

## **Board of Directors Charter**

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## INTRODUCTION

These terms of reference combined with the Audit Committee charter and Remuneration Committee charter constitute the Corporate Governance Charter of the Company. The Corporate Governance charter respects the recommendations set forward in the Belgian Code for Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee (referred hereafter as the "Code").

These terms of reference supplement the provisions relating to the Board and its members, as contained in the applicable legislation and regulations and in the articles of association of the Company.

The meaning of a number of terms, whether or not capitalised, used but not defined in these terms of reference is given in the list of terms included in article 1 of the Code.

### 1 Composition

#### 1.1 Composition

- (a) The Board has a maximum of 8 members. The Board must be composed of executive directors, independent directors and other non-executive directors. The actual number of members may vary depending on the needs of the Company.
- (b) At least half the Board must comprise non-executive directors.
- (c) At least two directors must be independent directors.

The decision to appoint the independent directors must state the reasons why the director is considered independent.

Independent of the decision of the shareholders, the Board decides which non-executive directors are to be regarded as independent. In assessing independence, the criteria set out in Appendix A of the CGC should be taken into account, as well as article 524 of the Companies Code and any other relevant law or regulation.

Any independent director who ceases to satisfy the requirements of independence must immediately inform the Board.

- (d) A list of the members of the Board must be disclosed in the CG Chapter of the annual report.

## 1.2 Appointment

- (a) The members of the Board are appointed by the general meeting. If a position of director becomes vacant, the remaining board members may provisionally fill the vacancy.
- (b) The composition of the Board is determined based on the necessary diversity and complementary skills, experience and knowledge.
- (c) Members of the Board are appointed for a period not exceeding four years.
- (d) The articles of association further provide for the following rights in respect of the nomination of directors: (i) Rendex and Rendex ICT will have the right to appoint one director as long as together they hold at least 159,822 shares in the Company and (ii) Luc Burgelman, Peter Hinssen, Frank Hamerlinck, Securex Leven, Group Securex vzw and affiliated companies will have together the right to appoint two, resp. one director(s) as long as together they hold at least 25%, resp. 10% of the shares of the Company.

## 2 Powers of the Board

### 2.1 Role

The Board is entrusted with the management of the Company with a view to ensuring the long-term success of the Company by providing entrepreneurial leadership and at the same time assessing and managing the risks of the Company.

The Board accounts to the general meeting in this respect. The responsibility for the management of the Company rests with the Board as a collegial body.

### 2.2 Duties

In this respect, the main duties of the Board are as follows:

- The Board decides on the Company's strategy, its risk appetite and key policies.
- The Board ensures that the necessary financial and human resources are in place for the Company to meet its objectives.
- The Board reviews the existence and functioning of the internal control system, including ensuring the adequate identification and management of risks (including those relating to compliance with existing legislation and regulations).
- The Board decides on the Management Committee structure of the Company, determines its powers and duties and review the Management Committee's performance.

- The Board is responsible for the quality and completeness of the disclosed financial notices and in particular ensuring the integrity of the financial statements.
- The Board selects the external auditor and supervises the performance of the external auditor.
- The Board is responsible for the Corporate Governance structure of the Company.
- The Board ensures that the Company's obligations to its shareholders are met, taking into account the interests of any parties having an interest in the Company.

When performing its duties, the Board must act in accordance with the interests of the Company.

### **3 Operation of the Board**

#### **3.1 Meetings of the Board**

- (a) In principle, the Board meets every quarter and as many times as is deemed necessary or advisable by one or several members of the Board for the proper functioning of the Board, it being understood that the Board will meet at least six times a year.

The number of Board meetings and the individual attendance record of the directors are disclosed in the CG Chapter of the annual report.

- (b) The non-executive directors must meet at least once a year without the CEO and the other executive directors.
- (c) Board meetings must be convened in the manner laid down in the Company's articles of association.

Except where urgent issues have arisen (as determined by the chairman of the Board), the agenda of the meeting will be sent to all members of the Board at least 5 calendar days prior to the meeting. Every agenda item is accompanied by as much written information as possible and any relevant documents are appended.

- (d) Board meetings are chaired by the Chairman of the Board. In the absence of the Chairman of the Board, the meeting is chaired by another Board member designated by a majority of the votes cast by the Board members present or represented at the meeting.
- (e) Each member of the Board is entitled to have another member of the Board represent him or her by proxy. The powers of attorney must be submitted to the Chairman of the Board, or in his or her absence to the members of the Board present at the meeting.

- (f) The members of the Board present or represented at the meeting decide by majority vote on the admission to the meeting of persons other than the members of the Board and the Secretary of the Company or his or her substitute;
- (g) The Secretary of the Company, or another person designated by the Chairman of the meeting, draws up minutes of the deliberations of a meeting of the Board. The minutes must sum up the discussions, specify the decisions taken and state any reservations voiced by directors. The minutes are approved by the Board in the same or at the next meeting.

### 3.2 Committees

With a view to the efficient performance of its duties and responsibilities, the Board may set up specialised Committees to analyse specific issues and advise the Board on those issues. Regardless of the right to set up other Committees, the Board must set up a Remuneration Committee.

These Committees merely have an advisory role, the actual decision-making remains the responsibility of the Board.

The Board must determine the terms of reference for the Remuneration Committee, in which the role, composition and operation of the Committee are specified.

The Board must pay particular attention to the composition of the Remuneration Committee. It must ensure that in appointing the members of each Committee, consideration is given to the needs and qualifications required for the optimal functioning of that Committee.

### 3.3 Secretary of the Company

The Board must appoint a Company Secretary, who assists the Board, the Chairman, the Committee chairmen and the members of the Board in the performance of their duties..

The Secretary of the Company assists the Chairman of the Board in the preparation of the meetings and reporting on meetings.

The Secretary of the Company may delegate his or her duties arising under the Charter, or parts thereof, to a substitute appointed by him or her following consultation with the chairman of the Board.

## **4 Chairman of the Board**

### **4.1 Appointment**

The Board appoints one of its non-executive members as Chairman of the Board.

### **4.2 Role of the Chairman**

The Chairman is responsible for the leadership of the Board and for the efficiency of the Board in all its aspects.

The Chairman must take the necessary measures to develop a climate of trust within the Board which promotes open discussion, constructive dissent and support for the board's decisions.

The Chairman should promote effective interaction between the Board and the Management Committee. He or she should establish a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

### **4.3 Duties of the Chairman**

Within the Board, the Chairman is primarily responsible for:

- setting the agenda of the Board meetings, after consultation with the CEO;
- ensuring that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed;
- ensuring that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings, and that all directors receive the same information;
- chairing the meetings of the Board and ensuring that the Board operates and takes decisions as a collegial body;
- monitoring the implementation of decisions taken and determining whether further consultation within the Board with regard to the implementation is necessary;
- ensuring a regular review of the corporate structure and the corporate governance of the Company and assessing whether their operation is satisfactory;
- ensuring that newly appointed directors receive an appropriate induction;
- leading the nomination process of directors, and ensuring that the Board appoints Committee members and chairmen;

- being accessible to the directors, the members of the Management Committee and the head of the internal audit function to discuss issues relating to the management of the Company;

The Board may decide to entrust the Chairman of the Board with additional responsibilities.

With regard to shareholders and third parties, the Chairman is mainly responsible for chairing the general meeting and ensuring that relevant questions from shareholders are answered.

## **5 Professional development of the Board**

### **5.1 Training and professional development**

- (a) Newly appointed directors should receive an appropriate induction after joining the Board.

The purpose of the induction process is:

- (i) to help the new directors grasp the fundamentals of the Company, including its governance, strategy, key policies, financial and business challenges;
- (ii) to advise the new directors on their rights and duties as directors.

If a newly appointed director is also a member of a Committee, the induction will include a description of the operation and objectives of that Committee, including a description of the specific role and duties of the Committee.

The Chairman of the Board prepares a general induction programme with the help of the Secretary of the Company. The purpose of this programme is to provide each new director with a general induction, as stated above, to ensure their early contribution to the Board.

- (b) The directors are individually responsible for developing and updating the knowledge and qualifications that are required to perform their duties in the Board and in the Remuneration Committee

### **5.2 Evaluation**

- (a) The Board is responsible for a periodic evaluation of its own effectiveness with a view to ensuring continuous improvement in the governance of the Company.

In this respect, every two years, under the lead of its Chairman, the Board must assess its size, composition, operation and interaction with Management Committee. This evaluation has four objectives:

- (i) assessing the operation of the Board;
  - (ii) checking that the important issues are thoroughly prepared and discussed;
  - (iii) evaluating the actual contribution of each director to the work of the Board, his or her attendance at the Board and Committee meetings and his or her constructive involvement in discussions and decision-making;
  - (iv) checking the Board's current composition against the Board's desired composition.
- (b) The Board must assess the operation of the Remuneration Committee every two years. For this assessment, the results of the individual evaluation of the directors must be taken into consideration. The Chairman of the Board and the performance of his or her duties within the Board must also be carefully evaluated.
- (c) The non-executive directors must annually assess their interaction with Management Committee and, where appropriate, make proposals to the Chairman of the Board with a view to improving this interaction.
- (d) Once a year, the CEO must discuss both the operation and performance of the Management Committee with the Remuneration Committee. The evaluation criteria should be clearly specified. The CEO must not be present at the discussion on his or her own evaluation.

## **6 Remuneration**

The Remuneration Committee, set up by the Board, is responsible for outlining a remuneration policy for the executive and non-executive directors.

The Company's current remuneration policy for the independent directors (except the Chairman) is as follows: 5,000 EUR per year plus (i) 1,000 EUR per Board meeting and (ii) 500 EUR per meeting of a committee set up by the Board, with a maximum of 15,000 EUR per year. The Chairman's remuneration will be 30,000 EUR per year (fixed).

## 7 Code of conduct

- (e) Each member of the Board of the Company is expected to perform his or her duties in an honest, ethical and justified manner.

The first priority of all directors is to protect the interests of the Company. Independence of judgement is required in the decisions of all directors, executive and non-executive alike, irrespective of whether they are independent.

- (f) All members of the Board are expected to commit themselves entirely to the performance of their duties.

The directors must ensure that they receive detailed and accurate information, which they must study carefully so as to acquire and maintain a strong command of the key issues relating to the company's business. They seek clarification whenever they deem it necessary.

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

However, a member of the Board 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 may use the information described above to his or her own advantage.

- (h) Each member of the Board undertakes not to develop, either directly or indirectly, during the term of his or her mandate, any activities nor perform any actions that conflict with the activities of the Company or its subsidiaries. In this respect, the directors must abstain from the following actions in Europe :

- attempting to encourage staff members of the Company or its subsidiaries to terminate their relationship with the Company or its subsidiaries;
- attempting to encourage a buyer, customer, supplier, agent, franchisee, network supplier or any other contracting party to terminate a relationship with the Company or its subsidiaries or to change the terms of any such relationship in a way that is detrimental to the Company or its subsidiaries.

- (i) The above code of conduct also applies to the Secretary of the Company.