

## **Remuneration Committee Charter**

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## **Introduction**

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 for Corporate Governance issued on 9 December 2004 by the Belgian Corporate Governance Committee.

### **1 Composition**

The members of the Remuneration Committee are appointed and may at any time be dismissed by the Board.

The Remuneration Committee must be composed of at least three directors. All members of the Remuneration Committee must be non-executive directors and a majority of them must be independent directors.

The Remuneration Committee must be chaired by the Chairman of the Board or by another non-executive director.

The duration of the mandate of a member of the Remuneration Committee may not exceed the duration of his or her mandate as a director.

The Secretary of the Company acts as secretary of the Remuneration Committee. The Secretary of the Company may delegate his or her duties resulting from these terms of reference, or parts thereof, to a substitute appointed by him or her in consultation with the chairman of the Remuneration Committee.

### **2 Powers**

#### **2.1 The Role of the Remuneration Committee**

The Remuneration Committee makes recommendations to the Board on the remuneration policy of the Company and the remuneration of board members and members of Management Committee.

#### **2.2 Duties of the Remuneration Committee**

The Remuneration Committee has the following duties :

- (a) making and evaluating proposals to the Board on the remuneration policy for non-executive directors as well as the proposals to be submitted to the shareholders;
- (b) making and evaluation proposals to the Board on the remuneration policy for the Executive Management and Management Committee, at least with regard to

- the main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
  - the key elements of the remuneration, including :
    - the relative importance of each component of the remuneration;
    - the performance criteria applicable to the variable elements;
    - the fringe benefits.
- (c) making recommendations on the individual remuneration of directors and of the members of the Executive Management and Management Committee, including, depending on the situation, on bonuses and long-term incentives – whether or not stock-related – in the form of stock options or other financial instruments; and
- (d) at least once a year, discussing with the CEO the operation and performance of the Executive Management and Management Committee. The CEO should not be present at the discussion of his or her own evaluation;

### **3 Remuneration policy**

When making proposals on the remuneration of non-executive directors, the Remuneration Committee must observe the following principles :

- The remuneration takes into account the responsibilities and time commitment of the non-executive director;
- The non-executive director receives a fixed remuneration, which excludes performance-related remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits or benefits related to pension schemes;
- The Company and its subsidiaries do not grant personal loans, guarantees and the like to members of the Board or of the executive management, unless in the context of normal business operation;

The provisions on the remuneration of non-executive directors apply to the executive directors in their capacity as board members.

When making proposals on the remuneration of members of the Management Committee, the Remuneration Committee must observe the following principles :

- the level and structure of the remuneration of the Management Committee 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;
- an appropriate proportion of the remuneration package of the members of the Management Committee should be linked to corporate and individual

performance, thereby aligning the interests of the Management Committee with the interests of the Company and its shareholders;

- If members of the Management Committee are eligible for a bonus, its grant should be subject to relevant and objective performance criteria designed to enhance corporate value;
- commitments of the Company in the event of early termination are considered carefully so as to avoid rewarding poor performance;
- if a member of the Management Committee is also an executive director, his or her remuneration takes into account the compensation received in his or her capacity as executive director. The provisions on the remuneration of the Management Committee also apply to the executive directors in their executive capacity.

Long-term incentive schemes based on shares, share options or any other right to acquire shares of the Company are subject to approval of the annual general meeting;

## **4 Operation**

### **4.1 Meetings**

- (a) The Remuneration Committee meets whenever a meeting is required for a proper operation of the Remuneration Committee, but at least two times a year. Whenever possible, the dates of the meetings are fixed in advance each year.
- (b) In principle, meetings of the Remuneration Committee are convened by the secretary of the Remuneration Committee in consultation with the chairman of the Remuneration Committee. Each member of the Remuneration Committee may convene a meeting of the Remuneration Committee.

Except where urgent issues arise (to be determined at the discretion of the chairman of the Remuneration Committee), the agenda of the meeting will be sent to all Remuneration Committee members at least 5 calendar days prior to the meeting. Every agenda item must be accompanied by as much written information as possible and relevant documents must be appended..

If all members are present, the Committee can deliberate validly and compliance with the formalities for convening the meeting need not be verified.

- (c) The quorum is two members, attending the meeting in person (or by telephone conference).

- (d) Decisions must be taken by a majority of the votes cast by the members of the Committee. In the case of an equality of votes, the chairman of the Committee has a casting vote.

However, the Chairman of the Board may not attend the meetings of the Remuneration Committee at which his or her own remuneration is discussed.

The Remuneration Committee may invite other persons to attend its meetings.

The CEO participates in the meetings of the Remuneration Committee when it deals with the remuneration of the members of the Management Committee.

A board member may not attend the meeting of the Remuneration Committee when it deals with his or her own remuneration and may not be involved in decisions concerning his or her own remuneration.

- (e) Each member of the Remuneration Committee must inform the Remuneration Committee of :
- any personal financial interest (except in his or her capacity as shareholder) in any matter on which the Remuneration Committee decides; or
  - any possible conflict of interest which may arise as a consequence of any other mandates he or she holds.

This member may not participate in the deliberations and the vote relating to decisions of the Remuneration Committee in respect of which such an interest or conflict of interests exists and, if required by the Board, this member must resign as a member of the Remuneration Committee.

#### 4.2 Reporting to the Board

- (a) The secretary of the Remuneration Committee or any other person designated by the chairman of the meeting must draw up a report of the findings and recommendations of the meeting of the Remuneration Committee. He or she must provide all members of the Board with the report as soon as possible after the meeting.
- (b) The Remuneration Committee must promptly and clearly inform the Board of all developments in areas that fall within the scope of its responsibilities.
- (c) If requested, the chairman of the Remuneration Committee must provide more detailed information on the results of the discussions of the Remuneration Committee during the meetings of the Board.
- (d) The chairman of the Remuneration Committee (or any other member of the Remuneration Committee) must be available during the annual general

meeting to answer questions about the activities of the Remuneration Committee.

- (e) The Remuneration Committee must exercise the utmost discretion when drawing up documents about its deliberations and recommendations.
- (f) Each member of the Board must be given unlimited access to all data of the Remuneration Committee.

## **5 Miscellaneous**

The Remuneration Committee must annually check and reviews the adequacy of these terms of reference, report the results of this review to the Board and may recommend any necessary changes.

The Board may modify these terms of reference at all times and may revoke the powers granted to the Remuneration Committee.