

# CORPORATE GOVERNANCE CHARTER

## Introduction

Deceuninck NV strategy has, for many years, been determined by very strict principles of integrity, corporate governance, well-balanced serving of interests, independence, transparency and responsible entrepreneurship.

The Group's philosophy has always been to respect the autonomy of the individual subsidiary and its decision-making bodies, whilst taking the economic reality and the specific nature, size and structure of the Group into account.

The Board of Directors endorses the principles of corporate governance and transparency as determined in the Belgian Corporate Governance Code of 12<sup>th</sup> March 2009 (hereafter "the Code"). In those cases where it is of the opinion that deviation from the Code is necessary, this deviation will be explained in its annual report.

The Board of Directors undertakes to adhere to the principles formulated in the Code:

1. The company operates a clear governance structure.
2. The company has an effective and efficient Board of Directors, which makes decisions in the company's interest.
3. All Directors must show integrity and dedication.
4. The company has a strict and transparent procedure for the appointment and assessment of its board and its members.
5. The Board of Directors sets up specialised committees.
6. The company establishes a clear structure for executive management.
7. The company remunerates the Directors and executive managers in a fair and proper way.
8. The company shall enter into a dialogue with shareholders and potential shareholders based on a mutual understanding of objectives and concerns.
9. The company guarantees appropriate publication of its corporate governance.

The Company's Corporate Governance Charter has been compiled in accordance with the recommendations set out in the Code. The Code is based on a "comply with or explain" system: Belgian listed companies should follow the Code, but may deviate from its provisions and guidelines (though not from the principles) provided it discloses the justification for such deviation. The Board of Directors of Deceuninck reviewed its Corporate Governance Charter in the light of the changes that were made to the initial Code issued on 9<sup>th</sup> December 2004 and has, where necessary, taken the necessary measures to modify its governance practices and the Corporate Governance Charter accordingly. The Board of Directors of Deceuninck declares that it applies the Code as reference code regarding corporate governance. The Company's Board of Directors complies with the Code, but believes that the following deviation from its stipulations is justified in view of the Company's particular situation.

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## 1. DEFINITIONS

“CEO”: is the “Chief Executive Officer”, being the Managing Director or Executive Director appointed by the Board of Directors in accordance with the Articles of Association

“Code”: is the “Belgian Corporate Governance Code” of 12<sup>th</sup> March 2009, also known as the “Lippens Code”

“Charter”: the corporate governance charter

“Deceuninck”: the Deceuninck limited liability company under Belgian law

“Group”: the Deceuninck limited liability company under Belgian law together with the companies controlled by Deceuninck NV in the sense of article 5 of the Belgian Companies Code.

“Company”: Deceuninck NV

“C. Code”: the Belgian Companies Code

## **2. THE BOARD OF DIRECTORS: INTERNAL RULES**

### **2.1. COMPOSITION**

In accordance with article 518, §1 C. Code, the Board of Directors is comprised of at least 3 members. The Board of Directors must be composed of Executive Directors, independent Directors and other non-Executive Directors. The number of members of the Board of Directors is not subject to any provision in the Articles of Association and may vary according to the needs of the Company.

At present the Board of Directors has ten members of which one Executive Director, three independent Directors and four Directors who represent the reference shareholders.

The Board of Directors submits, as necessary, nominations to the general meeting to ensure that it is composed of Directors who are active in different areas and who, in general, have different training and professional experience. At least half of the members of the Board of Directors must be non-Executive Directors. At least three Directors must be independent.

The decision appointing independent Directors also mentions the grounds upon which the capacity of independent director is granted.

When assessing independence the Board of Directors shall firstly check whether the candidate in question for the position of independent Director satisfies the criteria stated in article 526ter of the Company Code.

Independence is an ongoing quality: as soon as an independent Director establishes, during his mandate, that he no longer complies with one of the requirements of independence described above, he must immediately inform the Board of Directors of this.

### **2.2. NOMINATION**

- a) The members of the Board of Directors are nominated by the general meeting. Any proposal for the nomination of a Director should be accompanied by a recommendation from the Board of Directors, based on the advice of the Remuneration and Nomination Committee. If a position as Director becomes vacant, the remaining Directors have the possibility to temporarily fill that vacancy.
- b) The Remuneration and Nomination Committee nominates one or more candidates for appointment, taking into account the needs of Deceuninck and in accordance with the appointment procedure and selection criteria drawn up by the Board of Directors.
- c) The composition of the Board of Directors shall take into account the necessity for both diversity and complementarity regarding gender, skills, experience and know-how.
- d) Members of the Board of Directors are appointed for a period of maximum term of office of four years.
- e) Resigning Directors may always be re-elected. The age limit is determined at 70 at the moment of re-election.

## **2.3. POWERS OF THE BOARD OF DIRECTORS**

### **2.3.1. Role**

Deceuninck is managed by a Board of Directors acting jointly and collectively.

The Board of Directors is the highest body within the company and has the most extensive powers to take all action necessary or useful for the achievement of its objectives, with the exception of those activities for which, according to the law or the Articles of Association, only the general meeting is authorised.

The Board of Directors is responsible, on the one hand, for the leadership of the company and, on the other, for monitoring and managing the risks associated with the activities of the Group in order to ensure the long-term success of the company. In translating values and strategies, the Board pays attention to corporate social responsibility, gender diversity and diversity in general.

It is accountable to the general meeting for the fulfilment of its tasks.

### **2.3.2. Tasks**

Within the framework of its legal powers and those entrusted to it by the Articles of Association, among the tasks of the Board of Directors are:

- determining the strategic target objectives of the Group, its willingness to take risks, its values and its main policies;
- ensuring that the necessary financial and human resources are available to enable Group to realise its objectives;
- monitoring the existence and activities of the internal control system designed to effectively identify and manage risks (such as risks relating to compliance with existing legislation and rules), taking into account the review made by the Audit Committee;
- deciding on the structure of the Executive Team, determining its powers and duties, monitoring this and assessing performance.
- ensuring the quality, time-limit and accuracy of the published financial reports and, in particular, guaranteeing the integrity of the annual accounts;
- selecting the External Auditor and monitoring their efforts and being responsible for monitoring the internal audit position;
- being responsible for the Group's corporate governance structure and adherence to the corporate governance provisions;
- monitoring the quality and the timely disclosure of the information provided to the shareholders and the public and evaluating the relevant interests of those involved in the Group;
- monitoring the activities and the independence of the external auditor and the independent internal audit activity;
- monitoring and reviewing the effectiveness of the Board's Committees;
- making decisions regarding acquisitions, major organisational changes and the sale and acquisition of land and buildings.

When carrying out its tasks, the Board of Directors acts in the interests of the Group.

## **2.4. ACTIVITIES OF THE BOARD OF DIRECTORS**

#### **2.4.1 Meetings of the Board of Directors**

- a) The Board of Directors meets at least six times a year or as often as considered necessary or desirable for the Board of Directors to function correctly.  
The number of meetings of the Board of Directors and the attendance percentage at the meetings are published in the corporate governance statement of the annual report.
- b) The non-Executive Directors must meet at least once a year without the CEO present.
- c) The meetings of the Board of Directors are convened by the Chairman, who is obliged to convene a meeting if so requested by at least two Directors. All items for inclusion on the agenda that are put forward by at least two Directors must be included on the agenda.  
The convening notice for the meeting is sent at least five days in advance. A convening notice for the meeting is not required if all members agree to meet. Except in urgent cases (the Chairman of the Board of Directors determines this), the agenda is sent to all members of the Board of Directors at least five calendar days before the meeting. As much written explanation and additional information as possible is provided for each topic on the agenda. For each topic on the agenda is specified whether decision-making is required. The Directors are always asked to study in detail the information they receive in advance so that they have a thorough understanding of the main aspects of the Group's activities. Clarification is provided at their request, either by the CEO or by other members of the Executive Team, and/or other members of staff of the Group.  
For each meeting the CEO provides the Board of Directors with all sales results, consolidated key figures, investments and other relevant information enabling the Directors to assess the evolution of the company.
- d) The meetings of the Board of Directors are presided over by the Chairman of the Board of Directors. In the absence of the Chairman of the Board of Directors the meeting is presided over by the Vice Chairman and, in the absence of the latter, by the oldest Director present, unless the Chairman himself has appointed his deputy.
- e) All Directors unable to attend may, by means of a letter, fax or e-mail, give another Director a proxy to vote on his behalf and, in that event, the person giving the proxy is regarded as being present. Such a proxy must be submitted to the Chairman of the Board of Directors or, in his or her absence, to the members of the Board of Directors present at the meeting.
- f) The members of the Board of Directors present and represented decide, with a majority of votes, on the admission to the meeting of persons other than Directors and the Secretary.
- g) Minutes of the deliberations and decisions of a meeting of the Board of Directors are taken by the Secretary. The minutes provide a summary of the discussions and the decisions taken and record any reservations expressed by Directors. The minutes are approved by the Board of Directors at the same or the next meeting. All Directors may have their opinion or comments included in the minutes. In the event of a refusal to sign the minutes, the reasons for this refusal are noted in the minutes.

#### **2.4.2. Committees**

In order to be able to fulfil its tasks and responsibilities efficiently, the Board of Directors has set up specialised Committees to analyse specific matters and to advise the Board of Directors on them. In addition to being able to set up other Committees, the Board of Directors has set up an Audit Committee and a Remuneration and Nomination Committee.

The role of these Committees is purely advisory; the ultimate decision-making lies with the Board of Directors.

The Board of Directors shall ensure that all members of each Committee have the specific knowledge and qualities necessary for the committee to operate in the best possible way.

The Board of Directors determined the terms of reference for each Committee, where it details the role, the composition and the operation of each Committee.

### **2.4.3. Secretary**

The Board of Directors appointed the General Counsel as the Company secretary. The secretary reports to the Board of Directors on how Board procedures, rules and regulations are being followed and complied with. The secretary ensures, under the direction of the Chairman, good information flow within the Board and its Committees. Directors have individual access to the Company secretary.

## **2.5. CHAIRMAN OF THE BOARD OF DIRECTORS**

### **2.5.1. Appointment**

The Board of Directors appoints one of its non-executive members as Chairman of the Board of Directors. The Chairman is appointed on the basis of his knowledge, skills, experience and mediation strength.

### **2.5.2. Role of the Chairman**

The Chairman is responsible for presiding over the Board of Directors and for the effectiveness of all aspects of the Board of Directors.

The Chairman takes the necessary measures to ensure that, within the Board of Directors, an atmosphere of trust is created that encourages open discussion, constructive criticism and support for the decisions made by the board.

The Chairman stimulates active interaction between the Board of Directors and the Executive Team. He shall maintain a close relationship with the CEO and provide him with support and advice with regard for the operational responsibility of the CEO.

### **2.5.3. Tasks of the Chairman**

Within the Board of Directors the Chairman is at least responsible for:

- drawing up the agenda of the meetings of the Board of Directors, after consultation with the CEO;
- supervising correct adherence to the procedures relating to the preparation, deliberation, approval and execution of the decisions;

- ensuring that the Directors receive clear and accurate information in good time before the meetings and, if necessary, between the meetings, whereby the Chairman ensures that all Directors receive the same information;
- presiding over the meetings of the Board of Directors and ensuring that the Board of Directors functions and makes decisions acting collectively as a body;
- following up the execution of the decisions made and determining whether further deliberation regarding the execution is necessary within the Board of Directors;
- monitoring regular evaluation of the company structure and the corporate governance of Deceuninck and assessing whether they are operating satisfactorily;
- ensuring that the new members of the Board of Directors follow an appropriate training programme;
- presiding over the appointment process of Directors, in consultation with the Remuneration and Nomination Committee and ensuring that the Board of Directors appoints the members and chairmen of the Committees;
- being accessible to the Directors, members of the Executive Team, other members of management and the Internal Auditor to discuss matters relating to the management of Deceuninck;

The Board of Directors can decide to allocate additional responsibilities to the Chairman and Vice Chairman of the Board of Directors.

With regard to the shareholders, the Chairman is mainly responsible for presiding over the general meeting and ensuring that all relevant questions from the shareholders are answered.

## **2.6. PROFESSIONAL DEVELOPMENT OF THE BOARD OF DIRECTORS**

### **2.6.1 Training and professional development**

- a) Appropriate introduction training is provided for newly appointed Directors so that they can form a correct and faithful picture of the Group.

The main objectives of the training programme are:

- to help the new Directors acquire insight into the fundamental characteristics of the Group, including its management, strategy, main policies, financial and business challenges;
- to advise the new Directors on their rights and obligations as a Director.

If a newly appointed Director is also a member of a Committee, the introduction training shall also include a description of the activities of that Committee, including a description of the specific role and tasks of the Committee.

- b) The Directors are individually responsible for maintaining and developing the knowledge and skills that they require in order to be able to do their job as part of the Board of Directors and Committees of which they are a member. The Group makes the necessary means for this available to the Directors. If a Director wishes to acquire further skills or improve his knowledge he can ask the Board of Directors if he may follow the appropriate training. The Board of Directors shall decide whether or not this request is granted.

### **2.6.2 Advice**



Directors (and Committees) can, at the Group's expense, obtain independent professional advice on issues that fall within their remit, after the Chairman of the Board of Directors has given his permission for this.

### **2.6.3 Evaluation**

- a) The Board of Directors is responsible for an annual evaluation of its own effectiveness to enable constant improvement of the management of the group. To this end, the Board of Directors, led by its Chairman, carries out an evaluation of its scope, composition, activities and interaction with the Executive Team.

This evaluation has four objectives:

- to assess the activities of the Board of Directors and of the relevant Committees;
  - to check whether important issues are thoroughly prepared and discussed;
  - to evaluate the actual contribution of the Board of Directors; and
  - to assess the current composition of the Board of Directors or Committee in light of the desired composition of the Board of Directors or Committee.
- b) Every three years the Board of Directors shall assess the activities of the Committees. For this assessment it will also make use of the results of the individual assessment of the Directors. The Chairman of the Board of Directors and his execution of his role within the Board of Directors is also carefully evaluated.
- c) On the basis of the results of the evaluation, the Chairman shall provide the Board of Directors with a report describing the weaknesses and strengths and, if necessary, propose the appointment of new Directors or propose that a Director's mandate to the Remuneration and Nomination Committee is not renewed.
- d) The CEO shall annually assess his interaction with the Executive Team and submit proposals to the Chairman of the Board of Directors regarding the improvement of this interaction.
- e) The CEO shall, together with the Remuneration and Nomination Committee, annually assess the activities and achievements of the Executive Team. The evaluation criteria must be clearly established. The CEO may not be present at the discussion concerning his own assessment.

## **2.7. REMUNERATION**

The Remuneration and Nomination Committee is responsible for drawing up the remuneration policy and for the nomination policy and the nomination of the executive and non-Executive Directors and the members of the Executive Team.

## **2.8. CODE OF BEHAVIOUR**

- a) Each Director is expected to carry out his Director's mandate in an honest, ethical and reliable way. All Directors must, above all, bear the interests of the company in mind. For all Directors, both executive and non-executive, it is necessary that they make their decisions on the basis of an independent assessment.

- b) All members of the Board of Directors are expected to fully commit themselves to fulfilling their responsibilities. The Directors must ensure that they receive detailed and accurate information, which they study thoroughly in order to have an understanding of the main aspects of company activities at all times. They request clarification whenever they consider this necessary.
- c) All Directors undertake both during their mandate as member of the Board of Directors and afterwards, not to pass on, in any way, to third parties confidential information relating to the Group, unless they are obliged to do so by law.  
A Director may pass on the information referred to above to personnel from the Group who, because of their activities for the Group, should be given the information in question. A member of the Board of Directors may not use the information referred to above for his own purposes in any way.

All Directors have signed the "Policy for the prevention of abuse of privileged information of Deceuninck NV".

- d) All members of the Board of Directors undertake, for the duration of their mandate, not to develop any activities or enter into any transactions, either directly or indirectly and in any capacity, that are in competition with the activities of the Group. In connection with this the Directors must refrain, in the countries where Deceuninck operates, from:
- any attempt to encourage employees from the Group to terminate their ties with the company or its subsidiaries;
  - any attempt to encourage a buyer, customer, supplier, agent, franchisee, network supplier or any other contracting party to sever their relationship with the Group or to alter the conditions of it in a way that is disadvantageous for the Group.
- e) All Directors are expected to comply with the policy and legal provisions relating to transactions and other contractual ties between the Company and its Directors.

If a Director, directly or indirectly, has an interest of a property rights nature that is in conflict with a decision or activity that falls under the powers of the Board of Directors, the procedure established in article 523 C. Code is applied.

If a conflict of interests, as described below other than a conflict of interests in the sense of article 523 C. Code, exists for a Director relating to a matter that falls within the powers of the Board of Directors and about which he must make a decision, the Director in question shall inform the other members of the Board of Directors of this in advance. The Board of Directors shall then decide whether the Director in question should or should not abstain from the vote on the matter to which the conflict of interests relates. In such a case the Director in question can take part in the deliberations.

There is a question of a conflict of interests in the sense of article 523 C. Code in the event that:

- A close family member of the Director has an interest of a property rights nature that is in conflict with a decision or an action of the Company;
- A company that does not belong to the Group and where the Director or one of his/her close family members holds a Director or management position, has an interest of a property rights nature that is in conflict with a decision or action of the Company;

Except if this action or decision (i) leads to a conflict of interests in the sense of article 523 of the Companies Code or (ii) relates to a common action under conditions in conformity with the market.

- f) The above code of behaviour also applies to the Secretary of the Company.
- g) Non-Executive Directors may not exercise more than five mandates in listed companies.

### **3. THE AUDIT COMMITTEE: INTERNAL RULES**

#### **3.1. COMPOSITION**

- a) In accordance with article 19 of its Articles of Association and article 526bis of the C. Code, the Company has set up an Audit Committee whereby the Board of Directors appoints and dismisses the members of the Audit Committee.
- b) The Audit committee consists, in principle, of a minimum three Directors. All members of the Audit Committee are non-Executive Directors. The majority shall be independent.
- c) The Chairman of the Board of Directors does not chair the Audit Committee.
- d) The members of the Audit committee shall have sufficient relevant expertise, mainly relating to financial, fiscal and legal matters, in order to do their job effectively.
- e) The duration of the mandate of a member of the Audit Committee cannot exceed the duration of the Director's mandate.

#### **3.2. POWERS**

##### **3.2.1 Role of the Audit Committee**

The Audit Committee assists the Board of Directors with the fulfilment of its supervisory task and to ensure monitoring in the broadest sense. The Audit Committee is the main point of liaison for the Internal Auditor and the External Auditor.

##### **3.2.2 Tasks of the Audit Committee**

The monitoring task of the Audit Committee and the associated reporting obligations relate to the entire Group.

- a) Financial reporting:

The Audit Committee monitors the integrity of the financial information provided by the Group and

- ensures that financial reporting provides a truthful, honest and clear picture of the situation and the prospects of the Group, on an individual and on a consolidated basis;
- monitors the accuracy, comprehensive and consistent nature of financial information. This task comprises, among other things, the verification of the periodic information before this is published;
- assesses the relevance and consistent nature of the accounting standards applied, the impact of the new accounting rules, etc.;
- discusses significant matters relating to financial reporting.

#### b) Internal monitoring and risk management

- At least once a year evaluation of the internal monitoring systems and risk management established by the Executive Team to ascertain that the main risks (including the risks relating to compliance with existing legislation and regulations) are correctly identified, managed and brought to the knowledge of the Board of Directors.
- Assesses the statements relating to internal monitoring and risk management included in the Corporate Governance Statement in the annual report.
- Internal monitoring also comprises assessment of the specific arrangements enabling members of staff of the Group to express in confidence to the Internal Auditor their concerns regarding possible irregularities relating to financial reporting or other matters.

#### c) Internal audit

- Makes recommendations regarding the nomination and dismissal of the Internal Auditor, plans internal audit activities and draws up the internal audit budget.
- Follows up the activities and assesses the effectiveness of the internal audit activity, namely among other things ensures that it has the resources and the know-how at its disposal.
- Discusses with the Internal Auditor the work done, the risk cover and the quality of internal monitoring and risk management.
- The Chairman of the Audit Committee is available to the Internal Auditor to discuss matters relating to the internal audit of the Group.

#### d) External audit

- Makes recommendations to the Board of Directors relating to the selection, appointment and reappointment of the External Auditor and the conditions of his or her appointment.
- Monitors the independence of the External Auditor, in particular in the light of the provisions of the Companies Code and the Royal Decree of 4th April 2003. For this the External Auditor provides the Audit Committee with a report on all relationships of the external auditor with the Group. The Committee assesses the effectiveness of the external audit, taking into account the relevant regulations and professional standards.
- Follow up the External Auditor's work programme, monitors the effectiveness of the external audit process and assesses the follow up by the Executive Team of the recommendations formulated by the External Auditor in his management brief.
- Ensures that the audit and the reporting of it cover the group in its entirety.
- Determines the way in which the External Auditor is involved in the contents and publication of financial reports, other than the annual accounts, relating to the Group.
- Assists the Board of Directors with the development of a specific policy relating to employing the External Auditor for non-audit services, taking into account the specific provisions of the Companies' Code, and the application of this policy.

### 3.3. ACTIVITIES

#### 3.3.1 Meetings

- a) The Audit Committee meets as often as is necessary for it to function correctly but at least four times a year. The Audit Committee annually assesses its own rules and own effectiveness and formulates recommendations to the Board of Directors.
- b) Audit Committee meetings are, in principle, convened by the Chairman of the Audit Committee. All members of the Audit Committee may request that a meeting of the Audit Committee be convened.
- c) The attendance quorum consists of two members who meet physically (or by phone conference).
- d) Decisions are taken with a majority of the votes cast by the members.
- e) The Chairman of the Board of Directors has a permanent invitation to attend the Audit Committee meetings.  
The Committee may invite the CEO, the CFO, the Internal Auditor and the External Auditor to attend its meetings.
- g) At least twice a year the Audit Committee has a meeting with the External Auditor and the Internal Auditor to consult them on matters relating to its internal rules, matters that fall within the remit of the Committee and on all matters arising from the audit process.

### **3.3.2 Reporting to the Board of Directors**

- a) After every Audit Committee meeting the Board of Directors receives a report. The Audit Committee shall clearly and regularly inform the Board of Directors about the conduct of its duties and about all matters relating to which the Audit Committee is of the opinion that something must be done or that improvement is required, and make recommendations regarding the necessary steps that should be taken.
- b) All members of the Board of Directors have unrestricted access to all Audit Committee data.

## **4. REMUNERATION AND NOMINATION COMMITTEE: INTERNAL RULES**

### **4.1. COMPOSITION**

- a) The Board of Directors appoints and dismisses the members of the Remuneration and Nomination Committee.
- b) The Remuneration and Nomination Committee is comprised of minimum three Directors. All members of the Remuneration and Nomination Committee are primarily non-Executive Directors. The CEO can join the meetings of the Remuneration and Nomination Committee for matters related to the remuneration of the other members than the executive management (see 4.4.1(e)).
- c) The Chairman of the Board of Directors or another non-Executive Director chairs the Remuneration and Nomination Committee.
- d) The duration of the mandate of a member of the Remuneration and Nomination Committee may not exceed the duration of his or her Director's mandate.

## **4.2. POWERS**

### **4.2.1 The role of the Remuneration and Nomination Committee**

The Remuneration and Nomination Committee formulates recommendations to the Board of Directors relating to:

- a) the remuneration policy and the remuneration of Directors and management.
- b) the policy relating to the nomination of Directors and members of the Executive Team.

### **4.2.2 Tasks relating to the remuneration policy of the Group and the remuneration of Directors and the members of the Executive Team:**

- a) making recommendations to the Board of Directors relating to the remuneration policy for Directors as well as the resulting proposals submitted to the general meeting;
- b) submitting proposals to the Board of Directors relating to the remuneration policy regarding the members of the Executive Team and this in relation to:
  - (i) the main terms and conditions of contracts (such as the pension schemes and termination arrangements)
  - (ii) remuneration, including:
    - the relative importance of each component of the remuneration
    - the performance criteria that apply for the variable part
    - the fringe benefits;
- c) making recommendations regarding the Director's salaries and the remunerations of the members of the Executive Team, including bonuses and long-term incentives, which may or may not be related to Deceuninck's shares, in the form of options and or warrants or other financial tools;
- d) Preparation of a remuneration report that is inserted by the Board of Directors in the corporate governance statement in the annual report and explanation of the remuneration report at the annual general meeting of shareholders.
- e) at least once a year having discussions with the CEO regarding the activities and achievements of the Executive Team. The CEO may not be present at discussions regarding his own assessment.

### **4.2.3 Tasks relating to the appointment policy and the appointment of the Directors and members of the Executive Team:**

- a) ensuring that the appointment and reappointment process occurs objectively and professionally;
- b) developing appointment procedures for the Directors;
- c) making recommendations to the Board of Directors relating to the appointment of Directors and of members of the Executive Team and this following thorough evaluation of the profile of possible candidates;
- d) formulating proposals for reappointments: in connection with this the Remuneration and Nomination Committee shall, without the Director in question being present, advise the Board of Directors on the reappointment opportunity;
- e) ensuring that the members of the Board of Directors receive all the necessary information in good time before the Board meets to deliberate on the nomination of a candidate;

- f) analysing the aspects connected with the monitoring of Directors;
- g) advising the CEO in relation to his proposals relating to the appointment and dismissal of members of the Executive Team.

#### **4.3. REMUNERATION POLICY**

##### **4.3.1. Non-Executive Directors:**

The size of the remuneration is determined on the basis of the responsibilities and tasks of the Non-Executive Directors and the amount of time spent on them, in accordance with market practices.

Non-Executive Directors receive a fixed amount as remuneration for the execution of their mandate increased by a fixed amount per board meeting, limited to a maximum amount. Performance based remuneration such as bonuses, share-related incentive programs, fringe benefits are excluded. The size of the remuneration for the Chairman, the Vice-Chairman and other Non-Executive Directors varies.

The Directors charged with special tasks and projects receive an appropriate remuneration for this.

The provisions relating to the remuneration of non-Executive Directors also apply for the Executive Directors in their capacity as a Director.

The remuneration of the Directors is approved by the general meeting.

##### **4.3.2. The CEO and the members of the Executive Team**

The remuneration policy and the level of the remuneration are aimed at attracting, retaining and motivating competent and professional people. Therefore the size of the remuneration is determined in relation to the individual tasks and responsibilities.

The contribution to the development of the activities and the results of the Group form an important part of the remuneration policy.

The Remuneration and Nomination Committee regularly checks that remuneration is competitive within the market.

The members of the Executive Team receive, in addition to a fixed remuneration, a variable remuneration that is linked to the performance of the company and to individual performance. They also have a company car placed at their disposal and are included in group insurance.

The amount of the total remuneration is assessed annually by the Remuneration and Nomination Committee.

As payment for his services as Executive Director, CEO and Chairman of the Executive Team, the Executive Director receives:

- a fixed remuneration,
- a variable remuneration determined by company results and by his individual performance,

- a contribution for insurances and pension, certain fringe benefits and share options.

The Board of Directors annually approves a share option plan whereby options on new or on existing Deceuninck shares are given to Executive Directors, members of the Executive Team and other executives.

The Extraordinary General Meeting held on October 2006 approved an option and/or warrant plan for existing shares whereby the Board of Directors is given the authority to approve option and/or warrant plans (total maximum 75,000 options) annually. The Board of Directors approved the issuance of 550,000 warrants within the framework of the authorised capital (warrant plan 2009) at the end of 2009. The Extraordinary General Meeting of 31st of December 2009 has approved an additional warrant plan for the issuance of 1,000,000 warrants (warrant plan 2010).

The warrants are offered free and may only be exercised from the third year following the offering of these options or warrants.

The warrants can be exercised as follows:

- 1/3 released to be exercised after 3 full calendar years to the end of the exercise period;
- 1/3 released to be exercised after 4 full calendar years to the end of the exercise period;
- 1/3 released to be exercised after 5 full calendar years to the end of the exercise period;

The options and warrants are offered according to the provisions stipulated in the law of 26th March 1999 concerning the Belgian action plan for job opportunities 1998.

The exercise of warrants could lead to an increase in capital unless the Board of Directors decide to distribute the shares that were bought by the Company.

#### **4.4. ACTIVITIES**

##### **4.4.1. Meetings**

- a) The Remuneration and Nomination Committee meets as often as is necessary for it to function correctly but at least twice a year. The Remuneration and Nomination Committee reviews regularly (at least every two to three years) its terms of reference and its own effectiveness and recommends any necessary changes to the Board.
- b) Meetings of the Remuneration and Nomination Committee are convened by the Chairman of the Remuneration and Nomination Committee. All members of the Remuneration and Nomination Committee can request that a meeting be convened.
- c) The attendance quorum consists of two members who meet physically (or by phone conference).
- d) Decisions are taken with a majority of the votes cast by the members.
- e) The CEO attends the meetings of the Remuneration and Nomination Committee when the nomination and remuneration of the members of the Executive Team are dealt with.

##### **4.4.2. Reporting to the Board of Directors**



- a) A report is drawn up of the findings and recommendations of the meeting of the Remuneration and Nomination Committee, which is submitted to the Board of Directors. The Board of Directors is informed clearly and in good time regarding important developments.
- b) All Directors have unrestricted access to all Remuneration and Nomination Committee data.

## **5. EXECUTIVE TEAM : INTERNAL RULES**

### **5.1. COMPOSITION**

- a) The members of the Executive Team are appointed by the Board of Directors on the proposal of and after consultation with the CEO and the Remuneration and Nomination Committee.  
The members may be dismissed from the position of member of the Executive Team by the Board of Directors at any time.
- b) The number of members of the Executive Team is not subject to any provisions in the Articles of Association. At present the Executive Team consists of nine members.  
All executive members are members of the Executive Team.
- c) The Executive Team is chaired by the CEO of the Group.
- d) The members of the Executive Team are appointed for an indefinite period. Persons who are no longer employed by or under contract to the Group can no longer be part of the Executive Team.

### **5.2. POWERS**

The Executive Team is not the same as a Management Committee in the sense of article 524 bis C. Code.

#### **5.2.1. The role and tasks of the Executive Team**

The day-to-day management of the Group is in the hands of the CEO, assisted in this by an Executive Team, who is responsible for the following tasks:

- a) the day-to-day running of the Group;
- b) proposing the company's strategy and then the implementation of the strategic plan as agreed by the Board of Directors and this with due regard for the values, risk appetite and main policies of the Group;
- c) the preparation of complete, timely, accurate and reliable consolidated financial statements of the Group, in accordance with the Group's accounting principles and policies;
- d) providing the Board of Directors in good time with all the information (such as the provision of a balanced and comprehensible assessment of the Group's financial situation) enabling the board to fulfil its obligations;

- e) accounting for its actions and responsibilities to the Board of Directors;
- f) establishing the internal controls intended, among other things, to identify, evaluate, monitor and follow up finance and other risks, the adherence to legislation and regulations applicable to the Group;
- g) assisting the CEO with the day-to-day management of the Group and with the execution of his other responsibilities;
- h) fulfilling other remits and tasks that the Board of Directors entrusts to the Executive Team in specific cases.
- i) applying an adequate communication policy as listed company.

The powers listed above can never conflict with the general management of the Group or to any other activities reserved for the Board of Directors on the basis of legal provisions, the Articles of Association or the Group's Corporate Governance Charter.

The Executive Team can, at the Group's expense, obtain external professional advice on subjects that fall within its remit.

### **5.2.2. Role of the CEO**

The CEO, who is also Managing Director, is responsible for the day-to-day management of the Group and is assisted in this by the Executive Team.

The CEO continually accounts to the Board of Directors for the execution of his tasks and responsibilities. The CEO acts here as intermediary between the Executive Team and the Board of Directors. Nevertheless, at regular intervals the members of the Executive Team, permanent management and other members of management of both Belgian and foreign entities can be invited to the meetings of the Board of Directors to explain certain matters or provide explanations of certain activities.

## **5.3. ACTIVITIES**

### **5.3.1 Meetings**

- a) The Executive Team meets, in principle, every week and, in addition, as frequently as is necessary for the Executive Team to function correctly.
- b) Executive Team meetings are, in principle, convened by the CEO. All members of the Executive Team can request that a meeting be convened.
- c) The attendance quorum consists of half of the members of the Executive Team meeting physically (or by phone conference).
- d) The Executive Team is a body that decides collectively as a group.
- e) The Chairman of the Board of Directors has a permanent invitation to participate in Executive Team meetings.
- f) The Executive Team invites other persons to attend its meetings as desired.

- g) In exceptional cases, if necessity and the interests of the Group so require, the decisions of the Executive Team can be taken with the unanimous written agreement of the members of the Executive Team.

### **5.3.2. Reporting to the Board of Directors**

- a) The Secretary of the Executive Team draws up a report on the deliberations and decisions of each meeting of the Executive Team. He submits this report as quickly as possible to all members of the Executive Team and to the Chairman of the Board of Directors.
- b) Upon request, the CEO provides further information during meetings of the Board of Directors relating to the deliberations and decisions of the Executive Team.
- c) All members of the Board of Directors have unrestricted access to all Executive Team reports.

### **5.3.3. Conflicts of interest**

If a member of the Executive Team has an interest of a property rights nature that is in conflict with a decision or action that falls under the remit of the Executive Team, this member may not participate in the deliberations of the Executive Team regarding these actions or decisions, or in the voting connected with this.

## **5.4. REPORTING TO THE BOARD OF DIRECTORS**

### **5.4.1. Periodic reporting**

The CEO shall, at the meetings of the Board of Directors:

- with the CFO report in detail on the activities of the Executive Team and of the Group;
- provide an overview of the most important events during the past quarter;
- with the CFO report on financial matters of the past quarter;
- provide an assessment of the state of the budget and the business plan;
- provide an overview of the policies that the management of the Group wishes to implement during the following quarter.

### **5.4.2. Occasional and specific information obligations**

In order to enable the Board of Directors to carry out efficient risk management, the Executive Team must inform the Board of Directors in due time and in detail on, among other things:

- prices of raw materials;
- the pvc index;
- possible or imminent social conflicts;
- outstanding disputes and disagreements, indicating the provisions made and including an opinion regarding the outcome of the dispute or disagreement;
- the External Auditor's remarks;
- important changes in sales turnover per customer;

- the relationship with large customers;
- ending and entering into relationships with "critical" suppliers;
- all facts that can have a substantial influence on the stock exchange price;
- planned restructuring within the Group;
- planned reorganisations and redeployment of personnel;
- appointment and dismissal of Directors of subsidiaries within the Group.

## **5.5. REMUNERATION**

The Board of Directors determines the remuneration of the members of the Executive Team on the basis of recommendations of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee, based on the proposals of the CEO and in consultation with the Chairman of the Board of Directors, determines annually the objectives that the members of the Executive Team should achieve in the coming year and assesses its performance over the previous year.

## **5.6. CODE OF BEHAVIOUR**

5.6.1. All members of the Executive Team shall, above all, act in the interests of the Group.

5.6.2. All members of the Executive Team undertake, both during their membership of the Executive Team and afterwards, not to in any way pass on to third parties confidential information relating to the company or the Group in which the members are an interested party, of which the members of the Executive Team has become aware or of which they are aware within the framework of their execution of their activities for the Group and about which they know or should know that it is confidential, unless they are obliged to do so by law.

A member of the Executive Team may pass on the information referred to above to personnel from the Group and companies in which the Company has an interest who, because of their activities for the Group, should be given the information in question.

A member of the Executive Team may not, in any way, use the information referred to above for his own purposes.

5.6.3. All members of the Executive Team undertake, for the duration of their mandate, not to develop activities or carry out actions, either directly or indirectly and in any capacity whatsoever, that are in competition with the Group's activities. The members shall, in connection with this, refrain, in countries where the Group is active, from any attempt to encourage Group personnel to terminate their connection with the Group or encourage a buyer, customer, supplier, agent, franchisee, network supplier or any contracting party to terminate a relationship with the Group or change the conditions of such in a way that is disadvantageous to the Group.

## **5.7. MISCELLANEOUS**

5.7.1. The Executive Team annually checks and assesses the adequacy of these internal rules, reports on this assessment to the Board of Directors and, if necessary, suggests alterations.

5.7.2. The Board of Directors can change these internal rules at any time and withdraw the powers granted to the Executive Team.

## **6. MEASURES TO PREVENT MARKET ABUSE**

The Board of Directors has drawn up a code of behaviour for the Directors, members of the Executive Team, all members of management and other persons within the Group who have access to privileged information. Privileged information is as defined by article 2,14° of the Law of 2nd August 2002, and is applicable if these persons deal in shares or financial instruments of Deceuninck.

This code of behaviour is attached in an annex. Compliance with this code of behaviour is checked by a Compliance Officer, appointed by the Board of Directors.

In the event of relevant changes in legislation, this code of behaviour shall be amended.

## **7. GENERAL MEETING**

The ordinary general meeting takes place annually on the second Tuesday in May at 11 a.m.

The company ensures that the shareholders have optimum access to all relevant information by making this available on its website. The company also annually publishes the annual report with the utmost attention being paid to the completeness of the information about the Group.

The general meeting is used to communicate with the shareholders and to encourage their involvement.

The general meeting shall always be held in the presence of all Directors. The Chairman chairs the General Meeting and ensures that the shareholders receive sufficient time and opportunity to ask all relevant questions relating to the annual report or the agenda topics. The Directors may, in principle, only refuse to answer specific questions if this is in the interests of the company, namely if passing on the requested information or facts would be seriously disadvantageous to the Company, the shareholders or Company personnel. The Chairman of the Board of Directors ensures that the exchange of questions and answers between the shareholders on the one hand and the Directors and External Auditor on the other occurs smoothly.

When the general meeting is convened explanation is provided as required by the Companies Code.

Shareholders who are unable to attend particular meetings may always make use of a proxy that the Company makes available in good time on the website and which it sends to registered shareholders.

In accordance with article 532 C. Code the Board of Directors and the External Auditor are obliged to convene the general meeting as soon as one or more shareholders who are holders of minimum 20% of the capital so request, contrary to the recommendations of the

Code prescribing that shareholders who are holders of minimum 5% of the capital can request so.

## **8. SHAREHOLDER STRUCTURE AND CROSS-PARTICIPATIONS**

### **8.1. CAPITAL AND SHARES**

The Company capital (42,495,000 euros) is represented by 107,750,000 shares of which 86,200,000 with VVPR strips. In total 88,531,687 dematerialized shares, 362,021 bearer shares and 18,856,292 registered shares have been issued.

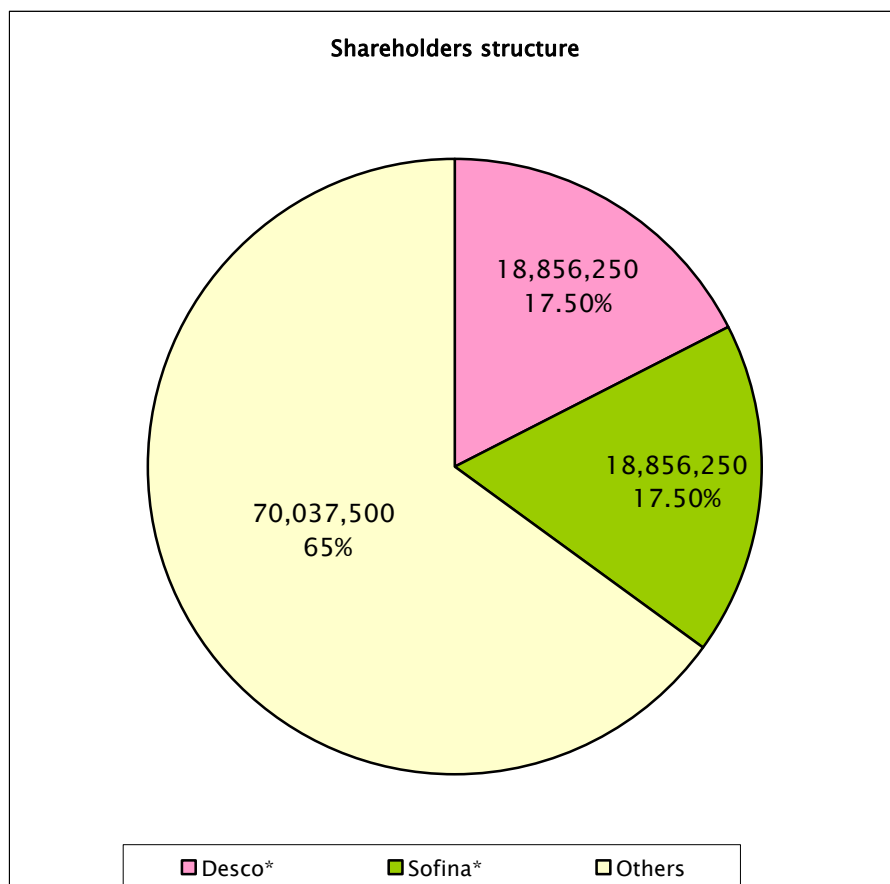
The shares can be converted in dematerialized shares or vice versa.

Deceuninck holds 217,121 of its treasury shares, as at 31<sup>st</sup> March 2010.

### **8.2. BREAKDOWN OF THE SHAREHOLDERS**

Deceuninck NV publishes its shareholder and control structure on its website, as well as all participations larger than 5%.

Based on the most recently received participation reports and in compliance with the law of 2<sup>nd</sup> May 2007, the breakdown of shareholders is divided up as follows:



All shares have equal rights. There are no privileged voting rights.

In a letter dated 21<sup>st</sup> September 2007, Sofina and Desco notified the Company that they had terminated their shareholder agreement of 27<sup>th</sup> June 2006, and that a new agreement with regard to their participation in Deceuninck NV had been concluded on 27<sup>th</sup> of August 2007. This agreement does provide “mutual consultation” in the sense of Art. 7 of the Royal Decree of 10 May 1989, concerning the disclosure of important participations in companies listed on the stock exchange, but does not provide for “mutual consultation” in the sense of Art. 3, §1, 5°, of the Belgian Law of 1<sup>st</sup> April 2007, concerning public takeover offers.

## ANNEX

### **Policy to prevent abuse of privileged information**

#### **1. Objective**

Abuse of privileged information is defined in articles 25 and 40 of the Law of 2nd August 2002, concerning supervision of the financial and the financial services sectors and is forbidden for, among others, transactions in shares of the Company. Abuse of privileged information is regarded as a criminal act when violating article 40 of the Law of 2<sup>nd</sup> August 2002, and is being punished with fines, imprisonment and work prohibition.

In addition, CBFA can charge administrative fines for violating article 25 of the pre-mentioned Law. The Royal Decree in date of 5<sup>th</sup> March 2006 contains the further transformation of the European Guidelines relating to abuse of privileged information.

The policy described below is intended to prevent any abuse of privileged information by Company employees. It establishes the framework in which the Company’s members of staff and mandate holders are permitted to deal in Shares.

#### **2. Definitions**

The terms defined in article 2 shall, when used in this policy, have the following meaning:

<u>Company</u>	Deceuninck N.V. with its registered office situated at Brugsesteenweg 374, 8800 Roeselare, RPR Kortrijk 04.405.548.486
<u>Shares</u>	Shares or financial instruments issued by the Company that are quoted or traded on Euronext Brussels or any other stock market.
<u>Insiders</u>	Members of the Board of Directors and the Executive Team, members of management and people who work for the Company, on the basis of an employment contract or otherwise, and who regularly or occasionally have access to privileged information relating directly or indirectly to the Company. All these insiders are being put on a “List of Insiders”, taken care of by the Board of Directors, in dialogue with the Executive Team, which list is regularly updated and when asked for, provided to the CBFA.
<u>Person who is closely associated with insider</u>	a) the husband or wife of the Insider, or his/her partner who is legally regarded as being the equivalent of a husband or wife;

	<p>b) children who are the legal responsibility of the Insider;</p> <p>c) other family members of the Insider who, on the date of the transaction in question, have been a member of the same household for at least a year;</p> <p>d) a legal person, trust or private company the management responsibility of which lies with the Insider or with a person referred to under a), b) or c) above, which is directly or indirectly under the authority of such a person, which is set up in favour of such a person or the economic interests of which are equivalent to those of such a person.</p>
<u>Privileged information</u>	<p>All information not made public that is accurate and relates directly or indirectly to the Company or to Deceuninck NV shares and which, if it were to be made public, could substantially influence the price of these shares or financial instruments derived from them.</p> <p>Regarding this information it is assumed that it could substantially influence the price of the shares or the financial instruments derived from them if an investor acting reasonably would probably use this information on which to base his investment decisions.</p> <p>It is regarded as being accurate if it relates to an event that has occurred or about which it may reasonably be assumed that it will occur and if the information is specific enough to draw a conclusion from it relating to the possible effect of the aforementioned situation or event on the price of the shares or the financial instruments derived from them.</p>

### 3. Prohibitive Clauses

- 3.1. It is forbidden for any Insider or person who is closely associated with an insider, who has information about which he knows or should know that it concerns privileged information:
- on their own account or for account of other people, to obtain or transfer or attempt to obtain or transfer, directly or indirectly, the financial instruments to which this privileged information relates.
  - to share this privileged information with someone else, unless this occurs within the framework of the normal execution of his work, profession or job;
  - on the basis of this privileged information, to recommend that someone else obtains or transfers the financial instruments to which this privileged information relates or have them obtained or transferred by others;
- 3.2. It is forbidden for all Insiders or persons who are closely associated with insiders to carry out transactions or place orders:
- that give or could give false or misleading signals about the offer of, demand for or price of one or more financial instruments; or
  - whereby one or more persons, on the basis of mutual agreements, keep the price of one or more financial instruments at an abnormal or artificial level, unless the Insider who carried out the transactions or placed the orders, is able to show that his reasons for doing so are legitimate and that the transactions or orders in question comply with practices customary on the market in question;
- 3.3. It is forbidden for all insiders or persons who are closely associated with insiders to carry out transactions or place orders whereby use is made of fictional constructions or any other form of fraud or deception;



- 3.4. They are also forbidden from spreading information or rumours via the media, the Internet or any other channel, that give or can give incorrect or misleading signals about financial instruments, whereby the person in question knew or should have known that the information was incorrect or misleading;
- 3.5. They are also forbidden from taking part in any arrangement intended to carry out the actions referred to in 3.1. to 3.4., to encourage one or more persons to carry out transactions which, if he were to do them himself, would be forbidden by virtue of 3.1. to 3.4.

#### **4. Restrictions**

- 4.1. The insider or person who is closely associated with insider shall not, neither directly nor indirectly, buy or sell Shares:
  - during a period of 2 weeks immediately preceding the day of the publication in the press, nor on the day itself of the publication in the press, of the Company's annual results, six-monthly or quarterly report and of the announcement of an interim dividend by the Company;
  - during a period of 2 weeks preceding the publication of a prospectus relating to the issue of Shares, unless the Audit Committee shows that the decision period is shorter than 2 weeks, in which case this shorter period shall apply.
- 4.2. They shall avoid multiple transactions in the Shares and in any case shall not sell Shares within 1 month of purchase or purchase within 1 month of the sale.

#### **5. Exemption**

In individual cases, when insider dealing can reasonably be excluded, the Company may make an exception to the restrictions provided in article 4. Both the request for this and the exemption itself must occur in writing. The request must be submitted to the Compliance Officer.

#### **6. Reporting of transactions (intention and effective trade)**

All insiders or persons who are closely associated with insiders who wish to obtain or transfer Company Shares shall report this in writing to the Compliance Officer at least one exchange days before the transaction. The Insider shall confirm in his report that he does not have any knowledge of any privileged information.

Following notification by the Insider or person who is closely associated with insider, the Compliance Officer can formulate advice on the planned transaction. In the event of negative advice from the Compliance Officer, the Insider or respective person who is closely associated with insider must regard this advice as explicit rejection of the transaction by the Company. The absence of negative advice from the Compliance Officer does not, however, detract from the application of the legal provisions as referred to above. It should not be assumed from this that the Compliance Officer approves the transaction.

According to the Royal Decree in date of 5<sup>th</sup> March 2006, an insider or person who is closely associated with insider, informs the Compliance Officer of any transactions on his or her behalf relating to Shares emitted by the Company, derivatives or any other associated financial instruments, with the mission to notify the CBFA thereof.

In the event the insider or person who is closely associated with insider does not perform the demanded notification to the Compliance Officer, he or she will need to perform in

proper name and for own account according to the legal provisions, this notification directly to the CBFA.

## **7. Third parties**

If an Insider or person who is closely associated with insider has entrusted the management of his investment assets to a third party the restrictions, limits and prohibitive clauses arising from the present policy shall also be adhered to by that third party unless the Insider has entered into a written discretionary management agreement with that manager and, by virtue of that agreement, cannot exercise any influence on the management.

## **8. Ad hoc restrictions**

The Company can, in addition to the prohibitive clauses and restrictions described in this agreement, impose certain ad hoc restrictions.

## **9. Compliance officer**

The signed agreements should be submitted to the Compliance Officer, who is responsible for their administration. All questions relating to this agreement are submitted to and coordinated by him.

The Compliance Officer shall also check to ensure that the present policy is complied with.

## **10. Duration and area of application**

10.1. For 6 months after leaving the Company, for whatever reason, the Insider shall be subject to the provisions of the present agreement.

10.2. The provisions of the present contract shall apply, regardless of the capacity in which a transaction was carried out, directly or indirectly, on his own behalf or on behalf of a third party.

## **11. Legislation**

The present agreement does not detract from legislation relating to market abuse.

If the present policy were to be in conflict with these legal rules, which may change from time to time, then the legal rules have priority and the conflicting provisions of the present policy are regarded as being non-existent.

## **12. Amendment**

This policy can be altered, entirely or in part, by the Board of Directors at any time. The Board of Directors shall inform the Insiders of this personally and in good time and distribute amended copies of the Policy among the Insiders.