as its reference code [9.4.];
- a description of the governance structure of the company, with the terms of reference of the board [1.1.];
- a description of the main features of the company's internal control and risk management systems, [in relation to the financial reporting process] [1.3.] [6.5.];
- the policy established by the board for transactions and other contractual relationships between the company, including its related companies, and its board members and executive managers, which are not covered by the legal provisions on conflicts of interest [3.6.], [6.8.];
- the measures taken by the board for an effective and efficient execution on the Belgian rules on market abuse. [3.7.];
- the terms of reference of each committee [5.1.];
- the terms of reference of executive management [6.1.];
- the remuneration policy [7.2.];
- ~~the shareholding and control structure of the company and any cross-shareholdings exceeding 5% of the shareholdings or voting rights, insofar as it is aware of them, and as soon as it has received the relevant information [8.4.];~~
- the identity of its major shareholders, with a description of their voting rights and special control rights, and, if they act in concert, a description of the key elements of existing shareholders' agreements [8.4.];
- any other direct and indirect relationships between the company and major shareholders [8.4.];

The CG Chapter

9.3./1. The CG Chapter should at least include ~~the Remuneration Report [9.3./2.] and the information set out below:~~

- a list of the members of the board indicating which directors are independent [2.1.] [2.3.];
- ~~a list of the members of the board committees [5.1.] [5.2.] [5.3.] [5.4.];~~
- a presentation of each new director including a justification when the director is deemed to be independent [2.3.];
- information on directors who have ceased to satisfy the requirements of independence [2.3.];

- an activity report on board and board committees meetings including the number of meetings and the individual attendance record of directors [2.7.];
- comments on the application of the policy established by the board for transactions and other contractual relationships between the company, including its related companies, and its board members and executive managers, which are not covered by the legal provisions on conflicts of interest [3.6.], [6.8];
- ~~comments on the application of the measures taken by the company in order to comply with Directive 2003/6/EC on insider dealing and market manipulation (market abuse) [3.7.] [6.8];~~
- information on the main features of the evaluation process of the board, its committees and its individual directors [4.11] [4.13];
- a list of the members of the board committees [5.1.] [5.2.] [5.3.] [5.4.];
- a list of the members of the executive management [6.2.];
- a statement that the company adopts this Code as its reference code [9.4.].
- if any, provisions of the Code that were not complied with during the year and explanation of the reasons for non compliance [9.4.];

9.3./2. The Remuneration Report should include at least:

- a description of the procedure adopted for developing a policy on non-executive directors and executive managers' remuneration and for fixing the remuneration of individual non-executive directors and executive-managers as well as a statement of the company's remuneration policy for the following and subsequent financial years, with an explanation on the main changes to the remuneration policy applicable for the financial reported year [7.2];
- on an individual basis, the amount of the remuneration and other benefits granted directly or indirectly to non-executive directors, by the company or any other undertaking belonging to the same group [7.6.];
- ~~on an individual basis, the amount of the remuneration and other benefits granted directly or indirectly to the CEO, by the company or any other undertaking belonging to the same group. This information should be disclosed with a split between:~~
 - *— basic remuneration;
 - *— variable remuneration: any incentive relating to the financial reported year;
 - *— other components of the remuneration, such as cost of pension, insurance coverage, monetary value of other fringe benefits, with an explanation and, if appropriate, the amounts of the main components [7.13.];
- ~~on a global basis, the amount of the remuneration and other benefits granted directly or indirectly to the other members of executive management, by the company or any other undertaking belonging to the same group. This information should be disclosed with a split between:~~
 - *— basic remuneration;
 - *— variable remuneration: any incentive relating to the financial reported year;

- ~~other components of the remuneration, such as cost of pension, insurance coverage, monetary value of other fringe benefits, with an explanation and, if appropriate, the amounts of the main components [7.14.];~~
- if some members of executive management are also board members, full and detailed information on the amount of the remuneration they receive in such capacity [7.8.];
- in case executive managers are eligible for incentives, performance conditions and evaluation of performance achieved against targets [7.10.];
- key features of incentives granted in shares, options or any other right to acquire shares and approved by, or submitted to the annual shareholders' meeting [7.11.];
- the criteria for the evaluation of the performance of the CEO and the other executive managers [7.12.];
- the amount of the remuneration and other benefits granted directly or indirectly to the CEO, by the company or any other undertaking belonging to the same group. This information should be disclosed with a split between:
 - basic remuneration;
 - variable remuneration: any incentive relating to, the financial reported year;
 - pension: cost of pension, with an explanation of the retirement schemes applicable (defined benefit and/or defined contribution)
 - other components of the remuneration, such as cost or monetary value of (other) insurance coverage and other fringe benefits, with an explanation and, if appropriate, details of the main components ;

If any, material deviation from the remuneration policy applicable for the financial reported year. [7.13]
- on an individual or global basis, the amount of the remuneration and other benefits granted directly or indirectly to the other members of executive management, by the company or any other undertaking belonging to the same group. This information should be disclosed with a split between:
 - basic remuneration;
 - variable remuneration: any incentive relating to the financial reported year;
 - pension: cost of pension, with an explanation of the retirement schemes applicable (defined benefit and/or defined contribution)
 - other components of the remuneration, such as cost or monetary value of (other) insurance coverage and other fringe benefits, with an explanation and, if appropriate, the details of the main components;

If any, material deviation from the remuneration policy applicable for the financial reported year. [7.14]
- for the executive managers, on an individual basis, the number and key features of shares, share options or any other right to acquire shares, granted, exercised or lapsed during the financial reported year [7.15.];
- for the executive managers, the main contractual terms of appointment, including compensations that such terms entail in the event of early termination on hiring and termination arrangements for executive managers [7.16.];
- ~~if any, provisions of the Code that were not complied with during the year and explanation of the reasons for non compliance [9.4.] (*9.3/1.)~~

COMPOSITION OF THE CORPORATE GOVERNANCE COMMITTEE

The Committee is composed of

Chairman

Maurice Lippens

- o Chairman, Fortis
 - o Director, Belgacom
 - o Director, GBL
-

Members

Marco Becht

- o Executive Director, European Corporate Governance Institute
- o Professor of Finance and Economics, Ecares, Université Libre de Bruxelles

Pierre-Olivier Beckers

- o Managing Director, Chairman of the Executive Committee, Delhaize Group
- o Chairman, International Food Retailers Association
- o Chairman, Belgian Interfederal Olympic Committee

Didier Bellens

- o Managing Director & Chief Executive Officer, Belgacom

Pierre P. Berger

- o Chairman, Institute of Registered Auditors

Karel Boone

- o Chairman, Lotus Bakeries
- o Chairman, UCB
- o Director, Axa Belgium

Bruno Colmant

- o Chairman and CEO, Euronext Brussels

Xavier Dieux

- o Lawyer and Professor at ULB

Koen Geens

- o Lawyer and Professor at KUL

Philippe Lambrecht

- o Director Secretary-General, Federation of Enterprises in Belgium
- o Professor at UCL
- o Secretary of the Committee

Axel Miller

- o CEO, Dexia
- o Chairman, Carmeuse

Aloïs Michiels

- o Chairman, Solvay
- o Director, Fortis

Jean-Paul Servais

- o Chairman of the Management Committee, Banking, Finance and Insurance Commission
- o Chairman of the High Council for the Economic Professions

Robert Tillet

- o Chairman of the Central Economic Council

Emiel Van Broekhoven

- o Professor emeritus, University of Antwerp
- o Chairman, Flemish Federation of Investment Clubs and Investors

Hugo Vandamme

- o Chairman of The Listed Companies' Association
- o Chairman, Roularta Media Group and Alfacam
- o Vice Chairman, Picanol

Lutgart Van den Berghe

- o Executive Director, GUBERNA
- o Extraordinary Professor, University of Ghent and Vlerick Leuven Ghent Management School
- o Director, Belgacom

Michel van Pée

- o Counsel to the Chairman of Fortis
- o Managing Partner, Oxalys
- o Deputy Secretary of the Committee

Luc Vansteenkiste

- o Honorary Chairman, Federation of Enterprises in Belgium
- o Managing Director, Recticel
- o Chairman, Spector Photo Group

The Committee is assisted by a Permanent Working Group, composed of:

- Philippe Lambrecht, Chairman
-

- Christine Darville, Company lawyer, FEB,
- Kristof Macours, Company Secretary, Fortis
- Anne Sophie Pijcke, Company lawyer, NYSE Euronext
- Astrid Rubens, Research Associate, GUBERNA
- David Szafran, Company Secretary, Institute of Registered Auditors
- Lutgart Van den Berghe
- Michel van Pée

Thierry Lhoest, Deputy Director, Banking, Finance and Insurance Commission (CBFA) attended the meetings of the Permanent Working Group.

www.corporategovernancecommittee.be

Edition 2009

Design and production
www.landmarks.be

Printing
Identic

Editor responsible at law
Philippe Lambrecht
Rue des Sols 8
B-1000 Brussels

Legal deposit
D/0140/2008/12

THE CORPORATE GOVERNANCE PRINCIPLES

- PRINCIPLE 1. THE COMPANY SHALL ADOPT A CLEAR GOVERNANCE STRUCTURE
- PRINCIPLE 2. THE COMPANY SHALL HAVE AN EFFECTIVE AND EFFICIENT BOARD TAKING DECISIONS IN THE CORPORATE INTEREST
- PRINCIPLE 3. ALL DIRECTORS SHALL DEMONSTRATE INTEGRITY AND COMMITMENT
- PRINCIPLE 4. THE COMPANY SHALL HAVE A RIGOROUS AND TRANSPARENT PROCEDURE FOR THE APPOINTMENT AND EVALUATION OF THE BOARD AND ITS MEMBERS
- PRINCIPLE 5. THE BOARD SHALL SET UP SPECIALISED COMMITTEES
- PRINCIPLE 6. THE COMPANY SHALL DEFINE A CLEAR EXECUTIVE MANAGEMENT STRUCTURE
- PRINCIPLE 7. THE COMPANY SHALL REMUNERATE DIRECTORS AND EXECUTIVE MANAGERS FAIRLY AND RESPONSIBLY
- PRINCIPLE 8. THE COMPANY SHALL ENTER INTO A DIALOGUE WITH SHAREHOLDERS AND INVESTORS BASED ON MUTUAL UNDERSTANDING OF OBJECTIVES AND CONCERNS
- PRINCIPLE 9. THE COMPANY SHALL ENSURE ADEQUATE DISCLOSURE OF ITS CORPORATE GOVERNANCE