

CORPORATE GOVERNANCE CHARTER

FEBRUARY 6, 2015

Bone Therapeutics SA



CONTENTS

| Clause | Page |
|---|------|
| 1. Definitions..... | 2 |
| 2. Structure and Organisation..... | 3 |
| 3. Shareholders..... | 4 |
| 4. Transactions between the Company and its Board Members or the Members of the Management Team..... | 5 |
| 5. Transactions involving Shares of the Company | 5 |
| 6. Reference Code on Corporate Governance..... | 5 |
| 7. Miscellaneous..... | 6 |
| Appendix | |
| 1. Terms of Reference of the Board..... | 7 |
| 2. Policy for Transactions and other Contractual Relationships between the Company and its Board Members or Members of the Management Team..... | 16 |
| 3. Rules for the Prevention of Market Abuse..... | 17 |
| 4. Terms of Reference of the Audit Committee..... | 25 |
| ANNEX 1 Guidelines for the monitoring of financial reporting..... | 31 |
| ANNEX 2 Guidelines for the evaluation of the effectiveness of the internal audit function, of the internal control, of the risk management systems and of the systems for guaranteed compliance | 32 |
| ANNEX 3 Guideline for the monitoring of the relationships between the company and the external auditor and of the external auditor's independence..... | 33 |
| 5. Terms of Reference of the Nomination and Remuneration Committee | 34 |
| ANNEX 4 Procedure for the appointment and reappointment of Board members | 40 |
| ANNEX 5 Content remuneration report..... | 41 |
| 6. Terms of Reference of the Management Team..... | 43 |

INTRODUCTION

This Corporate Governance Charter is based on the provisions of the Belgian Corporate Governance Code (2009 edition). It supplements the corporate governance guidelines contained in the Belgian Company Code and in the articles of association of the Company.

The purpose of the corporate governance rules is to ensure efficient and transparent management and effective control of the Company. The Board is of the opinion that clear agreements on best practices may contribute to long-term value creation and to a proper balance between entrepreneurship and supervision.

The objective of the Board is to comply with the principles of the Belgian Corporate Governance Code as closely as possible.

However, the Board is of the opinion that the Company is justified in not adhering to certain principles of the Belgian Corporate Governance Code, considering the specific nature, size and organisation of the Company. Any deviation from the Corporate Governance Code will be indicated, and the reason for such deviation (“comply or explain”) either in this Corporate Governance Charter, or in the annual Statement on Corporate Governance included in the Annual Report.

These deviations include:

- Although at the date of this Corporate Governance Charter, no options have been granted to non-executive directors, the Company has reserved the possibility to grant variable remuneration (upon advice of the Nomination and Remuneration Committee), such as long-term stock-related incentive plans, to non-executive directors, so that the Company, as a small-sized listed enterprise, could grant options or warrants to non-executive directors if it would be of the opinion that such grant is necessary to attract or retain (internationally) renowned experts with the most relevant skills, knowledge and expertise.
- At the date of this Corporate Governance Chapter, no Company Secretary has been assigned by the Board. Since the IPO (6 February 2015) the Board has assigned Allen & Overy to provide services in this respect amongst others, including (?) minuting of board meetings. Given the limited size of the Company, the Board is of the opinion that there is no need to appoint a full time Company Secretary.

This Corporate Governance Charter is supplemented by a number of appendices, which are an integral part of the charter:

- Terms of reference of the Board;
- Policy for transactions and other contractual relationships between the Company, its Board members and its Management Team;
- Rules for the prevention of market abuse;
- Terms of reference of the Audit Committee;
- Terms of reference of the Nomination and Remuneration Committee; and
- Terms of reference of the Management Team.

1. DEFINITIONS

1.1 In this Corporate Governance Charter, the following terms have the meaning indicated below:

Annual report means the annual report of the Company drawn up by the Board, as referred to in article 95 of the Belgian Company Code.

Audit Committee means the committee designated as such in Clause 3.2 of the terms of reference of the Board.

Board means the board of directors of the Company.

CCRO means the *Chief Clinical and Regulatory Officer* of the Company.

CEO means the *Chief Executive Officer* of the Company.

CFO means the *Chief Financial Officer* of the Company. **CG Charter** means this Corporate Governance Charter and all its appendices.

CGC means the Belgian Corporate Governance Code (2009 edition).

CMO means the *Chief Medical Officer* of the Company.

Chairman of the Board means the person appointed by the Board members to act as chairman.

Committee means, with regard to the Board, any committee of the Board, as referred to in Clause 3.2 of the terms of reference of the Board.

Company means Bone Therapeutics SA, whose registered office is at rue Auguste Piccard 37, 6041 Gosselies (Charleroi), and with the company number 0882.015.654.

CTMO means the *Chief Technology and Manufacturing Officer* of the Company.

Executive Directors means Directors entrusted with the day-to-day management of the Company.

External auditor means the external auditor of the Company who is entrusted with the audit of the Company's financial statements in accordance with title VII of the Belgian Company Code.

Financial statements means the financial statements of the Company as referred to in article 92 of the Belgian Company Code.

General Shareholders' Meeting means any general meeting of the shareholders of the Company.

In writing means by letter, fax or email or by means of a message that is transmitted by any other accepted means of communication and that can be received in writing.

Management Team has the meaning given to this term in the terms of reference of the Management Team.

Nomination and Remuneration Committee means the committee designated as such in Clause 3.2 of the terms of reference of the Board.

Related Company has the meaning given to this term in article 11 of the Belgian Company Code, and Related Companies will be construed accordingly.

Remuneration Report is a specific part of the Statement on Corporate Governance and consists of at least the elements listed in Appendix 5.

Secretary means the person designated as secretary of the Company in accordance with Clause 3.3 of the terms of reference of the Board.

Statement on Corporate Governance (or CG Statement) means that part of the Company's annual report in which the Company declares that it has adopted the CGC as a reference code. The Statement on Corporate Governance also contains additional relevant information concerning the Company's corporate governance policy, including potential amendments to or relevant events within the framework of this policy, the Remuneration Report, a description of the main elements of the internal control and risk management systems, the information to be disclosed by the Company under transparency regulations and a description of the composition and operation of the Board and the Committees.

Subsidiary has the meaning given to this term in article 6 of the Belgian Company Code.

1.2 Unless it appears otherwise from the context, the following assumptions are made in this CG Charter:

- (a) terms and expressions indicated in singular also include the plural and vice versa;
- (b) words and terms indicated in the masculine form also include the feminine form and vice versa; and
- (c) any reference to a legal provision is regarded as a reference to such provision, including any amendments, extensions and substitute clauses thereof which will be applicable from time to time.

1.3 Titles of articles and other titles in this CG Charter are only included for ease of reference but do not form part of the CG Charter for interpretation purposes.

2. STRUCTURE AND ORGANISATION

2.1 Legal structure

Bone Therapeutics SA is a limited liability company ("*société anonyme*") incorporated under Belgian law soliciting or having solicited funds from the public. The Company's shares are listed on the regulated market of Euronext Brussels and Euronext Paris.

The Company's articles of association are available on its website <http://www.bonetherapeutics.com>.

2.2 Governance structure¹

The Board is the main decision-making body of the Company and has full power to perform all acts that are necessary or useful to accomplish the Company's corporate purpose, save those acts for which only the General Shareholders' Meeting has the required powers in accordance with applicable laws or the Company's articles of association.

The composition, powers and operation of the Board are described in the terms of reference of the Board (see Appendix 1).

The Board has set up an Audit Committee and a Nomination and Remuneration Committee. These Committees are advisory bodies. They assist the Board in specific matters, which they monitor closely and with regard to which they formulate recommendations to the Board (although all final decisive powers remain entrusted to the Board)² The composition, powers and operation of the Committees are described in their respective terms of reference (see Appendix 4 and 5), which are also published on the website of the Company. The Board may modify these terms of reference at all times and revoke the powers granted to the respective Committees.

The Board may also set up other advisory committees, such as a strategic committee or an advisory committee. The composition and governance of such committees is determined by the Board. The Board also determines the remuneration, if any, which is granted to the members of such committees (within the limits imposed by applicable law).

No executive committee referred to in article 524bis of the Belgian Company Code was established. However, the Company has a Management Team, of which the composition, the role, the tasks, the duties and the operation are set out in the relevant terms of reference (see Appendix 6).

The executive management of the Company consists of the Executive Directors and the members of the Management Team. The Board has delegated the Company's day-to-day management to the two Executive Directors Thomas Lienard SPRL (the CEO) and Wim Goemaere BVBA (the CFO).

2.3 Company website

The Board ensures that all information which the Company must publish pursuant to legal provisions, the CGC or this CG Charter is posted on and updated in a separate (meaning: separate from the commercial information relating to the Company) and clearly recognisable part of the Company's website.

Any amendments to this CG Charter are reported on the Company's website without delay.

3. SHAREHOLDERS

3.1 Major shareholders³

Taking into account the transparency declarations that the Company has received pursuant to the applicable legislation on the disclosure of significant participations in listed

¹ Art. 1.1 CGC

² Art. 5.1 CGC

³ Art. 8.5 CGC

companies, the major shareholders of the Company (*i.e.* above 5% on a non-fully diluted basis) can be found on our website:

<http://www.bonetherapeutics.com/en/investors/shareholders-information>

The Company has not set a specific threshold requiring a transparency declaration in its articles of association, and therefore applies the legal thresholds, requiring a transparency declaration at 5% and each subsequent multiple of 5%.

There are no direct or indirect relationships between the Company and the main shareholders other than:

- employment/management agreements entered into between the Company's group and certain employees/managers who are shareholder;
- the licence agreement entered into between the Company and the CEO; and
- the government grants, subsidies, and government agencies loans granted to the Company by the Walloon Region or related parties.

3.2 Agenda of the General Shareholders' Meeting⁴

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

4. TRANSACTIONS BETWEEN THE COMPANY AND ITS BOARD MEMBERS OR THE MEMBERS OF THE MANAGEMENT TEAM

The Board has formulated a policy on transactions and other contractual relationships between the Company (including its Related Companies) and members of the Board and of the

to whom the legal rules with regard to conflicting interests do not apply.

These rules are attached as Appendix 2.

5. TRANSACTIONS INVOLVING SHARES OF THE COMPANY

The Board has formulated a set of rules with regard to transactions involving shares or other financial instruments of the Company carried out by Board members, members of the Management Team and other designated persons for their own account (the "**Rules**"), which are attached as Appendix 3.

The Board appoints a compliance officer who will monitor compliance with the Rules by the members of the Board, the Management Team and other designated persons. The compliance officer will also perform all other duties assigned to him or her pursuant to the Rules.

6. REFERENCE CODE ON CORPORATE GOVERNANCE⁵

The Company uses the Belgian Corporate Governance Code 2009 as a reference code in the meaning of article 96, §2, section 1 of the Belgian Company Code. Deviations therefrom are clarified in the CG Statement.

⁴ Art. 8.9. CGC

⁵ Art 9.4 CGC

7. MISCELLANEOUS

7.1 Amendment

This CG Charter may be amended by the Board from time to time and without prior notification.

The Board may decide to deviate from this CG Charter with regard to specific items, provided that the applicable rules are complied with and that such departures are disclosed in this CG Charter or in the CG Statement.

7.2 Partial invalidity

If one or several provisions of this CG Charter are or become invalid, this invalidity will not affect the validity of the remaining provisions. The Board can replace the invalid provisions by valid provisions the effect of which, given the contents and the purpose of this CG Charter, corresponds to the largest possible extent, to that of the invalid provisions.

7.3 Applicable law and jurisdiction

This CG Charter is governed by Belgian law. The Belgian court has exclusive jurisdiction to settle disputes resulting from or relating to this CG Charter (including disputes relating to the existence, validity or termination of this CG Charter). In the case of a discrepancy between a provision of this CG Charter and a (stricter) legal provision or provision of the articles of association, the latter provision will prevail.

APPENDIX 1

TERMS OF REFERENCE OF THE BOARD

INTRODUCTION

These terms of reference are part of the CG Charter of the Company.

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

The meaning of a number of terms used, whether capitalised or not, which have not been defined in these terms of reference are given the same meaning as in the list of terms in Clause 1 of the CG Charter.

1. COMPOSITION

1.1 Composition

- (a) The Board has a minimum of three members. The Board is composed of executive directors, and non-executive directors including the independent directors. The actual number of members may vary depending on the needs of the Company.
- (b) At least half of the members of the Board of Directors are non-executive directors⁶, and at least three members of the Board of Directors are independent directors⁷, within the meaning of *inter alia* Article 526ter of the Belgian Company Code.

The respective decision to appoint an independent director states the reasons why the director is considered independent.

Independent of the decision of the General Shareholders' Meeting, 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 are taken into account, as well as article 526ter of the Belgian Company Code and any other relevant law or regulation.⁸

Any independent director who ceases to satisfy the requirements of independence immediately informs the Board thereof.⁹

- (c) The Board will comply with the legal rules on gender diversity when such rules enter into force.
- (d) A list of the members of the Board is disclosed in the CG Statement, indicating which members of the Board are independent directors.¹⁰

1.2 Appointment

- (a) The members of the Board are appointed by the General Shareholders' Meeting. If a director mandate becomes vacant, the remaining members of the Board may provisionally fill the vacancy, as set forth in article 519 of the Belgian Company Code.

⁶ Art. 2.3 CGC

⁷ Art. 2.3 CGC

⁸ Art. 2.3 CGC

⁹ Art. 2.3 CGC

¹⁰ Art. 2.4 CGC

- (b) The Nomination and Remuneration Committee recommends one or several candidates to fill any vacant director mandate, taking into account the needs of the Company, in accordance with the appointment procedure and selection criteria set out up by the Board for that purpose.
- (c) The composition of the Board is determined on the basis of diversity, gender, complementarity of skills, experience and knowledge.¹¹
- (d) The composition of the Board is determined by the following nomination rights:
- (e) No nomination rights after IPO.
- (f) Members of the Board are appointed for a maximum term of four years.¹²

2. POWERS OF THE BOARD

2.1 Role

- (a) The responsibility for the management of the Company is entrusted to the Board as a collegial body.¹³ The Board pursues the long-term success of the Company by providing entrepreneurial leadership, while assessing and managing the risks of the Company.
- (b) The Board accounts to the General Shareholders' Meeting with respect to the execution of its role and responsibilities.¹⁴

2.2 Duties

The main duties of the Board are to:

- (a) decide on the values and strategy of the Company, its willingness to take risks and its key policies.¹⁵
- (b) ensure that the necessary leadership and the required financial and human resources are in place for the Company to achieve its goals.¹⁶
- (c) consider corporate social responsibility, gender diversity and diversity in general when translating values and strategies into the key policies.¹⁷
- (d) approve the framework of internal control and risk management drawn up by the executive management. Such framework is clear, defines the meaning of 'internal control' and 'risk management' and allows the executive management to put internal control and risk management systems in place. It also describes the main features of these internal control and risk management systems of the Company and discloses them in the CG Statement.
- (e) review the effectiveness of the different Board committees.¹⁸

¹¹ Art. 2.1 CGC

¹² Art. 4.6 CGC

¹³ Art. 1.1 CGC

¹⁴ Art. 1.8 CGC

¹⁵ Art. 1.2 CGC

¹⁶ Art. 1.2 CGC

¹⁷ Art. 1.2 CGC

¹⁸ Art. 1.3 CGC

- (f) decide on the structure of the Management Team of the Company, determines its powers and duties and supervise and assess the Management Team's performance.
- (g) be responsible for the quality and completeness of the disclosed financial information. In particular, the Board ensures the integrity and the timely disclosure of the financial statements and other material financial and non-financial information disclosed to the existing and potential shareholders. The Board selects the external auditor upon recommendation of the Audit Committee, supervises its performance and is responsible for monitoring the internal audit, taking into account the review performed by the Audit Committee.¹⁹
- (h) be responsible for the corporate governance structure of the Company and compliance with the CGC-provisions. The Board ensures that the Company meets its obligations towards its shareholders, taking into account the interests of any stakeholder of the Company.
- (i) foster an effective dialogue with the existing and potential shareholders, based on a mutual understanding of objectives and expectations.²⁰
- (j) approve the agreements for the appointment of the CEO, the CFO and other members of the Management Team, upon recommendation of the Nomination and Remuneration Committee. Such agreements explicitly refer to the criteria to be taken into account when determining variable remuneration and include specific provisions on the early termination of the agreement.²¹
- (k) act in accordance with the interests of the Company, when performing its duties.

3. OPERATION OF THE BOARD

3.1 Meetings of the Board

- (a) The Board meets at least [four] times a year and whenever a meeting is deemed necessary or advisable for its proper functioning.

The number of Board meetings and the individual percentage attendance record of the respective directors are disclosed in the CG Statement.²²

- (b) The non-executive directors meet at least once a year, without the executive directors (CEO and CFO) and the other executive directors being present.²³
- (c) Board meetings are convened in the manner set forth 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 is sent to all members of the Board at least two calendar days prior to the meeting. Every agenda item is accompanied by as much written information as possible and any relevant documents are appended.²⁴ The agenda items state whether they will be discussed for information, deliberation or decision making purposes.

¹⁹ Art. 1.3 CGC
²⁰ Art. 1.7 CGC
²¹ Art. 7.17 CGC
²² Art. 2.8 CGC
²³ Art. 4.12 CGC
²⁴ Art. 2.6 CGC

- (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.
- (e) Each member of the Board is entitled to have another member of the Board represent him by proxy. The powers of attorney are submitted to the Chairman of the Board, or in his absence, to the chairman ad interim.
- (f) In the event all members of the Board are present, it can validly deliberate on the items on the agenda, or any item added by one or several board member with the unanimous consent of the other board members and there is no need to verify compliance with the convening formalities.
- (g) At least half of the members of the Board, present or represented need to attend the meeting (either in person, or by conference call) to constitute the meeting quorum.
- (h) Without prejudice to the provisions of the articles of association of the Company, decisions are taken by majority of the votes cast by the members present or represented at the Board meeting.
- (i) 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 of the meeting describe and/or summarize the discussions that took place, specify the decisions that were adopted and include any reservations made by the respective members of the Board.²⁵ The minutes are approved by the Board during the Board meeting, or at the occasion of the subsequent Board meeting.

3.2 Committees

- (a) The Board has set up specialised Committees to analyse specific issues and advise the Board on those issues, with a view to an efficient performance of its duties and responsibilities.²⁶ Without prejudice to its right to set up other Committees, the Board has set up an Audit Committee and a Nomination and Remuneration Committee.²⁷ These Committees have a mere advisory role, as the actual decision-making remains the responsibility of the Board.²⁸

The Board determines the terms of reference for the Committees provided for in the CGC (see Appendices 4 and 5). The Board also specifies the composition and operation of each committee in the CG Statement.²⁹

- (b) The Board may also set up other advisory committees, such as a strategic committee or an advisory committee. The composition and governance of such committees is determined by the Board. The Board also determines the remuneration, if any, which is granted to the members of such committees (within the limits imposed by applicable law).
- (c) The Board has not set up an executive committee in accordance with article 524bis of the Belgian Company Code. However, the Company has a Management Team, of which the composition, the role, the tasks, the duties and the operation are set out in the relevant terms of reference (see Appendix 6).

²⁵ Art. 2.5 CGC
²⁶ Art. 5.1 CGC
²⁷ Art. 5.2, 5.3 and 5.4 CGC
²⁸ Art. 5.1 CGC
²⁹ Art. 5.1 CGC

- (d) The Board pays particular attention to the composition of each of the Committees. It ensures that in appointing the members of each Committee, consideration is given to the specific knowledge and qualifications required for the optimal functioning of that Committee.³⁰

3.3 Secretary of the Company

- (a) The Board appoints a Secretary, who assists the Board, the Chairman of the Company, the Committee chairmen and the members of the Board in the performance of their duties. All members of the Board have access to the Secretary for advice and services.³¹
- (b) The Secretary ensures that the corporate bodies of the Company comply with the laws and with the articles of association, the CG Charter and the terms of reference of the Company. The Secretary reports to the Board.³²
- (c) The Secretary assists the Chairman of the Board in the organisation of matters relating to the Board and its Committees (preparing meetings, reporting on meetings, information, *etc*).
- (d) The Secretary ensures a good information flow within the Board and its Committees and between the executive management and the non-executive directors. The Secretary facilitates the initial induction of the Board and Committee members and assists with their professional development as required.³³
- (e) The Secretary reports to the Board with respect to the execution and compliance with the procedures, rules and regulations of the Board regularly, under the direction of the Chairman of the Board.³⁴
- (f) The Secretary may delegate his duties arising under the CG Charter, or parts thereof, to a substitute appointed by him following consultation with the Chairman of the Board.

4. CHAIRMAN OF THE BOARD

4.1 Appointment

- (a) The Board appoints one of its non-executive members as Chairman of the Board.
- (b) The Board appoints its Chairman on the basis of his knowledge, skills, experience and mediation strengths. Should the Board consider appointing the former CEO of the Company as Chairman, it carefully considers the positive and negative aspects relating to such appointment and discloses why such appointment is in the best interest of the Company in the CG Statement.³⁵

4.2 Role of the Chairman

- (a) The Chairman of the Board is responsible for the leadership of the Board and for the effectiveness of the Board in all aspects.

³⁰ Art. 5.5 CGC

³¹ Art. 2.9 CGC

³² Art. 2.9 CGC

³³ Art. 2.9 CGC

³⁴ Art. 2.9 CGC

³⁵ Art. 4.7 CGC

- (b) The Chairman of the Board takes 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.³⁶
- (c) The Chairman promotes effective interaction between the Board and the Executive Directors and the Management Team. He establishes a close relationship with the CEO and the CFO, providing support and advice, while fully respecting the executive responsibilities of the CEO and the CFO.³⁷
- (d) It is also part of the Chairman's role to promote and maintain a trusted relationship, open discussion and periodic information to and with the shareholders of the Company.

4.3 Duties of the Chairman

- (a) Within the Board, the Chairman of the Board is primarily responsible for:
 - (i) setting the agenda of the Board meetings, after consultation with the CEO and the CFO;³⁸
 - (ii) ensuring that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly complied with;³⁹
 - (iii) ensuring that the members of the Board receive accurate, timely and clear information before the meetings and, where necessary, between meetings, and that all members of the Board receive the same information;⁴⁰
 - (iv) chairing the meetings of the Board and ensuring that the Board operates and takes decisions as a collegial body;
 - (v) monitoring the implementation of decisions taken and determining whether further consultation within the Board with regard to the implementation thereof is required;
 - (vi) ensuring a regular assessment of the corporate structure and the corporate governance of the Company and assessing whether their operation is satisfactory;
 - (vii) ensuring that newly appointed directors receive an appropriate induction;⁴¹
 - (viii) leading the nomination process of directors⁴², in consultation with the Nomination and Remuneration Committee, and ensuring that the Board appoints Committee members and chairmen;⁴³
 - (ix) leading the self-evaluation process of the Board and its Committees with respect to their size, composition and performance;⁴⁴ and

³⁶ Art. 2.5 CGC
³⁷ Art. 1.6 CGC
³⁸ Art. 2.6 CGC
³⁹ Art. 2.6 CGC
⁴⁰ Art. 2.7 CGC
⁴¹ Art. 4.8 CGC
⁴² Art. 4.2 CGC
⁴³ Art. 5.5 CGC
⁴⁴ Art. 4.11 CGC

- (x) being accessible to the directors, the members of the Management Team and the internal auditor (if any) to discuss issues relating to the management of the Company.
- (b) The Board may decide to entrust the Chairman of the Board with additional responsibilities. In any event, the Chairman of the Board has a permanent invitation to attend the meetings of any Committee. However, the Chairman of the Board may not attend the meetings of the Nomination and Remuneration Committee during which his/her own reappointment or removal is discussed or during which his remuneration is discussed.
- (c) With regard to shareholders and third parties, the Chairman of the Board is mainly responsible for chairing the General Shareholders' Meeting and ensuring that relevant questions from shareholders are answered⁴⁵.

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.⁴⁶ The purpose of the induction process is to:
 - (i) help the new directors grasp the fundamentals of the Company, including its governance, strategy, key policies, financial and business challenges;⁴⁷
 - (ii) advise the new directors on their rights and duties as directors.
- (b) If a newly appointed director is also a member of a Committee, his 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.⁴⁸
- (c) The Chairman of the Board prepares a general induction programme with the assistance of the Secretary of the Company. The purpose of this programme is to provide each new director with a general induction to ensure their early contribution to the Board.⁴⁹
- (d) The directors are individually responsible for developing and updating the knowledge and qualifications required to perform their duties in the Board and in the Committees of which they are members. To this end, the Company will make available the necessary resources.⁵⁰

5.2 Advice

Directors are entitled to seek external professional advice, at the Company's expense, about issues that fall within the scope of their powers⁵¹, having first obtained the permission of the Chairman of the Board.

5.3 Evaluation

- (a) The Board is responsible for a periodic assessment of its own effectiveness with a view to ensuring continuous improvement in the governance of the Company.⁵² In this respect, the Board assesses its

⁴⁵ Art. 8.9 CGC
⁴⁶ Art. 4.8 CGC
⁴⁷ Art. 4.8 CGC
⁴⁸ Art. 4.9 CGC
⁴⁹ Art. 4.8 CGC
⁵⁰ Art. 4.10 CGC
⁵¹ Art. 2.6 CGC
⁵² Art. 4.11 CGC

size, composition, performance and interaction with the Executive Directors and Management Team at least every two to three years, if required with the assistance of a third party. Such evaluation aims to:

- (i) assess the operation of the Board;
 - (ii) verify whether material issues are thoroughly prepared and discussed;
 - (iii) evaluate the actual contribution of each director to the operation of the Board, his attendance at the Board and Committee meetings and his constructive involvement in discussions and decision-making;
 - (iv) verify the Board's current composition against the Board's desired composition.⁵³
- (b) The contribution of each director is evaluated periodically in order to, taking into account changing circumstances, be able to adapt the composition of the Board. In order to facilitate such evaluation, the directors give their full assistance to the Nomination and Remuneration Committee and any other persons, whether internal or external to the Company, entrusted with the evaluation of the directors.⁵⁴
- (c) The Board assesses the operation of the Committees at least every two to three years. For this assessment, the results of the individual evaluation of the directors are taken into consideration.⁵⁵ The Chairman of the Board and the performance of his role within the Board are also carefully evaluated.⁵⁶ The Nomination and Remuneration Committee should, where appropriate and if necessary in consultation with external experts, submit a report commenting on the strengths and weaknesses to the Board and make proposals to appoint new directors or to not re-elect directors.⁵⁷ A director not having attended half the number of meetings of the Board will not be considered for re-election at the occasion of the renewal of his mandate.
- (d) The non-executive directors should regularly (preferably once a year) assess their interaction with the Executive Directors and the Management Team.⁵⁸
- (e) The CG Statement discloses information on the main features of the evaluation process of the Board, its Committees and its individual directors.⁵⁹

6. REMUNERATION

The Nomination and 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 executive and non-executive directors is set out in Appendix 5.

7. CODE OF CONDUCT

- 7.1 Each member of the Board is expected to carry out his duties in an honest, ethical and justified manner.
- 7.2 The first priority of each member of the Board is to protect the interests of the Company. Independence of judgment is required in the decisions of all directors, executive and non-executive alike, irrespective of whether or not they are independent.⁶⁰

⁵³ Art. 4.11 CGC

⁵⁴ Art. 4.11 CGC

⁵⁵ Art. 4.13 CGC

⁵⁶ Art. 4.13 CGC

⁵⁷ Art. 4.14 CGC

⁵⁸ Art. 4.12 CGC

⁵⁹ Art. 4.15 CGC

- 7.3 The decision-making process within the Board should not be dominated by one individual, nor by a group of directors. No member of the Board should have excessive decisive powers.⁶¹
- 7.4 Although all members of the Board are part of the collegial body, the executive as well as the non-executive directors each perform a specific and complementary role within the Board.⁶²
- 7.5 Each member of the Board is expected to commit himself appropriately to the performance of his duties and ensures that he receives detailed and accurate information, which he must study carefully to acquire and maintain a thorough understanding of the key issues relating to the Company's business. He seeks clarification whenever he deems it necessary.⁶³
- 7.6 Each member of the Board undertakes, both during his membership of the Board and afterwards, not to disclose to anyone in any manner any confidential information relating to the business of the Company or companies in which the Company has an interest (a) that came to his knowledge within the normal scope of his activities for the Company and (b) that he knows is, or should know is, confidential, unless he 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 own advantage.⁶⁴

- 7.7 Each member of the Board undertakes not to develop, either directly or indirectly, during the term of his 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 the Americas, Europe and Asia:
- (a) attempt to encourage staff members of the Company or its Subsidiaries to terminate their relationship with the Company or its Subsidiaries;
 - (b) attempt to encourage a patient or any 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.
- 7.8 Each member of the Board complies with the policy relating to transactions and other contractual relationships between the Company and its Board members, as included in Appendix 2.
- 7.9 The above code of conduct also applies to the Secretary.

⁶⁰ Art. 3.1 CGC

⁶¹ Art. 2.2 CGC

⁶² Art. 3.3 CGC

⁶³ Art. 3.2 CGC

⁶⁴ Art. 3.4 CGC

APPENDIX 2

POLICY FOR TRANSACTIONS AND OTHER CONTRACTUAL RELATIONSHIPS BETWEEN THE COMPANY AND ITS BOARD MEMBERS OR MEMBERS OF THE MANAGEMENT TEAM

INTRODUCTION

This policy is part of the CG Charter of the Company.

The meaning of a number of terms, whether or not capitalised, used but not defined in this policy is given in the list of terms included in Clause 1 of the CG Charter.

1. POLICY

- 1.1 Each member of the Board undertakes to manage both his personal and professional interests in a manner which does not give rise to direct or indirect conflicts of interest with the Company. All transactions between the Company and members of the Board, the Management Team or their permanent representatives, require the approval of the Board. They can only take place at arm's length.⁶⁵
- 1.2 For instance, members of the Board, or of the Management Team or their permanent representatives may not, either directly or indirectly, conclude agreements with the Company relating to the delivery of goods or paid services (other than in the context of their director's or management mandate), other than with the express authorisation of the Board.
- 1.3 If members of the Board, or of the Management Team or their permanent representatives are confronted with possible conflicting interests arising from a decision or transaction of the Company, they must inform the Chairman of the Board thereof as soon as possible. Conflicting interests include conflicting proprietary interests, functional or political interests or interests involving family members (up to the second degree).

If article 523 of the Belgian Company Code is applicable, the Board member involved must abstain from participating in the deliberations and in the voting regarding the agenda items affected by such conflict of interest.

⁶⁵ Art. 3.6 CGC

APPENDIX 3

RULES FOR THE PREVENTION OF MARKET ABUSE

INTRODUCTION

These Rules are part of the CG Charter of the Company.

The meaning of a number of terms, whether or not capitalised, used but not defined in these Rules is given in the list of terms included in Clause 1 of the CG Charter.

1. POLICY STATEMENT

These Rules lay out the Company's policy for the internal prevention of market abuse.

The Board has established the present Rules to prevent the illegal use of inside information by directors, shareholders, management members and employees, or the appearance of such use.

These prohibitive provisions and the monitoring of compliance with them are primarily intended to protect the market. Insider dealing attacks the very essence of the market. If insiders are given the opportunity to make profits on the basis of inside information (or even if the mere impression thereof is created), investors will turn their back on the market. A decreased interest may affect the liquidity of listed shares and prevents optimal company financing.

To ensure that the law is respected and to uphold the reputation of the Company, it is therefore necessary to take a number of preventive measures in the form of a code of conduct.

The Rules apply to all Insiders (as defined below). Insiders providing services on behalf of the Company for the first time will be made aware of these Rules and are required to abide by these Rules at all times and are bound by them.

2. BASIC PRINCIPLES OF INSIDER DEALING OFFENCES

An Insider can be given access to inside information within the scope of the normal performance of his duties. The Insider has the strict obligation to treat this information confidentially and is not allowed to trade financial instruments of the Company to which this inside information relates.

3. DEFINITIONS

For the purpose of the implementation of these Rules the term "**Insider**" covers any member of the management, the Board or a supervisory body of the Company, anyone who participates in the capital or has access to information as a result of his employment, profession or duties and is or should reasonably be aware of the fact that the information in question represents Inside Information and is subject to the Rules.

3.1 What is Inside Information?

Information is considered to be "**Inside Information**" when the following four conditions are met:

(a) **The information must be precise**

The information must relate to (i) a set of circumstances which exists or may reasonably be expected to come into existence or (ii) an event which has occurred, or may reasonably be expected to occur, and is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the price of the Company's securities.

Consequently, vague and inaccurate rumours cannot be considered Inside Information. However, it is important to know that the information should not necessarily refer to events or facts that have already occurred or will definitely occur. Information about events or facts that are likely or even only possible to occur can be sufficiently precise.

(b) **The information must relate to the Company or the Company's securities, either directly or indirectly**

Such information may refer to the Company results, an impending merger, dividend increases or decreases, issues of financial instruments, the signing of contracts, management changes, technological innovations, strategic changes and so on.

(c) **The information has not yet been disclosed**

The information has not been made generally available to the investing public. The information is regarded as having lost its "inside" character only when it has actually been disclosed.

(d) **The information, if disclosed, would be likely to have a significant effect on the price of the securities of the Company**

Information will be considered to be likely to have a significant effect on the price of the securities of the Company if a reasonable investor would be likely to use the information as part of the basis of his investment decisions. Whether the price was actually influenced when the information is disclosed later on is irrelevant

3.2 Which actions are prohibited?

The following actions are prohibited:

(a) **Prohibition against trading**

Trading is directly or indirectly acquiring and disposing of securities of the Company for one's own account or for the account of a third party, or trying to acquire or dispose of such securities.

This prohibition relates to both market and other transactions.

(b) **Prohibition against communication**

Communication is disclosing Inside Information to third parties unless this disclosure is made in the normal course of one's employment, profession or duties.

The Insider who has Inside Information is consequently bound to silence. He may only break his silence in the normal course of his employment, profession or duties.

(c) **Prohibition against tipping off**

Tipping off is recommending a third party to acquire or dispose of securities of the Company or to have securities acquired or disposed of by a third party on the basis of Inside Information.

The three actions mentioned in this section 3.2 are also prohibited for secondary insiders, being anyone who is not an Insider and consciously possesses information which he knows or ought to

have known is Inside Information which directly or indirectly originates from an Insider. Examples are the partner and children of the Insider.

It is important to note that the actions set forth under items 3.2(a)-(c) are prohibited both in Belgium as well as abroad.

3.3 Penalties

A breach of the rules on insider dealing constituting a **criminal** offence may lead to an imprisonment ranging from three months to one year, a fine ranging from EUR 50 to EUR 10,000 (to be increased with surcharges, or a combination of both sanctions. Furthermore, the judge may order the confiscation of the means and/or the proceeds of the offence.

In addition, the offender may be ordered to pay an additional fine up to three times the amount of the profit directly or indirectly realised on the illegal transaction.

The Financial Services and Markets Authority (FSMA), the relevant supervisory body, may also impose **administrative** fines ranging from EUR 2,500 to EUR 2,500,000. If the breach resulted in any profit for the offender, the maximum fine can be as much as double the profit, or even triple the profit in the case of repeat offences.

4. CODE OF CONDUCT

The Rules constitute a code of conduct for the Company Insiders with regard to the prevention of market abuse, but do not exempt individuals from any personal criminal and civil liability.

4.1 Prohibited actions

Each Insider has access to information he knows, or should reasonably know, to be Inside Information as a result of his employment. Pursuant to the relevant legal provisions it is forbidden to:

- (a) acquire or dispose of the securities or related derivative securities to which the Inside Information relates or to attempt to acquire or dispose of such securities or related derivative securities for one's own account or for the account of third parties, whether or not using this Inside Information;
- (b) disclose the Inside Information to third parties, unless within the normal scope of one's employment, profession or duties;
- (c) recommend a third party to acquire or dispose of the securities to which the Inside Information relates or related derivative securities or to have such securities acquired or disposed of by other persons on the basis of the Inside Information.

The provisions above do not affect the duty to report as mentioned in 4.6.

4.2 Compliance officer

The compliance officer of the Company is the CEO (the **Compliance Officer**).

4.3 Prohibition periods

Insiders are not authorised to conduct transactions relating to the Company's securities during certain periods (a **Closed Period**) or during any other period that may be considered sensitive and is indicated to be such by the Board.

During the following Closed Periods, no stock-related transactions may be carried out by the Insider:

- (a) the 30 day period immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the time of publication as well as the period of two working days following such publication; and
- (b) the 30 day period immediately preceding the publication of the half-yearly or quarterly results of the Company or, if shorter, the period from the end of the relevant semester or quarter up to the time of publication as well as the period of two working days following such publication.

These Closed Periods are no longer considered closed if during the Closed Period, the results of the relevant period are otherwise disclosed (*e.g.* by way of a profit warning or communiqué).

4.4 Preventive measures

(a) Limitations on speculative trading

The Company is of the opinion that speculative trading by Insiders in its securities promotes unlawful conduct or at least creates the appearance of such conduct. It is hence agreed that Insiders will not perform any of the following actions with regard to the securities of the Company:

- (i) successively acquire and dispose of market stock within a period of less than [six] months, with the exception of the sale of shares acquired by execution of warrants or share options; and
- (ii) acquire and disposing of sale and purchase options with respect to its securities (“*puts*” and “*calls*”).

(b) Guidelines to maintain the confidential character of Inside information

The following guidelines must be complied with by each Insider, with a view to maintaining the confidential character of Inside Information. Each Insider must:

- (i) refuse to comment on behalf of the Company in respect of external research (*e.g.* performed by analysts, agents, the press) and immediately refer any such invitations to comment to the Compliance Officer;
- (ii) use code names for delicate projects;
- (iii) use passwords on the computer system of the Company so as to limit access to the documents in which Inside Information can be found;
- (iv) limit access to the rooms where Inside Information can be found or where Inside Information is discussed;
- (v) store Inside Information safely and never leave it unsupervised;
- (vi) not discuss confidential information or Inside Information in public areas (*e.g.* lifts, hallways, restaurants);
- (vii) mark sensitive documents with the word “Confidential” and use sealed envelopes marked “Confidential” when sending or storing such documents;
- (viii) make as few copies of sensitive documents as possible;

- (ix) require people who consult confidential information to sign a register, if appropriate;
- (x) always point out the confidential character of Inside Information and the fact that the confidentiality must be respected by employees who come in contact with Inside Information; and
- (xi) always check the fax number when faxing Inside Information and verify that someone with access to this information is present at the destination to receive this information.

The above guidelines are not exhaustive. In any given circumstances, all other suitable measures must also be taken. In case of doubt, the Insider should contact the Compliance Officer.

4.5 List of Insiders

The Company will keep a list of all persons (employees or persons otherwise working for the Company) having (had) access, on a regular or occasional basis, to Inside Information. The Company will regularly update this list and transmit it to the FSMA whenever the FSMA requests the Company to do so.

This list contains the following information:

- (a) the identity of any person having access to Inside Information;
- (b) the reason why any such person is on the list and the date on which they were granted access to this Inside Information;
- (c) the date on which the list was created and updated.

The Company immediately updates the lists if and when:

- (a) there is a change in the reason for a person appearing on the list;
- (b) a person must be added to the list;
- (c) any person already appearing on the list no longer has access to Inside Information.

The persons who appear on these lists will be notified thereof and will be made aware of these Rules.

4.6 Internal notification of market transactions (intention and effective trade)

(a) Notification of the intention to trade

Each Insider wishing to acquire or dispose of securities of the Company notifies the Compliance Officer in writing no later than one market day before the actual transaction. The Insider declares in this notification that he does not have any Inside Information.

(b) Advice of the Compliance Officer

In reply to the notification by the Insider, the Compliance Officer gives a positive or a negative advice in relation to the intended transaction. The nature of the advice does however not affect the application of the legal provisions referred to above. In the event of a negative advice, the Insider must regard this advice as an express rejection of the transaction by the Company. Absence of reply by the Compliance Officer does not entail an approval of the transaction.

(c) Notification of the actual transaction

The Insider must inform the Compliance Officer no later than the first trading day following the execution of the transaction, indicating the number of securities traded and the price at which the securities were traded.

4.7 External notification of market transactions by managerial persons

Persons entrusted with managerial responsibilities within the Company – and, where applicable, persons closely associated with them – must notify the FSMA of the existence of transactions conducted on their own account relating to shares of the Company, or to derivatives or other securities linked to them.

A person entrusted with managerial responsibilities means:

- (a) a member of the Board or of one of the Committees of the Company;
- (b) a senior executive entrusted with managerial responsibilities, who is not a member of the bodies mentioned under 4.7(a) and has access to Inside Information on a regular basis, and has the authority to take management decisions having consequences for future developments and business prospects of the Company.

A person closely associated with a person entrusted with managerial responsibilities means:

- (a) the husband, wife or life partner of the person entrusted with managerial responsibilities;
- (b) the children under the legal responsibility of the person entrusted with managerial responsibilities;
- (c) other family members of the person entrusted with managerial responsibilities who, at the date of the transaction, have been a part of the same household as the person in question for at least one year;
- (d) a legal entity, trust or partnership of which the managerial responsibility lies with one of the above mentioned persons, which is directly or immediately controlled by such person, which has been incorporated in favour of such person, or whose economic interests are virtually equal to those of such person.

The notification must occur:

- (a) for transactions of a value of EUR 5,000 or more: no later than five business days following the transaction;
- (b) for transactions of a value of less than EUR 5,000:
 - (i) no later than five business days following the transaction as a result of which the total amount of the transactions exceeds the threshold of EUR 5,000 during the calendar year under consideration;
 - (ii) before 31 January of the subsequent calendar year if the total amount of the transactions during the calendar year under consideration amounted to less than EUR 5,000.

The total amount of the transactions consists of the sum of all transactions executed for the account of the person entrusted with managerial responsibilities as well as all transactions for the account of persons closely associated with him.

The notification to the FSMA contains the following information:

- (i) the name of the person entrusted with managerial responsibilities or, when the occasion rises, the name of the person closely associated with this person;
- (ii) the reason for the notification obligation;
- (iii) the name of the Company;
- (iv) a description of the financial instrument (*e.g.* share or warrant);
- (v) the nature of the transaction (*e.g.* acquisition or sale);
- (vi) the date and place of the transaction;
- (vii) the price and volume of the transaction.

4.8 Publication of trade

Transactions that can be reasonably expected to have an influence on the price of the Company shares are published immediately in accordance with the rules on publication of occasional information.

4.9 Management of the finances by third parties

If an Insider asks a third party to manage his finances, the Insider must impose the obligation on this third party to respect the same stock trading limitations that apply to the Insider for transactions involving securities of the Company.

The above provision does not apply if the third party is responsible for discretionary management on the basis of a written agreement and the Insider does not exert any influence on the policy followed by the third party.

4.10 Duty to report with regard to major participating interests

The Insiders undertake to comply with the rules on the disclosure of significant shareholdings in issuers whose the shares are admitted to trading on a regulated market. The Company has not set a specific threshold requiring a transparency declaration in its articles of association, and therefore applies the legal thresholds, requiring a transparency declaration at 5% and each subsequent multiple of 5%.

4.11 Duration

Insiders remain bound by the present Rules for a period of six months following the end of their relationship with the Company.

4.12 Changes

The Board reserves the right to change the Rules. The Company will inform the Insiders of any changes to the present Rules and will provide (hard or soft) copies of the revised regulations.

4.13 Privacy

The information provided by the Insider pursuant to these Rules will be processed by the Compliance Officer and the Chairman of the Board pursuant to the law of 8 December 1992 on the protection of personal data, as amended by the law of 11 December 1998 (**Data Protection Law**)

with a view to the prevention of insider dealing. On the basis of the Data Protection Law, every Insider has access to his personal data and has the right to correct possible errors.

APPENDIX 4

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

INTRODUCTION

These terms of reference are part of the CG Charter 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 Clause 1 of the CG Charter.

1. COMPOSITION

- 1.1 The members of the Audit Committee are appointed, and may at any time be dismissed, by the Board.
- 1.2 The Audit Committee is composed of at least three directors. All members of the Audit Committee are non-executive directors, with one independent director having the necessary expertise with regard to accountancy and audit.
- 1.3 The Audit Committee is chaired by one of its members, other than the Chairman of the Board.
- 1.4 The duration of a mandate of a member of the Audit Committee should not exceed the duration of his mandate as a director of the Company.
- 1.5 The Secretary of the Company acts as the secretary of the Audit Committee. The Secretary may delegate his duties arising from these terms of reference, or parts thereof, to a substitute appointed by him or following consultation with the chairman of the Audit Committee.

2. POWERS

2.1 Role of the Audit Committee

The Audit Committee supports the Board in fulfilling its monitoring responsibilities in respect of control in the broadest sense.⁶⁶

2.2 Duties of the Audit Committee

The Audit Committee is the main point of contact of the External Auditor.⁶⁷ Without prejudice to the legal duties of the Board, the Audit Committee is entrusted with the development of a long-term audit programme encompassing all activities of the Company, and is in particular entrusted with:

(a) Monitoring the financial reporting process

The Audit Committee monitors the integrity of the financial information provided by the Company and ensures that the financial reporting by the Company provides a true, honest and clear picture of the situation and the prospects of the Company, both on an individual and on a consolidated basis. In monitoring the financial reporting process, the Audit Committee in particular reviews the relevance and consistency of the accounting standards used by the Company and its Subsidiaries, taking into account the criteria for consolidation

⁶⁶ Art. 5.2 CGC
⁶⁷ Art. 5.2/31 CGC

of the financial statements of Company and its Subsidiaries. The Audit Committee assesses the accuracy, completeness and consistency of the financial information.⁶⁸

The Audit Committee also reviews periodic information, prior to its publication⁶⁹ as well as the relevance and consistency of the accounting standards used, the impact of new accounting rules, the treatment of “balancing items” in the financial statements, prognoses, the work of the External Auditor, *etc.*

The Audit Committee discusses significant financial reporting issues both with the Management Team and with the External Auditor.⁷⁰

Annex 1 contains guidelines for the monitoring of the financial reporting by the Audit Committee.

(b) Monitoring the effectiveness of the Company’s internal control and risk management systems

The Audit Committee reviews the internal control and risk management systems set up by the Management Team at least once a year.⁷¹ This review aims to assure effective identification, management and publication of the main risks in accordance with the framework approved by the Board.

The Audit Committee assesses and approves the statements on internal control and risk management⁷² included in the CG Statement. Furthermore, it assesses the existing special arrangements in place to the staff of the Company for expressing their concerns about potential improprieties regarding financial reporting or other matters and brings such arrangements to the attention of the staff members of the Company. If deemed necessary, the Audit Committee makes arrangements for independent investigation and appropriate follow-up of these matters in proportion to their alleged gravity.⁷³

(c) Monitoring the internal audit and its effectiveness

If an independent audit function has been set up, the Audit Committee ensures that the available resources and skills are adapted to the Company’s nature, size and complexity. If no independent audit function has been set up, the Audit Committee reviews the need for or the creation of an internal audit function annually and informs the Board of its annual assessment of such need.⁷⁴

The Audit Committee approves the appointment and removal of the internal auditor, as well as the work programme and the budget allocated to internal audit. It reviews the effectiveness of the internal audit function, taking into account the complementary role of the internal and external audit functions.⁷⁵ The Audit Committee receives the internal audit reports or a periodic summary of such reports.⁷⁶

The External Auditor and the head of the internal audit function have direct and unrestricted access to the chairman of the Audit Committee and the Chairman of the Board.

⁶⁸ Art. 5.2/11 CGC
⁶⁹ Art. 5.2/11CGC
⁷⁰ Art. 5.2/13 CGC
⁷¹ Art. 5.2/14CGC
⁷² Art. 5.2/15 CGC
⁷³ Art. 5.2/16 CGC
⁷⁴ Art. 5.2/17 CGC
⁷⁵ Art. 5.2/18 CGC
⁷⁶ Art. 5.2/18 CGC

Annex 2 contains a guideline for the evaluation of the effectiveness of the internal audit function, of the internal controls, of the risk management systems and of the systems for guaranteed compliance.

(d) **Monitoring the statutory audit of the annual and consolidated financial statements, including any follow-up on any questions and recommendations made by the External Auditor**

Without prejudice to the legal provisions which require that the External Auditor provides reports or warnings to the administrative bodies of the Company, the External Auditor reports to the Audit Committee on the key matters arising from the statutory audit of the financial statements, and in particular on material weaknesses in internal control in relation to the financial reporting.⁷⁷

The Audit Committee monitors the External Auditor's work programme and reviews the effectiveness of the external audit process and the responsiveness of the management to the recommendations made by the External Auditor in his management letter.⁷⁸

The Audit Committee ensures that the audit and the audit report cover the group as a whole.⁷⁹

The Audit Committee determines the manner in which the External Auditor is involved in the content and the publication of financial information on the Company other than the financial statements.

Annex 3 contains a guideline for the monitoring of the relationships between the Company and the External Auditor and of the External Auditor's independence.

(e) **Reviewing and monitoring of the independence of the External Auditor, in particular regarding the provision of additional services to the Company.**

The Audit Committee makes a proposal to the Board regarding the selection, appointment and reappointment of the External Auditor as well as the terms for his engagement. The Board submits a proposal to the General Shareholders' Meeting for approval.⁸⁰ The Audit Committee's proposal on the appointment of the External Auditor is included in the agenda of the relevant General Shareholders' Meeting. The same applies to the renewal of this appointment.⁸¹

The External Auditor:

- (i) confirms, in writing, to the Audit Committee his independence from the Company (on an annual basis);
- (ii) informs the Audit Committee about the additional services provided to the Company (on an annual basis);
- (iii) examines the risks relating to his independence and the safety measures taken to decrease these risks as documented by him, in discussion with the Audit Committee.⁸²

⁷⁷ Art. 5.2/25 CGC; art. 526bis §5 of the BCC

⁷⁸ Art. 5.2/26 CGC

⁷⁹ Art. 5.2/10 CGC

⁸⁰ Art. 5.2/20 CGC

⁸¹ Art. 5.2/21 CGC, cfr. Art. 130 BCC, art. 533 BCC

⁸² Art. 5.2/22 CGC; art. 526bis §6 BCC

The Audit Committee monitors the independence of the External Auditor. The External Auditor provides the Audit Committee with a report containing a description of all relationships between the External Auditor and the Company and its Subsidiaries.⁸³ The Committee assesses the efficiency of the external audit, taking into account the relevant regulatory and professional standards.

The Audit Committee monitors the nature and scope of all additional services which have been provided by the External Auditor. The Audit Committee draws up an official policy report, which it submits to the Board and which sets forth the additional services that are:

- (i) excluded;
- (ii) permitted after review by the Committee; and
- (iii) permitted without referral to the Audit Committee, taking into account the specific requirements of the Belgian Company Code.

Annex 3 contains the policy for the provision of non-audit services by the External Auditor.

3. OPERATION

3.1 Meetings

- (a) The Audit Committee meets at least four times a year, and whenever a meeting is deemed necessary and appropriate for its proper functioning. It regularly reviews its terms of reference and its own effectiveness and recommends any necessary changes to the Board (at least every two to three years).
- (b) The meetings of the Audit Committee are convened by the secretary of the Audit Committee in consultation with the chairman of the Audit Committee. Each member of the Audit Committee can convene an Audit Committee meeting.

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

- (c) In the event all members of the Audit Committee are present, it can validly deliberate on the items of the agenda and there is no need to verify compliance with the convening formalities.
- (d) At least two members of the Committee need to attend the meeting (either in person, or by conference call) to constitute the meeting quorum.
- (e) Decisions are taken by simple majority of the votes cast by the members of the Committee.
- (f) The Chairman of the Board has a permanent invitation to attend the meetings of the Audit Committee. The Audit Committee may also invite other persons to attend its meetings.
- (g) The Audit Committee meets the External Auditor and the internal auditor at least twice a year, to discuss matters relating to its terms of reference, issues falling within the powers of the Committee and any issues arising from the audit process and, in particular, any material weaknesses in the internal audit.⁸⁴ The External Auditor may request the chairman of the Audit Committee to be authorised to attend a meeting of the Audit Committee.

⁸³ Art. 5.2/24 CGC

⁸⁴ Art. 5.2/29 CGC

- (h) The Audit Committee is automatically entitled to receive all information required for the performance of its duties from the Board, the Management Team and the Company staff. The Audit Committee can request any senior person or employee of the Company, the CEO, the internal auditor, external legal advisors or the External Auditor to attend a meeting of the Audit Committee or to consult with members or advisors of the Audit Committee.⁸⁵
- (i) The Audit Committee is entitled to seek external professional advice, at the Company's expense, about issues that fall within the scope of its powers, having first informed the Chairman of the Board thereof.⁸⁶
- (j) Each member of the Audit Committee has access to the books, data and offices of the Company and may have discussions with executives and employees of the Company if this might be useful for the proper performance of his duties.
- (k) In addition to maintaining an effective working relationship with the Management Team, the internal auditor and the External Auditor are guaranteed free access to the Board. To this effect, the Audit Committee acts as the principal point of contact. The External Auditor and the internal auditor have direct and unrestricted access to the chairman of the Audit Committee and to the Chairman of the Board.⁸⁷
- (l) Any member of the Audit Committee must inform the Audit Committee of:
 - (a) any personal financial interest (except in his capacity as shareholder) in any matter on which the Audit Committee decides; or
 - (b) any possible conflict of interests which may arise as a consequence of any other mandates he holds.

3.2 Reporting to the Board

- (a) The secretary of the Audit Committee or any other person designated by the chairman of the meeting draws up a report of the findings and recommendations of the meeting of the Audit Committee. He provides all members of the Board with the report as soon as possible after the meeting. If requested, the chairman of the Audit Committee must provide more detailed information on the results of the discussions of the Audit Committee during the meetings of the Board.
- (b) The Audit Committee will inform the Board clearly and in time, of any major developments in the areas that fall within the scope of its responsibilities.
- (c) The Audit Committee reports to the Board on the exercise of its duties on a regular basis, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as regards the steps to be taken.
- (d) The Audit Committee reports to the Board annually or, if necessary, more frequently, on the developments in the relationship with the External Auditor, and in particular on the viewpoint of the Audit Committee on the External Auditor's independence.
- (e) The chairman of the Audit Committee (or any other member of the Audit Committee) is available during the General Shareholders' Meeting to answer questions about the activities of the Audit Committee.

⁸⁵ Art. 5.2/30 CGC

⁸⁶ Art. 5.6 CGC

⁸⁷ Art. 5.2/31 CGC

- (f) Each member of the Board is given unlimited access to all data of the Audit Committee and may exercise this right following consultation with the chairman of the Audit Committee and the Secretary of the Company.

ANNEX 1

GUIDELINE FOR THE MONITORING OF FINANCIAL REPORTING

1. Discuss with the Board and the External Auditor and review financial annual reports audited by the External Auditor, including statements made in management interviews, analyses *etc.*;
2. Discuss with the Board and the External Auditor and review the interim financial reporting before it is published, including the results of the review by the External Auditor of the interim financial reporting;
3. Discuss with the Board and the External Auditor significant items in the financial reporting and remarks with regard to the financial statements of the Company, including the quality of the income, major differences between forecasted and actual performance, major changes in the selection or application by the Company of accounting principles, matters relating to the adequacy of the internal control systems of the Company and special actions taken in view of inadequacies of the control;
4. Review and discuss reports of the External Auditor regarding:
 - (a) all key elements of the accounting policy and the methods used;
 - (b) any deviating treatment of financial information within the scope of the generally accepted accounting principles which were discussed with the Board or one of its members, the consequences of the use of such deviating disclosures or treatments, and the treatment desired by the External Auditor; and
 - (c) other important written communication between the External Auditor and the Board or one of its members, for instance management letters.
5. Discuss with the Board (a) press releases by the Company about its income, including the use of information which does not correspond to the generally accepted accounting principles and (b) plans and policy of the Company relating to comments given on financial information and income by analysts and rating agencies;
6. Discuss with the Board and the External Auditor the consequences of initiatives in the field of legislation and regulations as well as of “off-balance”-structures for the financial reporting of the Company;
7. Discuss with the Board the main financial risks to which the Company is exposed and the actions taken by the Board to monitor and control the risks, including the risk assessment and control policy.

ANNEX 2

GUIDELINE FOR THE EVALUATION OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION, OF THE INTERNAL CONTROL, OF THE RISK MANAGEMENT SYSTEMS AND OF THE SYSTEMS FOR GUARANTEED COMPLIANCE

1. Retrieve documents, reports and other relevant information on the internal audit process, the internal control, the risk management systems and the systems for guaranteed compliance;
2. Organise discussions with the employees of the Company responsible for the internal audit and the internal control, in order to obtain additional information and clarification, and record their responsibility for problems, defects or errors in the internal audit and the internal control;
3. Organise discussions with the executive management responsible for the risk management systems, in order to obtain additional information and clarification, and record their responsibility for problems, defects or errors in the risk management systems;
4. Organise discussions with the compliance officer regarding (a) the Rules, (b) the flaws in the Rules, (c) possible violations of the Rules;
5. Obtain reports from the Board, the internal auditor and the External Auditor confirming that the Company and its Subsidiaries comply with the existing legislation and regulations and with the Company's terms of reference;
6. Discuss with the Board and the External Auditor any correspondence with legislative and government institutions as well as published reports mentioning significant matters relating to the financial notices of the Company or its accounting policy;
7. Discuss with the relevant members of the legal department of the Company and in absence thereof the Company's external legal advisors any legal matters which may have a significant influence on the financial notices of the Company with regard to compliance with legislation and regulations;
8. Discuss with the Board the results of the investigation of the effectiveness of the internal audit function, of the internal control, of the risk management systems and of the systems for guaranteed compliance, and suggest improvements to the Board;
9. Provide advice to the Board about the policy and procedures of the Company for compliance with the applicable legislation and regulations.

ANNEX 3

GUIDELINE FOR THE MONITORING OF THE RELATIONSHIPS BETWEEN THE COMPANY AND THE EXTERNAL AUDITOR AND OF THE EXTERNAL AUDITOR'S INDEPENDENCE

1. Review and evaluate the External Auditor and the main partner in the audit team of the External Auditor;
2. Obtain and review the report of the External Auditor (at least three times a year) relating to (a) the internal quality control procedures applied by the External Auditor, (b) significant matters pointed out following the last review of the internal quality control procedures carried out by the office of the External Auditor or as a result of a comparison with other auditors or following an investigation carried out by the government or any professional association during the past few months on account of one or several audits performed by the office (c) the corrective actions that have been taken, and (d) all relationships between the External Auditor and the Company;
3. Assess the qualifications, the operation and the independence of the External Auditor, evaluate whether the External Auditor's quality controls are adequate and whether the provision of permissible non-audit services is compatible with the guarantees concerning the independence of the External Auditor, taking into account the point of view of the Board and the internal audit function;
4. Ensure the periodic rotation of the main (or coordinating) partner, who is the first person responsible for the audits, and of the partner responsible for the review of the audits as well as of the other partners in the office of the External Auditor, with a view to ensuring the independence of the External Auditor;
5. Review and annually discuss the internal guidelines and the independence (as laid down in the laws or regulations and in the policy of the Company with regard to the independence of the External Auditor) of the control process with the External Auditor, the internal audit function and the Board;
6. Discuss in advance with the External Auditor the planning and scope of and the employees to be entrusted with the audit;
7. Approve the appointment and replacement of the internal auditor;
8. Review the main reports to the Board drawn up by the internal audit function, and the response of the Board;
9. Discuss with the External Auditor and the Board the responsibilities of the internal audit function, the budget and the employees involved, as well as any suggested changes in the planned scope of the internal audit.

APPENDIX 5

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

INTRODUCTION

These terms of reference are part of the Company's CG Charter.

The meaning of a number of terms used, whether capitalised or not, which have not been defined in these terms of reference are given the same meaning as in the list of terms in Clause 1 of the CG Charter.

1. COMPOSITION

- 1.1 The members of the Nomination and Remuneration Committee are appointed, and may at any time be dismissed, by the Board.
- 1.2 The Nomination and Remuneration Committee is composed of at least three directors.⁸⁸ All members of the Nomination and Remuneration Committee are non-executive directors, while the majority of its members are independent directors⁸⁹ and have the necessary expertise with regard to remuneration policies, (*i.e.* have a degree in higher education and have at least three years' experience in personnel management matters or matters related to the remuneration of directors and managers of companies).
- 1.3 The Nomination and Remuneration Committee is chaired by the Chairman of the Board or by another non-executive member of the Nomination and Remuneration Committee.⁹⁰ The Chairman of the Board may however not chair the Nomination and Remuneration Committee when dealing with the designation of his successor.⁹¹
- 1.4 The duration of the mandate of a member of the Nomination and Remuneration Committee should not exceed the duration of his mandate as a director of the Company.⁹²
- 1.5 The Secretary of the Company acts as the secretary of the Nomination and Remuneration Committee. The Secretary may delegate his duties arising from these terms of reference, or parts thereof, to a substitute appointed by him or her following consultation with the chairman of the Nomination and Remuneration Committee.

2. POWERS

2.1 The Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee makes recommendations to the Board with regard to the appointment of directors, the CEO and other members of the Management Team.⁹³ In addition, the Nomination and Remuneration Committee makes recommendations to the Board on the Company's remuneration policy and the remuneration of directors and members of the Management Team and on any agreements or provisions relating to the early termination of employment or collaboration with the directors and members of the Management Team.

⁸⁸ Art. 5.5 CCG

⁸⁹ Art. 5.4 j°; Art. 5.4/1 CGC

⁹⁰ Art. 5.3/2 CCG

⁹¹ Art. 5.3/3 CCG

⁹² Art. 5.5 CCG

⁹³ Art. 5.3/4 CCG

2.2 Duties of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee ensure in general, that the appointment and re-election process of the members of the Board, the CEO, the CFO and the members of the Management Team is organised objectively and professionally and, in particular and notwithstanding the legal powers of the Board, has the following duties⁹⁴:

- (a) draft (re)appointment procedures for Board members and the members of the Management Team;
- (b) nominate candidates for any vacant directorships, for proposal to the General Shareholders Meeting after approval by the Board;
- (c) prepare proposals for reappointments;
- (d) periodically assess the size and composition of the Board and, if applicable, making recommendations with regard to any changes;
- (e) analyse the aspects relating to the succession of directors;
- (f) advise on proposals (including, of the management or of the shareholders) for the appointment and removal of directors and of members of the Management Team;
- (g) advise the Board on proposals made by the CEO and/or the CFO for the appointment and removal of executive directors and of members of the Management Team;
- (h) prepare and assess proposals to the Board on the remuneration policy for members of the Board, and, where applicable, on the resulting proposals to be submitted by the Board to the shareholders;
- (i) prepare and assess proposals for the Board on the remuneration policy for the Management Team, and, where applicable, on the resulting proposals to be submitted by the Board to the shareholders, at least with regard to:
 - (i) the main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
 - (ii) the key elements of the remuneration, including:
 - (A) the relative importance of each component of the remuneration package;
 - (B) the performance criteria applicable to the variable elements (determination of milestones and their evaluation period); and
 - (C) the fringe benefits.
- (j) prepare and assess proposals to the Board regarding the individual remuneration of members of the Board and the Management Team, including, depending on the situation, on variable remuneration and long-term incentives – whether or not stock-related – in the form of stock options or other financial instruments, and, where applicable, on the resulting proposals to be submitted by the Board to the shareholders;
- (k) make proposals to the Board regarding arrangements on early termination and, where applicable, on the resulting proposals to be submitted by the Board to the shareholders;

- (l) submit to the Board a (i) Remuneration Report which describes, amongst other things, the internal procedure for the development of a remuneration policy and the determination of the remuneration level for non-executive directors and members of the Management Team and (ii) a declaration regarding the remuneration policy applied with respect to the members of the Management Team, including a description of any material changes thereto since the previous financial year;
- (m) advise the Board on agreements relating to the appointment of the CEO, the CFO and other members of the Management Team; and
- (n) verify that the variable criteria for setting remuneration for an executive director or a member of the Management Team are expressly stated in the agreement, and that the payment of this variable remuneration only takes place if such criteria are met during the relevant period.

When performing its duties relating to the composition of the Board, the Nomination and Remuneration Committee takes into account the criteria for the composition of the Board, as stated in Clause 1 of the terms of reference of the Board.

3. OPERATION

3.1 Meetings of the Nomination and Remuneration Committee

- (a) The Nomination and Remuneration Committee meets at least two times a year, and whenever a meeting is deemed necessary and advisable for its proper functioning. The Nomination and Remuneration Committee also meets whenever changes to the composition of the Board (including reappointments and new appointments) are necessary. It regularly reviews its terms of reference and its own effectiveness and recommends any necessary changes to the Board (at least every two to three years).
- (b) The meetings of the Nomination and Remuneration Committee are convened by the secretary of the Nomination and Remuneration Committee in consultation with the chairman of the Nomination and Remuneration Committee. Each member of the Nomination and Remuneration Committee may convene a meeting of the Nomination and Remuneration Committee.

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

- (c) In the event all members of the Nomination and Remuneration Committee are present, it can validly deliberate on the items of the agenda and there is no need to verify compliance with the convening formalities.
- (d) At least two members of the Nomination and Remuneration Committee need to attend the meeting (either in person, or by conference call) to constitute the meeting quorum.
- (e) Decisions are taken by simple majority of the votes cast by the members of the Nomination and Remuneration Committee.
- (f) The Chairman of the Board has a permanent invitation to attend the meetings of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may also invite other persons to attend its meetings.⁹⁵

- (g) The CEO and CFO attend the meetings of the Nomination and Remuneration Committee when it handles the appointment and remuneration of the other members of the Management Team (with the exception of the CEO and CFO), with an advisory vote.
- (h) A member of the Board may not attend a meeting of the Nomination and Remuneration Committee when it handles the remuneration of such member of the Board, and may not be involved in decisions concerning his own remuneration.⁹⁶
- (i) The Nomination and Remuneration Committee is entitled to seek external professional advice, at the Company's expense, about issues that fall within the scope of its powers, having first informed the Chairman of the Board thereof.
- (j) Any member of the Nomination and Remuneration Committee must inform the Committee of:
 - (i) any personal financial interest (except in his capacity as shareholder) in any matter on which the Nomination and Remuneration Committee decides; or
 - (ii) any possible conflict of interest which may arise as a consequence of any other mandates that he holds.

3.2 Reporting to the Board

- (a) The secretary of the Nomination and 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 Nomination and Remuneration Committee. He provides all member of the Board with the report as soon as possible after the meeting.⁹⁷ If requested, the chairman of the Nomination and Remuneration Committee must provide more detailed information on the results of the discussions of the Nomination and Remuneration Committee during the meetings of the Board.
- (b) The Nomination and Remuneration Committee will inform the Board clearly and in time, of any major developments in the areas that fall within the scope of its responsibilities.
- (c) The Nomination and Remuneration Committee reports to the Board on the exercise of its duties on a regular basis, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as regard the steps to be taken.
- (d) The Nomination and Remuneration Committee submits a Remuneration Report to the Board.⁹⁸ The content of this report is attached as Annex 5 to these Terms of Reference of the Nomination and Remuneration Committee.
- (e) The chairman of the Nomination and Remuneration Committee (or any other member of the Nomination and Remuneration Committee) is available during the annual General Shareholders' Meeting to answer questions about the activities of the Nomination and Remuneration Committee.
- (f) The Nomination and Remuneration Committee handles with utmost discretion when preparing documents about its deliberations and recommendations.
- (g) Each member of the Board is given unlimited access to all data of the Nomination and Remuneration Committee and may exercise this right following consultation with the chairman of the Nomination and Remuneration Committee and the Secretary of the Company.

⁹⁶ Art. 7.5 CGC
⁹⁷ Art. 5.7 CCG
⁹⁸ Art. 5.4/4 CGC

4. REMUNERATION POLICY

4.1 When making proposals on the remuneration of **non-executive directors**, the Nomination and Remuneration Committee observes the following principles:

- (a) The remuneration takes into account and does include the directorship mandate, any other mandate within the Board or the Committees (*e.g.* Chairman of the Board) and the resulting responsibilities and time commitments.⁹⁹
- (b) The remuneration ~~concerns~~ is 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.¹⁰⁰ Should any agreement regarding the remuneration however provide for any variable remuneration of the non-executive directors, such provision needs to be submitted to the employee representative body of the Company and approved by the subsequent General Shareholders' Meeting.
- (c) The Remuneration Report reflects the remuneration and other advantages granted to the non-executive directors (on an individual basis) by the Company or its Subsidiaries.¹⁰¹
- (d) The Company and its Subsidiaries do not grant personal loans, guarantees and the like to members of the Board.
- (e) The Company and its Subsidiaries do not grant personal loans, guarantees and the like to executive directors and members of the Management Team.
- (f) The Company has reserved the possibility to deviate from all provisions of article 520ter of the Belgian Company Code, allowing it to grant shares, stock options and all other titles giving right to shares in the Company to directors of the Company, without delaying their vesting or exercise until a period of three years following their respective grant has lapsed. In addition, the Company has reserved the opportunity to determine, at its discretion, the evaluation period during which the different milestones or performance criteria linked to the variable remuneration of the executive directors of the Company should be reached.

4.2 When making proposals on the remuneration of **executive directors and members of the Management Team**, the Nomination and Remuneration Committee observes the following principles:

- (a) The level and structure of the remuneration of the Executive Directors and the Management Team makes that qualified and expert professionals can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities.¹⁰²
- (b) An appropriate proportion of the remuneration package of the members of the Executive Directors and the Management Team should be linked to corporate and individual milestones, aligning the interests of the Executive Directors and the Management Team with the interests of the Company and its shareholders.¹⁰³
- (c) If members of the Management Team are eligible for bonuses based on the performance of the Company or a Subsidiary, the Remuneration Report should state the criteria for the evaluation of the achievements compared to the milestones, as well as the relevant

⁹⁹ Art. 7.6 CGC
¹⁰⁰ Art. 7.4 CGC
¹⁰¹ Art. 7.8 CGC
¹⁰² Art. 7.9 CGC
¹⁰³ Art. 7.11 CGC

evaluation period. This information should however be provided in such a way that it does not disclose any confidential information regarding the Company's strategy.¹⁰⁴

- (d) The Company has reserved the possibility to deviate from all provisions of article 520ter of the Belgian Company Code, allowing it to grant bonuses, in cash or shares, stock options and all other titles giving right to shares in the Company to members of the Executive Directors and the Management Team, without delaying their vesting or exercise until a period of three years following their respective grant has lapsed. In addition, the Company has reserved the opportunity to determine, at its discretion, the evaluation period during which the different milestones or performance criteria linked to the variable remuneration of the members of the Management Team should be reached.

4.3 When advising on the agreements with the **CEO, the CFO and other members of the Management Team**, the Nomination and Remuneration Committee ensures that such agreements refer to the criteria to be taken into account when determining any variable remuneration.

4.4 When drafting proposals regarding severance pay, the Nomination and Remuneration Committee takes into account the following provisions:

- (a) The severance pay awarded to the executive directors, CEO or other members of the Management team in the event of an early termination of their respective agreements should not exceed 18 months' remuneration. However, upon motivated advice of the Remuneration Committee, the severance pay awarded could exceed such maximum of 18 months' remuneration.
- (b) Any provision which provides for a severance pay exceeding 12 month's remuneration is submitted to approval by the General Shareholders' Meeting, it being understood that such provision can only take effect after such approval by the General Shareholders' Meeting.

4.5 Schemes under which executive managers are remunerated in shares, share options or any other right to acquire shares in the Company are subject to the approval of the shareholders at the annual General Shareholders' Meeting. The approval should relate to the scheme itself and not to the grant of share-based benefits under the scheme to individuals.¹⁰⁵

4.6 If the Company has materially deviated from its remuneration policy during the financial year covered by the annual report, this must be clarified in the Remuneration Report.¹⁰⁶

¹⁰⁴ Art. 7.12 CGC

¹⁰⁵ Art. 7.13 CGC

¹⁰⁶ Art. 7.14 and 7.15 of the CGC

ANNEX 4

PROCEDURE FOR THE APPOINTMENT AND REAPPOINTMENT OF BOARD MEMBERS

1. The Chairman of the Board or another non-executive director leads the nomination process.¹⁰⁷
2. The Nomination and Remuneration Committee evaluates the skills, knowledge and experience already present and still required on the Board prior to any new appointment to the Board. The Nomination and Remuneration Committee prepares a profile that describes the role and skills, experience and knowledge required pursuant to such evaluation.¹⁰⁸
3. The Nomination and Remuneration Committee seeks suitable candidates and verifies whether the candidates have the required profile to hold the office of director.
4. New candidates are interviewed by the Nomination and Remuneration Committee or by a member of the Committee.
5. The candidates are made aware of the scope of the non-executive directors' duties at the time of their application, in particular regarding the time commitment involved in carrying out those duties. The non-executive directors confirm they have sufficient time available to meet what is expected of them, taking into account the number and importance of their other commitments.¹⁰⁹ Any changes in other relevant commitments and any new commitments outside the Company are promptly reported to the Chairman of the Board, as non-executive directors should not hold more than five directorships in listed companies.
6. Subsequently, the Nomination and Remuneration Committee recommends the suitable candidates to the Board.¹¹⁰ The Chairman of the Board ensures that the Board has sufficient information about the candidate, such as the candidate's résumé, the assessment by the Nomination and Remuneration Committee based on an initial interview with the candidate, a list of the positions already held by the candidate and any other information necessary for assessing the candidate's independence.¹¹¹
7. The Board notifies the employee representative body of the appointment of the candidates as independent directors, prior to the appointment by the General Shareholders' Meeting.¹¹²
8. The Board must make a proposal to the General Shareholders' Meeting to appoint or reappoint the selected directors, after having been informed of the recommendations.¹¹³ The proposal for appointment by the General Shareholders' Meeting is accompanied by relevant information on the candidate's professional qualifications, together with a list of the positions already held by the candidate. The Board indicates whether a candidate meets the independence criteria and must also state the proposed term of the mandate.¹¹⁴
9. The annual report of the Board contains concise information about the professional qualifications of the directors.

¹⁰⁷ Art. 4.2 CCG
¹⁰⁸ Art. 4.3 CCG
¹⁰⁹ Art. 4.5 CCG
¹¹⁰ Art. 4.2 CCG
¹¹¹ Art. 4.4 CCG
¹¹² Art. 524, §4 Belgian Company Code
¹¹³ Art. 4.2 CCG
¹¹⁴ Art. 4.6 CCG

ANNEX 5

CONTENT REMUNERATION REPORT

1. The Company prepares a Remuneration Report, which forms a specific section of its CG Statement.
2. The Remuneration Report includes a description of the internal procedure used during the financial year reported on regarding (a) the development of a remuneration policy for the non-executive directors and the members of the executive management and (b) the determination of the remuneration level for the non-executive directors and the members of the executive management.¹¹⁵
3. The Remuneration Report includes a statement on the remuneration policy during the financial year reported on in respect of the directors and the members of the Management Team, containing at least the following information:
 - (a) the basic principles of the remuneration, indicating the relationship between remuneration and performance;
 - (b) the relative weight of the remuneration components;
 - (c) the characteristics of performance bonuses in shares, options or other rights to acquire shares; and
 - (d) information on the remuneration policy for the coming two financial years.¹¹⁶

If the remuneration policy is considerably amended in comparison with the reported financial year, this should be set out explicitly.

4. The Remuneration Report includes, on an individual basis, the amount of the remuneration and other benefits granted, directly or indirectly, by the Company or its Subsidiaries, to non-executive directors.¹¹⁷
5. If certain members of the Management Team, certain other leaders or certain persons in charge of the daily management are also members of the Board, the Remuneration Report includes information on the amount of the remuneration they receive in that capacity.¹¹⁸
6. If the executive directors, the members of the Management Team, other leaders or the persons in charge of the daily management are eligible to receive remuneration based on the performance of the Company or its Subsidiaries, on the performance of the business unit or on its own performance, the Remuneration Report includes information on the criteria to assess such performance compared to the objectives, information on the evaluation period and a description of the methods applied to verify whether those performance criteria are met. This information will be provided in such a way that it does not disclose any confidential information on the strategy of the Company¹¹⁹.
7. The Remuneration Report includes the amount of remuneration and other benefits granted directly or indirectly to the CEO by the Company or its Subsidiaries. This information should be disclosed providing a distinction between:
 - (a) remuneration received in his capacity as CEO of the Company or its Subsidiaries, and remuneration received in another capacity with the Company or its Subsidiaries;

¹¹⁵ Art. 96, §3, 1° Belgian Company Code

¹¹⁶ Art. 96, §3, 2° Belgian Company Code

¹¹⁷ Art. 96, §3, 3° Belgian Company Code

¹¹⁸ Art. 96, §3, 4° Belgian Company Code

¹¹⁹ Art. 96, §3, 5° Belgian Company Code

- (b) basic remuneration;
 - (c) variable remuneration (indicating the form in which this variable remuneration is paid, for all incentives);
 - (d) pension (the amounts paid during the financial year reported on, with an explanation of the applicable pension schemes); and
 - (e) other components of the remuneration, such as the cost or monetary value of insurance coverage and fringe benefits, with an explanation of the details of the main components.¹²⁰
8. The Remuneration Report includes, on a global basis, the amount of remuneration and other benefits granted directly or indirectly to the other members of the Management Team by the Company or its Subsidiaries. This information should be disclosed providing a distinction between:
- (a) Remuneration received in his capacity as member of the Management Team of the Company or its Subsidiaries, and remuneration received in another capacity with the Company or its Subsidiaries;
 - (b) basic remuneration;
 - (c) variable remuneration (indicating the form in which this variable remuneration is paid, for all incentives);
 - (d) pension (the amounts paid during the financial year reported on with an explanation of the applicable pension scheme)s; and
 - (e) other components of the remuneration, such as the cost or monetary value of insurance cover and fringe benefits, with an explanation of the details of the main components.¹²¹
9. The Remuneration Report includes (on an individual basis) the number and key features of shares, share options or any other rights to acquire shares, granted to the CEO or other members of the Management team or otherwise exercised or lapsed during the financial year under consideration.¹²²
10. The Remuneration Report includes, for each of the executive directors, the CEO and other members of the Management team, the provisions on their severance payments.¹²³
11. In case of departure of any executive director, the CEO or any other member of the Management team, the Remuneration Report includes the justification and decision of the Board, on the proposal of the Nomination and Remuneration Committee, as to whether he is eligible to receive a severance payment and the calculation base for such payment.¹²⁴
12. The Remuneration Report includes for the executive directors, the CEO and the other members of the Management team, the extent to which a clawback right is granted to the Company concerning variable remuneration granted on the basis of incorrect financial information.¹²⁵
13. The Company explains any material change made to its remuneration policy during the financial year under consideration in its Remuneration Report.

¹²⁰ Art. 96, §3, 6° Belgian Company Code

¹²¹ Art. 96, §3, 7° Belgian Company Code

¹²² Art. 96, §3, 8° Belgian Company Code

¹²³ Art. 96, §3, 9° Belgian Company Code

¹²⁴ Art. 96, §3, 10° Belgian Company Code

¹²⁵ Art. 96, §3, 11° Belgian Company Code

APPENDIX 6

TERMS OF REFERENCE OF THE MANAGEMENT TEAM

INTRODUCTION

These terms of reference are part of the CG Charter 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 Clause 1 of the CG Charter.

The Board of Directors has established a management team (the “**Management Team**”), which advises the Board of Directors, and which therefore does not constitute a management committee (*comité de direction*) under article 524bis of the Belgian Company Code. The terms of reference of the Management Team have been determined by the Board of Directors.

1. COMPOSITION

1.1 The team entrusted with the management of the Company consists of the following persons:

- (a) SPRL Thomas Lienard (represented by Thomas Lienard), CEO;
- (b) BVBA Wim Goemaere (represented by Wim Goemaere), CFO;
- (c) SPRL mC4Tx (represented by Miguel Forte), CMO;
- (d) Guy Heynen, CCRO;
- (e) SPRL B.Champluvier Management and Consulting Services (represented by Benoît Champluvier), CTMO; and
- (f) Nora Meskini, Director of Clinical Operations

(the “**Management Team**”).

The Board has delegated the Company’s day-to- day management to two managing directors, SPRL Thomas Lienard (the CEO) and BVBA Wim Goemaere (the CFO).

The Board may change the composition of the Management Team at any given moment.

1.2 The Management Team is chaired by the CEO and, in his absence by the CFO, of the Company.

1.3 The members of the Management Team are appointed for an indefinite period. Persons who cease to be associated with the Company or one of its Subsidiaries by virtue of an employment, management or consultancy agreement can no longer be a member of the Management Team.

1.4 A list of the members of the Management Team is published in the CG Statement.

2. THE ROLE AND THE DUTIES OF THE MANAGEMENT TEAM

The Management Team assists the Executive Directors in the management of the Company. The Management Team reports to and is accountable to the Board of Director for the discharge of its responsibilities.

The Management Team has the following tasks:

- proposing, developing, implementing and monitoring the company strategy, taking into account the values of the Company, its risk profile and key policies;
- supervising compliance with the legislation and regulations that apply to the Company;
- develop, manage and assess internal control systems to allow identification, assessment, management and monitoring of financial and other risks;
- organising, coordinating and monitoring all functions of the Company;
- prepare complete, timely, reliable and accurate financial statements of the Company in accordance with the accounting standards and policies of the Company, and prepare the Company's required disclosure of the financial statements and other material financial and non-financial information;
- supporting the Executive Directors in the day-to-day management of the Company and with the performance of their other duties;
- investigate, draw up and develop policies proposals and strategic or structural projects to be presented to the Board of Directors for approval, report to the Board on their implementation , and provide informations that is necessary to the Board to enable it to carry out its duties;
- develop, manage and assess internal control systems to allow identification, assessment, management and monitoring of financial and other risks.

3. OPERATION

3.1 Meetings

- (a) The Management Team regularly whenever it is required for its proper functioning.
- (b) The meetings of the Management Team are convened by the CEO or the CFO.
- (c) The Management Team may invite other persons to attend its meetings.
- (d) The Management Team is entitled to seek external professional advice, at the Company's expense, about issues that fall within the scope of its powers.

4. REPORTING TO THE BOARD

4.1 Periodic reporting

The Executive Directors will report on the activities of the management team, the most important events of the past period, the budget, the business plan, policy proposals, internal control measures implemented and so on at the occasion of the Board Meetings. Members of the management team might be invited to the Board Meeting if this is deemed necessary.

4.2 Occasional and specific information obligations

The Management Team must inform the Board promptly and comprehensively to enable the Board to manage risks efficiently, both in with regard to the Company and with regard to its Subsidiaries (if any), on:

- (a) possible or imminent social conflicts;
- (b) legal claims against the Company (or its Subsidiaries) and outstanding disputes (other than the collection of invoices to which no objections were raised);
- (c) arguments (even if they are not the subject of a claim) with all administrations (social security, treasury *etc*);

- (d) remarks from auditors;
- (e) major issues in respect of product candidates;
- (f) the termination and establishment of important relationships with third parties;
- (g) the termination and establishment of “critical” intellectual property relationships;
- (h) all facts that may have a significant impact on the price of the Company’s shares.