

# CORPORATE GOVERNANCE CHARTER

## A. INTRODUCTION

Pursuant to the Belgian Corporate Governance Code issued in 2004, the board of directors of SIPEF adopted the original version of the Corporate Governance Charter on 23 November 2005.

The Corporate Governance Charter is updated following developments in policy and best practice regarding corporate governance and changes in the applicable legislation. For example, the Charter was adapted to the recommendations of the 2009 Belgian Corporate Governance Code. It was most recently updated on 22 November 2019 to bring it into line with the new 2020 Belgian Corporate Governance Code, which is the new reference code for corporate governance for SIPEF from 1 January 2020. The new Charter will also apply to the governance of the Company from that date.

Major changes to the Charter and any deviations from the Code are explained in the Corporate Governance Statement, which forms a specific part of the annual report of the Company in accordance with Article 3:6, §2.2° of the Companies Code.

To acquire full insight into SIPEF's corporate governance, the Charter should be read together with the Corporate Governance Statement and the non-financial information statement, both of which are published in the annual report, the Company's articles of association and the corporate governance stipulations of the Companies Code. The Charter, the annual report and the articles of association of SIPEF are available on the website of the company and free copies can be obtained at the registered office.

SIPEF undertakes to observe the 10 principles of the Code:

1. The Company makes an explicit choice regarding its governance structure and communicates it clearly.
2. The board and executive management shall remain within their respective remits and interact in a constructive way.
3. The Company has an effective and balanced board of directors.
4. Specialised committees shall assist the board in the execution of its responsibilities.
5. The Company shall have a transparent procedure for the appointment of board members.
6. All board members shall demonstrate independence of mind and shall always act in the best interests of the Company.
7. The Company shall remunerate board members and executives fairly and responsibly.
8. The Company shall treat all shareholders equally and respect their rights.
9. The Company shall have a rigorous and transparent procedure for evaluating its governance.
10. The Company shall publicly report on the application of the Code.

## B. DEFINITIONS

In this Charter, the following concepts are defined as follows:

**“Charter”**: the Corporate Governance Charter.

**“Closed Period”**: The period of 60 calendar days immediately preceding the publication of the annual or interim financial statements of the Company, including the date of publication or if these financial statements are announced within a period of less than 60 days after the end of the financial year or after the interim financial statements are finalized, the period from the end of the financial year or the finalization of the interim financial statements up to and including the publication date, provided that this period cannot be shorter than 30 calendar days immediately preceding the publication; if the results are published after the stock exchange has closed the closed period runs up to and including the day after the publication;

**“Code”**: the 2020 Belgian Corporate Governance Code.

**“Companies Code”**: the 2019 Belgian companies code (“Wetboek van Vennootschappen en Verenigingen”), as amended from time to time.

**“Company”**: SIPEF

**“Financial Instruments of the Company”**: shares and debt instruments and all other financial instruments in the broadest sense linked thereto or derived thereof, as further defined in point (15) of Article 4 (1) of Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU. This definition includes, amongst others:

- a) shares;
- b) options and warrants;
- c) (convertible) bonds; and
- d) preferential rights entitling the holder thereof to subscribe for shares, warrants or (convertible) bonds,

as well as all other subscription or exchange rights, forwards, futures, swaps and other derivatives in relation to the instruments mentioned under a) to d).

Financial Instruments also include instruments not covered by point a) to d), the price or value of which depends on or has an effect on the price or value of a financial instrument referred to in those points.

This also includes Financial Instruments, such as derived instruments that are issued or offered by third parties.

**“FSMA”**: Financial Services and Markets Authority.

**“Group”**: the Company, the companies over which the Company exercises (exclusive or joint) control within the meaning of Article 1:14 §1 of the Companies Code and “Verdant Bioscience Pte Ltd”, as well as all companies exclusively or jointly controlled by “Verdant Bioscience Pte Ltd”, regardless of whether they are registered in Belgium or abroad.

**“Group Companies”**: the companies, other than the Company, that form part of the Group.

**“Inside information”**: any information of a precise nature which has not been made public, relating, directly or indirectly, to the Company or to one or more financial instruments of the Company and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

It is assumed that information could significantly influence the price of financial instruments if an investor acting reasonably would probably base his or her investment decisions in part on this information.

Information is deemed to be concrete if it relates to a situation that exists or that can reasonably be expected to come into being, or an event that has occurred or can reasonably be expected to occur, and if the information is specific enough to draw a conclusion on the influence of the situation or event referred to above on the price of the Financial Instruments or the Financial Instruments derived from them.

An intermediate step in a process over time is deemed to be Inside Information if this intermediate step meets the criteria for Inside Information.

Information that is deemed to be Inside Information about a SIPEF share does not necessarily constitute Inside Information about a SIPEF bond. The establishment of Inside Information depends on the circumstances and the type of bond and must accordingly be done on a case by case basis.

**“Listed Group Company”**: a Group Company that is listed within the meaning of Article 1:11 of the Companies Code.

**“Market Abuse Regulation”** means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/125/EC and 2004/72/EC.

**“Persons Closely Associated”** means with respect to a Person Discharging Managerial Responsibilities:

- a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- b) a child which is, in accordance, with national law, dependent on the Person Discharging Managerial Responsibilities (including adopted children);
- c) a relative of the Person Discharging Managerial Responsibilities who has shared the same household with such a person for at least one year on the date of the Transaction concerned; or
- d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by the Person Discharging Managerial Responsibilities or by a Person Closely Associated to such a person as referred to in point a), b) or c), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

**“Persons Discharging Managerial Responsibilities”**: the members of the board of directors and of the executive committee of the Company.

**“Prohibited Period”**: the period from the date at which the board of directors or the executive committee of the Company or, as the case may be, a committee or person(s) mandated by them, takes the decision with respect to the existence of Inside Information up to and including the date at which one of the aforementioned bodies, committee or person(s) determines that the relevant information has lost its status of Inside Information.

**“Remuneration report”**: the remuneration report which forms a specific part of the Statement, in accordance with Article 7:100 §5, 3° of the Companies Code.

**“Staff Members”**: employees, self-employed staff members and directors of the Company, (as well as their respective legal successors) and physical persons acting on behalf of the self-employed staff members which are non-physical persons for purposes of the performance of a services contract or as permanent representatives respectively.

**“Statement”**: the corporate governance statement which forms a specific part of the annual report of the Company, in accordance with article 3:6, §2 of the Companies Code.

**“Transaction”**: includes all transactions, in the broadest sense of the word, in relation to Financial Instruments. The most common Transactions include:

- a) acquisition, disposal, subscription or exchange;
- b) acceptance or exercise of a stock option or warrant, and the disposal of shares stemming from the exercise of a stock option or warrant;
- c) gifts or donations made or received, and inheritances received;
- d) subscription to a capital increase or a bond issuance;
- e) acquisition, disposal or exercise of the rights, including put and call options, and warrants;
- f) conversion of a Financial Instrument into another Financial Instrument, including the conversion of convertible bonds to shares;
- g) lending or borrowing (including contracting, termination, assignment or renewal of securities loans); and
- h) vesting a pledge;

and **“Trade”**, **“Trading”** shall have a corresponding meaning. This overview is non-exhaustive.

## 1. GOVERNANCE STRUCTURE OF THE COMPANY

SIPEF has a traditional one-tier governance structure. The Board of Directors of 10 September 2019 opted for this structure as the most appropriate governance model for the Company. The Board will assess whether this governance structure remains appropriate for SIPEF at the end of 2024.

The board of directors is composed of non-executive directors and an executive director. Therefore, at least half of the members of the board are non-executive directors, some of whom meet the independence criteria.

The board currently consists of 10 directors, of which 3 are independent and 3 are female.

The control structure of the shareholding is not reflected in the composition of the board and no single individual or group of directors dominates decision making.

The board manages the Company as a collegial body and is accountable to the general meeting. It is authorised to perform all acts that are necessary or useful to achieve the object of the Company, except when the general meeting is authorised under the law. Its responsibilities include both policy formulation and supervision of the policy.

The board of directors delegated the daily management of the Company to a collegiate body, which, since 1 July 2014, is called the executive committee.

## **2. BOARD OF DIRECTORS**

### **2.1. *Composition***

#### **2.1.1. Number of directors**

Pursuant to Article 7:85, §1 of the Companies Code and the articles of association, the board of directors shall consist of at least three members. The number of members of the board of directors is not subject to any further statutory rules.

The board of directors shall attempt to limit the number of its members in order to allow for efficient deliberation and decision-making. On the other hand, the board of directors shall seek to ensure that it is comprised of a sufficient number of persons of integrity with diverse backgrounds who have the required knowledge and experience as well as complementary skills to perform their duties properly. The size of the board of directors must also allow the board to cope with changes in its composition without disrupting its operation.

#### **2.1.2. Procedure for appointment and reappointment**

The members of the board of directors are proposed by the board of directors and appointed by the general meeting.

The complete board of directors shall function as nomination committee (see below under 3.4).

Before expiry of the mandate of a director, in its capacity as nomination committee, the board of directors shall deliberate in time, in the absence of the director concerned, on the expediency of his/her reappointment.

Upon these deliberations, the board of directors shall first assess the personal contribution that the director concerned has made to the proper functioning, deliberation and decision-making of the board of directors during the term of his/her mandate. It will also assess whether the contribution of the director in question is aligned to the changing circumstances.

If this assessment is positive, the board of directors shall consider, always in the absence of the director concerned, whether given his/her specific skills, knowledge and/or experience, a possible reappointment would contribute to the composition of a board of directors which collectively has the necessary skills to carry out its duties properly.

If this second assessment is positive as well, the board of directors shall recommend the director concerned, subject to his approval, to the shareholders meeting for reappointment.

In the event that the board of directors decides to propose a new candidate for appointment to the shareholders meeting, it shall consider one or more candidates who meet the following criteria:

- (i) Each candidate must have specific skills, knowledge and/or experience to complement the skills, knowledge and/or experience already present in the board of directors, so that the board of directors as a whole has the necessary skills to fulfill its duties properly. In preparation of this process, the board of directors shall draw up a profile of the new director.
- (ii) Each candidate must be available to carry out his duties as a director properly.
- (iii) Each candidate must have at least one of the following core competencies: (a) experience in reading and interpreting annual accounts and financial reports, (b) familiarity with one or several sectors in which the Group invests, (c) experience in managing a company, (d) knowledge of the functioning of the financial markets.
- (iv) In view of the gender diversity in the board of directors, the board shall consider the nomination of at least one person of the other gender as part of the selection procedure, every time and as long as not at least one third of the board of directors is composed of directors of the other gender.

The board of directors shall ensure that it has at its disposal (a) the curriculum vitae of each candidate, (b) a list of the current directorships of each candidate, and (c) if relevant, the information required to assess the independence of the candidate. The board of directors shall also allocate the necessary time to interview each candidate.

Finally, the board of directors shall select one candidate who it shall propose and recommend to the shareholders meeting. The name of the candidate director shall be set out in the notice convening the shareholders meeting, unless this is not in the interest of the Company.

The proposal to appoint that is made at the general meeting is accompanied by a recommendation of the board. The proposal states the proposed duration of the term of office, which cannot exceed four years. It is accompanied by the relevant information about the candidate's professional qualifications and the list of positions the candidate already holds.

Non-executive directors are not permitted to hold more than five directorships in listed companies.

If the proposal relates to an independent director, the candidate must confirm in writing that he considers that he is independent by virtue of the criteria stated below under point 2.1.4. In that case, the general meeting must also approve the independence of the director. The Company publishes this information in its annual report.

If the Board considers appointing the former CEO as director, it must ensure that the new CEO is given the required autonomy. If the former CEO is nominated by the board as chairman of the board, the positive and negatives implications of this decision must be weighed up. The Statement in the annual report must mention that such an appointment will not obstruct the required autonomy of the new CEO.

If a directorship of a specific director becomes vacant, the other directors have the right to designate a provisional replacement, provided they apply the aforementioned procedure and criteria regarding the selection of the new director. In such a case, the next general meeting will make the definitive appointment. If a directorship becomes

vacant before the expiry of a mandate, the appointed director will complete the term of the mandate of the person he replaces.

### **2.1.3. Term**

Although it is statutorily determined that a mandate may last 6 years, directors are appointed for a period of 4 years. Mandates may be renewed.

The directors shall retire voluntarily from the board on the date of the annual meeting of the year in which they reach the age of 70.

In the interest of the company, the board of directors can request the concerned director to continue the current mandate after the age of 70 years.

### **2.1.4. Independence criteria**

The independent directors must meet the criteria set out in Article 3.5 of the Code.

The independence criteria are the following:

- 1) Not being a member of the executive management or exercising a function as a person entrusted with the daily management of the Company or a related company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the Company related to this position;
- 2) Not having served for a total term of more than twelve years as a non-executive board member.
- 3) Not being an employee of the senior management (as defined in article 19, 2° of the law of 20 September 1948 regarding the organisation of the business industry), of the Company or a related company or person and not having been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the Company related to this position;
- 4) Not receiving, or having received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the Company or from a related company or person apart from any fee they receive or have received as a non-executive board member;
- 5)
  - a) Not holding any shares, either directly or indirectly, either alone or in concert, representing globally one tenth or more of the Company's capital or one tenth or more of the voting rights in the Company at the moment of the appointment at the time of the appointment;
  - b) Not having been nominated, in any circumstances, by a shareholder fulfilling the conditions covered under a);
- 6) Not maintaining nor having maintained in the past year before their appointment, a significant business relationship with the Company or a related

company or person, either directly or as partner, shareholder, member of the board, member of the senior management (as defined in article 19, 2° of the law of 20 September 1948 regarding the organisation of the business industry) of a company or person who maintains such a relationship;

- 7) Not being or having been within the last three years before their appointment, a partner or a member of the audit team of the Company or a person who is or has been within the last three years before their appointment, the external auditor of the Company or a related company or person;
- 8) Not being an executive of another company in which an executive of the Company is a non-executive board member and not having other significant links with executive board members of the Company through involvement in other companies or bodies;
- 9) Not having, in the Company or a related company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or an employee of the senior management (as defined in article 19, 2° of the law of 20 September 1948 regarding the organisation of the business industry) or falling in one of the other cases referred to in 1 to 8 above and as far as point 2 is concerned,, up to three years after the date on which the relevant relative has terminated his last term.

The articles of association of the Company do not provide for additional criteria.

If the board of directors proposes an independent director that does not meet these criteria to the general meeting, it must provide reasons why it deems the candidate to be independent.

Each independent director who no longer fulfils the conditions of independence must notify the board of directors of this immediately.

## **2.1.5 Training and obligations of directors**

### **a. Training**

The chairman of the board of directors ensures that new directors receive an adequate induction into:

- the values and objectives of the Group;
- the operation of the bodies of the Company;
- the specific responsibilities and duties of the director both as a member of the board of directors and as a member of any committee he she may sit on and answers any questions of the new directors.

### **b. Obligations**

- Before accepting the position, the director must take cognisance of the law and the regulatory texts in connection with his or her position and the special regulations of the Company that result from its articles of association and the internal rules of operation of the board;

When accepting the mandate, the director must confirm in writing to the Company that he accepts the content of the Charter and undertakes to comply with the provisions therein;

- In exercising his or her mandate, the director shall comply with the following principles:
  - . he maintains the highest standards of integrity and honesty;
  - . he takes part in the meetings of the board and the committees on which he sits and notifies the chairman of the board or the committee in question in advance if he is unable to take part;
  - . he spends sufficient time preparing the meeting and limits the number of engagements outside the Company in order to carry out his or her duties properly.
  - . he is available for advice, also outside of board meetings;
  - . he decides in the interest of the Company, in accordance with the principles of reasonableness and fairness, and maintains in all circumstances his or her independence of analysis and judgement;
  - . he respects the confidentiality of the information shared with him or her in the exercise of his or her mandate, with due consideration for the applicable rules;
  - . if he has been nominated on the recommendation of a important or controlling shareholder, he must ascertain that the interests and intentions of this shareholder are sufficiently clear and are made known to the board in good time;
  - . he notifies the chairman of the board of the existence of any conflict of interest and applies the stipulations of the internal rules and regulations of the board on this matter as well as the relevant legal stipulations;
  - . he respects the confidentiality of the information shared with him or her in the exercise of his or her mandate, with due consideration for the applicable rules;
  - . he refrains from disclosing any non-public information regarding the Company or the Group or any comment about the Company to the media, analysts or investors and refers these to the person of the Company responsible for communication.

## **2.2 Responsibilities of the Board of Directors**

As a general rule, the board of directors is responsible for the general management of SIPEF and for the supervision of the daily management, which is the responsibility of the executive committee.

Without prejudice to the powers that rest with the board of directors pursuant to the Companies Code, the main responsibilities of the board of directors can be summarized as follows:

- approval of the Company's possible objectives;
- setting of the medium-term and long-term strategy on the proposal of the executive committee;

- approval of the operational plans and main lines of the policy set out by the executive committee to implement the approved strategy of the company;
- approval of the main investments and disinvestments;
- analysis and determination of the financial resources;
- supervision of the participations on the basis of periodic reports from the executive committee;
- appointment of the chairman of the board of directors and the chairman of the executive committee (managing director) and definition of their respective responsibilities;
- appointment and dismissal of the members of the executive committee, in consultation with the managing director, as well as determination of their remuneration and of the main contract terms;
- determination of the powers and duties of the executive committee, in close consultation with the managing director;
- supervision of the policy and the functioning of the executive committee, granting the executive committee sufficient autonomy in order to allow it to carry out its duties properly;
- appraisal of the performance of the executive committee and the realization of the Company's strategy;
- determination of the remuneration policy for the non-executive directors and the members of the executive committee, with due consideration for the general remuneration context of the Company;
- approval of the composition, remuneration, responsibilities and operation of the advisory committees and appointment of the chairman of the remuneration committee;
- monitoring and reviewing the effectiveness of the advisory committees;
- establishment of a succession plan for the managing director and the other members of the executive committee and periodical evaluation of this plan;
- development of a procedure for selecting a substitute chairman to chair the board meetings when the chairman is absent and for the purpose of chairing discussions and decisions of the board in matters in which the chairman has a conflict of interests;
- approval of a code of conduct describing the rules of responsible and ethical conduct for the leadership and the employees of the Company and assessment on an annual basis of compliance with this code;
- Examining and establishing the annual and interim financial statements (consolidated and non-consolidated) with a view to the integrity quality and timely disclosure of the Company's financial statements and other material financial and non-financial information disclosed to the shareholders and potential shareholders;
- establishing a framework of internal control and risk management proposed by the executive committee;
- reviewing the implementation of this framework, taking into account the review made by the audit committee;
- supervision of the performance of the external auditor taking into account the review made by the audit committee;
- description of the Company's internal control and risk management systems, to be disclosed in the Statement.
- Establishing the budget;
- Convening the general meeting and setting its agenda. In that context, making proposals to the general meeting for the appointment or reappointment of directors.

## **2.3. Deliberation and decision-making**

As a rule, the Board of Directors shall meet five (5) times a year on dates determined at the beginning of the year. In addition, the board of directors shall meet whenever the interests of the Company demand it and when at least two directors request this.

The meetings of the board of directors are called by the chairman or a director designated by the chairman.

The agenda of the meeting is set by the chairman in close consultation with the chairman of the executive committee and includes among other things every topic requested by a director.

The agenda shall be divided into items for approval, items for deliberation and items for information.

Except in the event of great urgency, the directors receive the agenda for the meeting with the appendices (such as a summary of the financial position of the Company, files regarding investment and divestment proposals, and periodical operational and statistical reports on the Group companies) at an appropriate time, well in advance and with due consideration for the confidentiality requirements.

The board of directors can deliberate validly if the majority of its members are present or represented at the meeting.

A director who is unable to attend a meeting can give a proxy to another director, provided always that each director may represent only one other director. He can also take part in the discussions and votes of a meeting of the board using video, telephone or internet-based means.

A director or one or more members of the executive committee, shall explain the items on the agenda and give presentations to the board of directors.

The board of directors shall always endeavour to adopt resolutions by unanimous vote. If no consensus can be reached, the resolution shall be adopted by a simple majority of the votes. In case of equality, the vote of the chairman shall be decisive.

In preparation of certain decisions, the board of directors shall seek advice from the audit committee (see below under 3.2) and the remuneration committee (see below under 3.3.).

Except for the cases laid down by law, a director must have permission from the board of directors before calling in an independent expert to ask for advice at the expense of the Company.

## **2.4. Secretary of the Company**

The managing director exercises the role of secretary of the board of directors. He shall advise the directors on the legal and administrative aspects of all governance matters and clarify the rights and obligations of the Company. Under the direction of the chairman, he shall ensure a good information flow within the board and its committees

and between the executive committee and the non-executive directors. He accurately notes down the essence of the discussions and decisions in the board meetings in the minutes. He shall regularly report on the board of directors' compliance with the rules concerning deliberation, decision-making and operation. Individual directors have access to him or her in his or her capacity of secretary of the Company. He facilitates the initial training and supports the professional development of the directors where necessary.

## **2.5. Representation**

Without prejudice to the general representation power of the board of directors acting as a collegiate body, the Company shall be represented by the managing director, by two directors acting jointly or by one director acting jointly with a member of the executive committee.

## **2.6. Role of the chairman**

The board of directors shall appoint a chairman from among its non-executive directors on the basis of his or her knowledge, skills, experience and mediation strength. If the board of directors would consider such to be in the best interest of the Company, after having carefully considered the positive and negative aspects, the former executive director can be appointed as chairman. In such event, a justification for the decision shall be given in the Statement.

The chairman shall have the following responsibilities:

- The chairman shall convene the meetings of the board of directors and set the agenda in consultation with the managing director. The agenda specifies which items are for information, for deliberation and for decision-making.

The chairman, together with the managing director as the case may be, ensures that the procedures for preparing, deliberating and approving the resolutions and the implementation of decisions are properly followed.

- In meetings, the chairman leads the meeting and promotes a spirit of trust in which there is space for discussion and constructive criticism. The chairman shall ensure that the board has enough time for deliberation and discussion and that all directors are given a chance to speak during the deliberations and, where possible, resolutions are adopted by unanimous vote.
- The chairman shall ensure that, before the meeting, and, if necessary between meetings, the directors receive accurate, concise, timely and clear information needed to investigate the items placed on the agenda; he ensures that all directors receive the same information with regard to the board.
- The chairman maintains close relations with the managing director and gives him support and advice. He shall also see to it that there is an ongoing and transparent dialogue between the directors and the members of the executive committee.
- The chairman shall take the initiative concerning the organization of various assessment procedures (see below under 2.8).

- The chairman shall see to it that committees are composed validly and that a chairman is appointed from among each committee.
- In the event of a conflict of interests as referred to in point 2.10, the chairman shall make sure that the internal rules and regulations of the board of directors and the stipulations of the Companies Code in connection with conflicts of interest are applied.
- The chairman ensures effective communication with the shareholders and sees to it that the directors are given and retain insight into the views of the shareholders and other important stakeholders.

At the shareholders meeting, the chairman shall ensure that the shareholders present can address questions to the directors and the external auditor concerning their reports and the agenda items and that the directors concerned and/or the external auditor give adequate answers to such questions (see below under 6). If needed, he asks institutional investors or their representatives to explain their voting behaviour.

- Within the framework of the continuous induction of the directors, the chairman shall ensure that the Company makes available the necessary resources to directors who wish to improve their knowledge of the Group or other knowledge that is useful for the execution of their mandate as a director or as a member of the audit committee or the remuneration committee.
- Finally, the chairman ensures that new directors receive an adequate induction into:
  - the values and objectives of the Group;
  - the operation of the bodies of the Company;
  - the specific responsibilities and duties of the director both as a member of the board of directors and as a member of any committee he may sit on

and answers any questions of the new directors.

## **2.7. Remuneration policy**

The board of directors establishes the remuneration policy for the non-executive directors, the managing director and other members of the executive committee on the proposal of the remuneration committee, which makes proposals on the basis of market practices.

The board ensures that the remuneration policy is consistent with the general remuneration context of the Company.

The remuneration policy for the members of the executive committee describes the various components of the remuneration and establishes the proper balance between fixed and variable remuneration and financial and deferred remuneration (see point 4.5).

The board of directors shall draw up a remuneration report, which shall be part of the Declaration in the annual report and shall be presented to the general meeting for approval every year. The remuneration report contains all information prescribed by the Code and the Companies Code.

All major changes made to the remuneration policy since the end of the financial year to which the annual report refers shall be stated in the remuneration report.

If a significant number of votes at the general meetings are cast against the remuneration policy, the Company will take the necessary steps to address the

concerns of those voting against and consider whether to adapt the remuneration policy.

The remuneration of the members of the board of directors is proposed by the remuneration committee and set by the board of directors, which presents it to the general meeting for approval.

For exercising their director's mandate, the directors receive a fixed sum. The level of that amount shall take into account the role of the individual directors as ordinary board members and their specific positions as chairman of the board, chairman or member of a board committee, as well as their resulting responsibilities and commitment in time.

The non-executive directors do not receive any variable remuneration directly linked to the results of the Company.

. No share options are granted to non-executive directors.

SIPEF shall not grant loans or advances to its directors.

## **2.8. Assessment**

On the initiative and under the lead of the chairman, the board of directors has initiated the following assessment procedures:

- Once every three (3) years the directors, possibly assisted by external experts, shall assess the size, composition and operation of the board of directors and its committees, as well as its relationship with the executive committee. Special attention shall be paid to the current composition of the board of directors and the committees, which shall be checked against its desired composition.
- Once a year the non-executive directors shall assess, in the absence of the managing director, the relationship between the board of directors and the executive committee.
- In view of the possible reappointment of a director, the other directors shall assess, in the absence of the director in question, the individual contribution of the director concerned to the proper operation, deliberation and decision-making of the board of directors (see 2.1.2. above).
- Once a year the directors shall assess compliance by the company's leadership and employees, with the code of conduct setting out the expectations in terms of responsible and ethical behaviour of these persons.

In the event that the said assessment procedures bring certain weaknesses to light, the board of directors shall provide appropriate solutions. Where appropriate, this may result in changes to the composition of the board of directors, for instance by proposing new directors for appointment or proposing not to re-elect sitting directors.

The Statement shall include information on the main features of the evaluation process of the board, its committees and of its individual directors.

## **2.9. Mandates in other companies outside the Group**

Non-executive directors shall have the right to sit on the board of directors of companies in which SIPEF does not have a participating interest provided that the performance of the mandate concerned does not, or could not, cause significant conflicts of interest

and does not affect the proper performance of the directorship at SIPEF. However, they may not hold more than five (5) directorships in listed companies, including the directorship of SIPEF. Non-executive directors shall inform the chairman in good time of any change concerning their directorships.

The managing director and the other members of the executive committee may sit on the board of directors of other companies in which SIPEF does not have a participating interest after having consulted the board of directors. Time restrictions and potential conflicts of interest will be considered and weighed up against the opportunity for the professional development of the members.

## **2.10. Rules of conduct concerning conflicts of interest**

Transactions between the Company or one of its affiliated companies and a member of the board of directors shall always be conducted at market conditions. The same applies to transactions between the Company or one of its affiliated companies and a Person Closely Associated with a member of the board of directors.

Directors shall, as far as reasonably possible, avoid the occurrence of conflicts of interest.

If a director has a direct or indirect financial interest that is contrary to a decision or a transaction that comes under the authority of the board of directors, the procedure laid down in Article 7:96 of the Companies Code shall be applied and the director in question must also refrain from taking part in the discussion and vote. The decisions are validly adopted by a majority of the other members of the board who have taken part in the meeting.

There is no conflict of interest within the meaning of article 7:96 of the Companies Code if the transaction or decision relates to:

- a regular transaction at market conditions and under market guarantees;  
or
- a transaction or decision that comes about between companies whereby one holds 95% or more of the voting rights of the other or between companies whereby another company holds 95% or more of the voting rights of both.

If there is a conflict of interest on the part of a director other than a conflict of interest within the meaning of Article 7:96 of the Companies Code with regard to a matter that comes under the authority of the board of directors and regarding which it has to take a decision, the director concerned shall inform the other members of the board of directors thereof in advance. They shall then decide whether the director in question has to abstain from voting on the matter to which the conflict of interest relates. In such case, the director in question shall still be allowed to participate in the deliberations. A conflict of interest other than a conflict of interest within the meaning of Article 7:96 of the Companies Code arises if:

- a Person Closely Associated with the director has a financial interest that is in conflict with a decision or a transaction of the Company;
- a company that does not form part of the Group and where the director or a Person Closely Associated with him/her holds a directorship or a management

position, has a financial interest that is in conflict with a decision or a transaction of the Company;

except if this transaction or decision (i) gives rise to a conflict of interest within the meaning of Article 7:96 of the Companies Code, or (ii) relates to a customary transaction at market conditions.

If a transaction or decision that comes under the authority of the board of directors relates to:

- a natural person or company that is associated with the Company, with the exception of its subsidiaries;
- a company that is associated with a subsidiary of the Company, but is not a subsidiary of the subsidiary;
- one or more subsidiaries of the Company in which the natural person or legal entity that has direct or indirect control of the Company, holds a participating interest constituting at least 25% of the capital of the Company, directly or indirectly through other natural persons or legal entities than the Company.

the procedure as set down in paragraphs 3 and 4 of article 7:97 of the Companies Code applies.

That transaction must accordingly first be presented for assessment to a committee of three independent directors, assisted by one or more independent experts appointed by the committee. That committee issues a motivated recommendation in writing for the board of directors, which then deliberates on the basis of this recommendation and makes a decision on the proposed transaction, with due consideration for the procedures prescribed in article 7:97 of the Companies Code.

This procedure also applies to any decision of the board of directors to present for approval to the general meeting a proposal for contribution in kind, merger, demerger or comparable transactions.

This procedure does not apply to:

- regular decisions and transactions that are made or done on market conditions and under market guarantees;
- decisions and transactions that represent less than 1% of the Company's net assets.

### **3. ADVISORY COMMITTEES**

The Board of Directors has set up two advisory committees, i.e. an audit committee and a remuneration committee. The Board of Directors as a whole shall act as a nomination committee.

#### **3.1. Provisions applicable to all advisory committees**

##### **3.1.1. Composition**

Advisory committees shall consist of at least three members. The board of directors shall appoint from its members the members of such advisory committees for a period that shall not exceed the (remaining) term of the mandate of the director concerned. The board shall also ensure that a chairman is appointed for each committee.

Advisory committees shall have the right to invite third parties, including SIPEF non-directors, to take part in their meetings.

### **3.1.2. Role and responsibilities**

Unless otherwise laid down by law, the advisory committees have a purely advisory function. They shall be responsible for the examination of specific issues and the formulation of recommendations to the board of directors.

The board of directors shall supervise the advisory committees. It shall determine the responsibilities, composition and operation of the advisory committees.

### **3.1.3. Operation**

The Board of Directors shall assign the necessary resources and powers to the advisory committees that are required to fulfill their duties properly.

The meetings of the advisory committees shall be convened by the chairman of the committee concerned.

An advisory committee can deliberate validly only if at least half of its members are present in person.

If a member of an advisory committee is unable to attend a meeting, he can give a proxy to another member of this committee. A member of an advisory committee can represent only one other member of the committee concerned. Each member can also take part in the discussions and votes of a meeting of this committee by teleconferencing or videoconferencing or by means of internet-based means of communication.

Members of the executive and senior management may be invited to attend committee meetings and give relevant information and insights relating to their area of responsibility. Each advisory committee also has the possibility to speak with every relevant person without a member of executive management being present. Each committee, as far as this is deemed useful, may obtain assistance from one or more external advisors in the performance of its mandate and do so at the expense of the Company, subject to the permission of the board of directors.

The committees shall always endeavour to adopt resolutions by unanimous vote. If no consensus can be reached, the resolution shall be adopted by a simple majority of the votes.

After each advisory committee, the board of directors shall receive the minutes of the meeting on the findings and recommendations of the committee as well as oral feedback in the next board meeting.

## **3.2. *Audit committee***

Without prejudice to the provisions of 3.1 that are applicable to all advisory committees and the relevant provisions of the Companies Code, the following rules shall apply to the composition, role and operation of the audit committee.

### 3.2.1. Composition

The audit committee shall be composed exclusively of non-executive directors; the majority shall be independent directors and at least one of them shall have accounting and auditing expertise.

Furthermore, the members of the audit committee have collective expertise in the field of activities of the Company.

The committee appoints one of its members as chairman. The chairman of the board of directors cannot chair the audit committee. Even if the chairman of the board of directors is not appointed as a member of the audit committee, he shall nevertheless hold a continuous invitation to attend its meetings. A representative of the reference shareholders will be invited to attend all meetings of the committee as an observer, without being a member of the committee.

Unless the audit committee stipulates otherwise, the chairman of the executive committee and the CFO shall have the right to attend the meetings of the audit committee.

The audit committee has the right to hear third parties, including the persons who are responsible for keeping the accounts and the external auditor, and to invite these people to its meetings, possibly in the absence of the chairman of the executive committee and the CFO.

### 3.2.2. Role

The audit committee supports the board in the fulfilment of its monitoring responsibilities for the purposes of control in the widest sense, including the risks. Consequently, it performs the duties as specified in article 7:119 of the Companies Code.

The audit engagement of the audit committee and the reporting duty associated to it relates to the Company and all companies belonging to the Group. Furthermore, the audit committee shall also endeavour, within the legal limits, to obtain relevant information from the audit committees of the other Group Companies.

#### (a) *Financial reporting*

The audit committee shall ensure that the financial reports of the Company give a true, fair and clear picture of the situation and the prospects of the Company and the Group. On the basis of an audit programme that has been approved by it, the audit committee shall check in particular any annual, half yearly and quarterly financial information before it is published.

The audit committee shall monitor the correct and consistent application of the Group's accounting standards and valuation rules and, if required, shall make recommendations to review these.

The CFO shall inform the audit committee of the methods used to account for significant and unusual transactions in situations where their accounting treatment may be open to different approaches.

The audit committee shall discuss significant financial reporting issues with one or more members of the executive committee and the external auditor.

(b) *Internal control and risk management*

At least once a year the audit committee shall review the internal control and risk management systems of the Company set up by the management in order to ensure that the main risks (including those relating to compliance with existing legislation and regulations) have been properly identified, managed and disclosed.

The audit committee shall review the statements on internal control and risk management included in the annual report.

The Staff Members may directly inform the chairman of the Board of Directors and/or the chairman of the audit committee of any irregularities as regards financial reporting or other matters. The chairman/chairmen concerned shall ensure an appropriate treatment of this information. If deemed necessary, the audit committee shall, upon request of the chairman of the Board of Directors and/or the chairman of the audit committee, conduct an investigation that is in proportion to the seriousness of the reported irregularities.

(c) *Internal audit*

There is currently no internal audit function at Company level. At least once per year, the audit committee examines the necessity of the Company setting up an internal audit function.

In addition, at least once per year the audit committee shall receive a summary of the internal audit activities of the operational companies of the Group, which are monitored and coordinated by the Company's CFO. On the basis of this reporting, the committee assesses the performance and efficiency of the local internal audit functions.

(d) *External audit*

The audit committee shall make recommendations to the board of directors on the selection, appointment, renewal or dismissal of the external auditor as well as his remuneration and other conditions of appointment. Except in certain cases of mandate renewal, the audit committee presents a recommendation to the board of directors with at least two options for the audit mandate, stating a motivated preference for one of the options. This recommendation is drawn up after a selection procedure that meets the requirements of article 16§ 3 of the EU Regulation (Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities). The audit committee is responsible for ensuring that this selection procedure is conducted in the proper way.

The audit committee shall assess the independence of the external auditor. The external auditor is required to annually confirm to the audit committee in writing its independence vis-à-vis the Company. The external auditor confers with the audit committee on the threats to his independence and the safety measures which are taken to curtail those threats, as underpinned by him.

The audit committee shall also monitor the nature and scope of the non-audit services carried out by the external auditor, which can be split up in accordance with the EU Regulation, in non-audit services that are (a) excluded, (b) permissible only after examination by the audit committee, and (c) permissible without referral to the audit committee. The external auditor informs the audit committee annually of the non-audit services carried out.

The audit committee may grant exemptions for certain non-audit services that are prohibited in principle ((b) above) provided certain conditions are met. Contrary to the purely advisory authority of the audit committee, it has exclusive decision-making power in this matter.

The audit committee also ensures that the following quantitative restrictions are respected for the permitted non-audit services: the fees for non-audit services must not exceed 70% of the fees for audit services. The calculation is made across three financial years and comprises the fees invoiced by the external auditor to the parent company of the Company, the Company itself and the subsidiaries of the Company.

The audit committee shall be informed of the work programme of the external auditor. The external auditor reports to the audit committee on important matters which came to light in the framework of his statutory audit, and more specifically on significant shortcomings in the internal control with respect to the financial reporting. The report of the external auditor also includes a description of the risks of a material interest considered to be most significant, a summary of the response of the external auditor to those risks and, if relevant, important remarks in relation to the risks (“Key Audit Matters”).

The audit committee shall review the effectiveness of the external audit process, as well as the executive committee’s responsiveness to the recommendations made by the external auditor in his *management letter*.

As the occasion arises, the audit committee shall investigate the issues that have given rise to the resignation of the external auditor and make recommendations as to any action to be taken.

The external auditor can contact the chairman of the audit committee and the chairman of the board of directors directly.

### **3.2.3. Operation**

The audit committee meets whenever it deems it necessary to properly perform its duties, but at least four (4) times a year.

Regularly, and at least every three years, the audit committee shall review its effectiveness and formulate the necessary recommendations for the board of directors.

At least twice a year the audit committee shall discuss with the external auditor matters relating to the operation of the audit committee as well as any issues that have arisen during the audit process.

## **3.3. Remuneration committee**

Without prejudice to the provisions laid down in 3.1 that apply to all advisory committees, the following rules shall apply to the composition, role and operation of the remuneration committee.

### **3.3.1. Composition**

The remuneration committee shall consist exclusively of non-executive directors of which the majority shall be independent directors.

The remuneration committee shall be chaired by the chairman of the board of directors or by another non-executive director. The chairman is appointed by the board of directors.

Unless the remuneration committee decides otherwise, the chairman of the executive committee shall have the right to attend the meetings of the remuneration committee. The chairman of the executive committee shall always be present with advisory vote when the remuneration of the other members of the executive committee is discussed.

The chairman of the board of directors and a representative of the reference shareholders will be invited to attend all meetings of the committee as an observer, without being a member of the committee.

The members of the remuneration committee dispose of the required expertise in the field of remuneration policy.

### **3.3.2. Role**

The remuneration committee shall advise the board of directors concerning the remuneration of the members of the board of directors and the executive committee.

In particular, the remuneration committee shall:

- make recommendations to the board of directors regarding the remuneration policy for the directors and regarding proposals resulting from this policy for approval by the shareholders meeting;
- formulate proposals concerning the remuneration policy for the members of the executive committee. This remuneration policy shall include amongst others the main contract terms (including severance conditions and pension schemes) and criteria for determining the remuneration;
- make recommendations on the individual remuneration for directors and members of the executive committee (including variable remuneration and long-term incentive schemes such as stock options and other financial instruments and severance payments), as well as on possible resolutions to be proposed to the shareholders' meeting in connection therewith;
- assess the performance of the members of the executive committee, with the exception of the performance of the managing director, in consultation with the latter;
- prepare the Remuneration report which shall be integrated in the Statement by the board of directors;
- comment on the Remuneration report at the annual shareholders' meeting.

### **3.3.3. Operation**

The remuneration committee meets whenever it deems it necessary to properly perform its duties, but at least two (2) times a year.

At meetings in which the remuneration of an individual member of the remuneration committee is discussed, the member concerned may attend but not chair the meeting.

## **3.4. Nomination committee**

### **3.4.1. Composition**

The nomination committee shall be composed of all the members of the board of directors.

The nomination committee shall be chaired by the chairman of the board of directors.

### **3.4.2. Role**

The objective of the nomination committee shall be to ensure that the appointment process is organized objectively and professionally. To this end, it shall:

- periodically review the size, composition and succession planning of the board of directors and the executive committee and, if necessary, take decisions in this respect;
- amend the appointment procedure for members of the board of directors (see 2.1.2. above), the managing director and the other members of the executive committee;
- assess the candidates for appointment or reappointment as director, including those nominated by the shareholders, as well as candidates for appointment as a member of the executive committee.

### **3.4.3. Operation**

The nomination committee shall meet whenever this is deemed necessary and at least two (2) times per year.

When the reappointment or succession of a member of the board of directors or a member of the executive committee who is also a member of the board of directors is discussed, the person in question shall not be present.

## **4. EXECUTIVE COMMITTEE**

### **4.1. Powers**

The executive committee is a collegiate body to which the board delegates the daily management as defined in article 7:121 of the Companies Code.

More specifically, the executive committee is responsible, among other things, for:

- the preparation of all the decisions that have to be taken by the board of directors in order to perform its duties;
- the preparation of the statutory and consolidated annual accounts, as well as the interim figures;
- preparation and monitoring of the budget;
- monitoring the cash situation of the Company and the Group;
- presenting to the board of directors an up-to-date, accurate and comprehensive view of the operational and financial developments of the Group;
- preparation of the Company's required disclosure of the financial and non-financial information;

- organization of the internal audit in the operational companies of the Group;
- putting internal controls in place, based on the framework approved by the board;
- monitoring compliance with the legislation and regulations applicable to the Company;
- formulating proposals concerning the strategy to be followed;
- preparing investment and/or disinvestment proposals;
- monitoring the various companies of the Group;
- executing the decisions taken by the board of directors;
- representing the Company in the boards of directors and other management bodies of the companies of the Group;
- determining the remuneration of executives and other staff members.

The board of directors shall grant the executive committee the necessary operational freedom and resources to enable it to perform the said duties properly.

After the statutory and consolidated annual accounts have been established by the board of directors, which usually takes place in February, the executive committee shall account to the board of directors for the performance of its duties in the past financial year.

## **4.2. Composition**

The board of directors shall appoint and dismiss the members of the executive committee. As a general rule, the members of executive committee shall be appointed for an indefinite period of time.

The executive committee currently consists of five (5) members, of which one (1) member is also part of the board of directors and is appointed as chairman by the board.

The board of directors shall endeavour to limit the membership of the executive committee in order to ensure efficient deliberation and decision-making by this body.

At the same time, the board of directors shall ensure that the executive committee is composed of persons of integrity with a variety of professional backgrounds, who have the required knowledge and experience as well as complementary skills (i.e., in the sphere of management, finance and law) in order to perform their duties properly. The executive committee may invite other persons to its meetings, based on the agenda.

The members of the executive committee shall resign voluntarily at the end of the month in which they reach the age of 65.

In the interest of the Company, the board of directors can request the concerned member of the executive committee to continue his activities after the age of 65 years.

## **4.3. Deliberation and decision-making**

The executive committee shall in principle meet every week on the day and at the time established at the beginning of the year. In addition, the executive committee shall meet whenever required by urgent decisions.

The executive committee cannot deliberate validly unless the majority of its members are present or represented at the meeting.

If a member of the executive committee is unable to attend a meeting, he can give a proxy to another member, provided always that each member can only represent one other member.

Whenever possible, the members of the executive committee shall receive an agenda with the annexes prior to the meeting.

The executive committee shall endeavour to adopt resolutions by unanimous vote. If no consensus can be reached, the resolution shall be adopted by a simple majority of the votes.

#### **4.4. Representation**

Without prejudice to the general representation power (see 2.5 above), the Company shall be duly represented within the framework of the daily management by two members of the executive committee acting jointly and by the managing director acting alone.

The board of directors has also granted special powers to executives who can represent the Company in bank matters and correspondence, as far as acting jointly with a member of the executive committee.

#### **4.5. Remuneration policy**

The board of directors shall, upon proposal of the remuneration committee, determine the remuneration policy in respect of the members of the executive committee.

The aim of this policy is to attract, retain and motivate competent and professional persons. The remuneration of the members of the executive committee shall reflect their individual duties and responsibilities.

An important aspect of the remuneration policy is the remuneration committee's assessment of the contribution of each member of the executive committee to the development of the activities and results of the Group.

The remuneration committee shall periodically review the market conformity of the remuneration of the members of the executive committee on the basis of equations in the market.

The members of the executive committee shall receive a fixed remuneration, a variable remuneration in the form of an annual variable remuneration, certain benefits in kind and, possibly, share options.

The fixed remuneration of each member of the executive committee shall be in line with the individual responsibilities he has within the Company and the Group. The remuneration that similar companies pay to persons in comparable positions shall be taken into account. The amount of the fixed remuneration shall be reviewed annually by the remuneration committee, which shall make recommendations to the board of director on any changes.

The purpose of the variable remuneration is to stimulate and reward the performance of the members of the executive committee as a whole. This remuneration is linked to the overall performance of the Company and the individual performances. The variable remuneration is calculated on the basis of the consolidated recurrent result before IAS-41-restatement and shall be determined by the board of directors on the recommendations of the remuneration committee.

In accordance with article 7:90 in combination with article 7:121, final paragraph of the Companies Code, an agreement with regard to this has been entered into with the managing director and the other members of the executive committee, the main conditions of which have also been approved by the board of directors on the recommendation of the remuneration committee. The members of the executive committee agreed to reimburse at first demand any portion of their (net) variable remuneration if and to the extent that such remuneration would be calculated on the basis of incorrect financial information. The contracts contain specific stipulations regarding their premature ending.

The members of the executive committee shall also receive a company car, and benefit from a group insurance (pension, optional death insurance, disability insurance and health insurance). The purpose of the share option plan of the Company is to promote the long-term motivation of the members of the executive committee and general managers of the foreign subsidiaries, whose activities are vital to the success of the Group.

The granting of share options is published in the Remuneration Report.

The remuneration committee is in charge of the implementation of this plan and advises the board of directors on the granting of the options. The options are issued in accordance with the stipulations of the law of 26 March 1999 regarding the Belgian action plan for employment 1998 and containing various stipulations. An option gives the holder the right to acquire one (1) SIPEF share. The options are offered free of charge and shall be valid for a period of 10 years.

If the Company grants share options to the members of the executive committee, it is not permitted to facilitate the entering into derivative contracts or agreements that cover the risks associated with the options.

#### **4.6. Assessment**

Upon initiative of the remuneration committee, the members of this committee together with the managing director shall assess the contribution of each member of the executive committee to the development of the activities and the results of the Group.

The chairman of the executive committee shall not take part in the assessment of his or her own performance.

#### **4.7. Rules of conduct concerning conflicts of interest**

Transactions between the Company or one of its affiliated companies and a member of the executive committee shall always be conducted at market conditions. The same applies to transactions between the Company or one of its affiliated companies and a Person Closely Associated with a member of the executive committee.

Members of the executive committee shall, as far as reasonably possible, avoid the occurrence of conflicts of interest.

If a member of the executive committee has a conflict of interest in respect of a matter that comes under the authority of the executive committee and on which the executive committee has to take a decision, the member concerned shall inform the other members of the executive committee thereof beforehand. The latter shall then decide whether or not the member concerned must abstain from voting on the matter to which the conflict of interest relates. In such case, the member concerned may nevertheless participate in the deliberations.

There is a question of a conflict of interest on the part of a member of the executive committee within the meaning of the above paragraph, if:

- the member of the executive committee or a Person Closely Associated with him/her has a financial interest that is in conflict with a decision or a transaction of the Company;
- the member of the executive committee or a Person Closely Associated with him/her holds a board or management position at a company which is not part of the Group and this company has a financial interest that is in conflict with a decision or a transaction of the Company;

except if this transaction or decision (i) has an impact on the Company and/or another Group company of less than EUR 10 000, or (ii) relates to a customary transaction at market conditions.

## **5. RULES OF CONDUCT CONCERNING FINANCIAL TRANSACTIONS**

Given the fact that the Staff Members may have Inside Information, they are subject to several legal provisions regarding abuse of Inside Information and market manipulation. An infringement of these provisions shall result in administrative and penal sanctions and may give rise to the civil liability of the person concerned.

The rules of conduct set out below form, an addition to the existing legal and regulatory provisions regarding the prohibition of market abuse. These provisions shall remain applicable to the Staff Members.

### **5.1. *Compliance officer***

The board of directors has appointed the managing director and the CFO acting on mutual agreement, as compliance officer. The managing director and the CFO may designate one or more Staff Members, who preferably have worked for the Company for a number of years, to perform their tasks as compliance officer in case one of them (or both) is (are) unavailable.

Without prejudice to the responsibilities of the board of directors, the executive committee or any committee or person(s) mandated by them, the compliance officer shall be responsible for the supervision of compliance with the rules of conduct concerning Transactions.

As soon as a Staff Member has Inside Information, on an incidental basis pursuant to a certain project, he shall inform the compliance officer of (the existence of) Inside

Information. The compliance officer shall then inform the board of directors, the executive committee or a committee or person(s) mandated by them with a view to decide on the coming into force of a Closed Period. The compliance officer notifies all other Staff Members who are involved in (and will be involved in) this project and so (will) have knowledge of the Inside Information with regard to the Prohibited Period of the start and end dates of the Prohibited Period in good time.

## **5.2. Insider list**

The compliance officer shall be responsible for the production of lists of persons having access to Inside Information. He shall produce two separate lists, a permanent list setting out the Staff Members of the Company and an “ad hoc” list per project setting out persons that are involved on an occasional basis in a project which gives rise to Inside Information.

The insider list shall include:

- (a) the identity of any person having access to inside information (including name, surname, maiden name (if different), date of birth, national identification number, function, professional telephone number, private telephone number and private address);
- (b) the reason for including that person in the insider list;
- (c) the date and time at which that person obtained access to Inside Information; and
- (d) the date on which the insider list was drawn up.

The compliance officer shall update these lists promptly, including the date of the update, in the following circumstances: (i) where there is a change in the reason for including a person already on the insider list; (ii) where there is a new person who has access to inside information and needs, therefore, to be added to the insider list; and (iii) where a person ceases to have access to inside information. Each update shall specify the date and time of the update. Persons that are included in the insider lists shall be notified of this by the compliance officer and have an obligation to promptly notify the compliance officer of any modification in their personal details. The compliance officer shall ensure that these lists are archived for a period of 5 years as of the original drafting or the updating thereof and he shall procure these to the FSMA, if so requested by the latter.

The compliance officer shall ensure that any person included on an insider list which has access to Inside Information, confirm in writing to be aware of the ensuing legal and regulatory obligations and of the sanctions attached to the abuse or the illegal dissemination of such information.

## **5.3. Standards of conduct concerning transactions in Financial Instruments of the Company**

### **5.3.1. Requirement of notification to the compliance for all Staff Members**

Before committing themselves to a transaction in Financial Instruments of the Company, each Staff Member must notify the compliance officer of their intentions by email. In this notification, the Staff Member shall confirm that he does not have access to Inside Information. The compliance officer shall then inform the person concerned whether or not a Closed or Prohibited Period applies.

With regard to the compliance officer, the CFO will notify the managing director and the managing director will notify the CFO before committing to a Transaction with regard to Financial Instruments of the Company.

The permission to perform the Transaction shall be valid until the end of the 5<sup>th</sup> working day after the date on which the permission was given. The permission to perform the Transaction shall automatically expire in the event and as soon as the Staff Member obtains access to Inside Information.

The compliance officer shall keep a file of all pre-transaction notifications (including his own notifications) setting out (if relevant) that a Closed or Prohibited Period was applicable. These data shall be handled in accordance with EU regulations 2016/679 (GDPR) and the Privacy Policy of the Company. By virtue of the aforementioned regulation, each Staff member can access his or her own personal data and has the right to have any mistakes rectified.

### **5.3.2. Legal notification duty to the FSMA for all Persons Discharging Managerial Responsibilities and the Persons Closely Associated to them**

The compliance officer shall produce a list of all Persons Discharging Managerial Responsibilities and the Persons Closely Associated to them. The compliance officer shall inform the Persons Discharging Managerial Responsibilities thereof. To this end, the compliance officer may request the Persons Discharging Managerial Responsibilities to provide the relevant personal details (limited to the name, surname, maiden name (if different), date of birth and full address) of the Persons Discharging Managerial Responsibilities and the Persons Closely Associated to them that are physical persons. The Persons Discharging Managerial Responsibilities shall provide the following information on the Persons Closely Associated to them that are legal entities: name of the company, legal form, registered office and registration number. Persons Discharging Managerial Responsibilities shall promptly inform the compliance officer of any modification in their personal details and those of their Closely Associated Persons. These data shall be handled in accordance with EU regulations 2016/679 (GDPR) and the Privacy Policy of the Company. Pursuant to these regulations, each Person Discharging Managerial Responsibilities and the Persons Closely Associated to them have access to his or her personal data and is entitled to correct any errors.

The compliance officer shall ensure that the Persons Discharging Managerial Responsibilities confirm in writing to be aware of their duties, including the obligation to inform the compliance officer and the FSMA of any Transaction on its own account, as set out below. Persons Discharging Managerial Responsibilities shall inform their Closely Associated Persons of the following: (a) that they are Closely Associated Persons, and (b) their duties including the obligation to inform the compliance officer and the FSMA of any Transaction on their own account, as set out below. Persons Discharging Managerial Responsibilities shall keep a copy of these notifications.

Persons Discharging Managerial Responsibilities and Persons Closely Associated to them shall notify the compliance officer and the FSMA of Transactions on their own account relating to Financial Instruments of the Company. Transactions executed by a third party on behalf of or to the benefit of Persons Discharging Managerial Responsibilities and Persons Closely Associated to them (including on the basis of a discretionary power) must also be notified.

This notification shall be made within three (3) working days from completion of the Transaction. The notification may, however, be delayed as long as the total amount of Transactions completed within the current financial year does not reach EUR 5 000. When attaining this threshold all Transactions performed until then shall be notified within three (3) working days from completion of the last Transaction. In the event that the total amount of the Transactions in one calendar year has not reached the threshold of EUR 5 000, the Transactions concerned shall be notified before 31 January of the next year.

For purposes of the preceding paragraph, the total amount of Transactions shall be computed by summing up the Transactions conducted on the own account of the Person Discharging Managerial Responsibilities concerned with the Transactions on the own account of the Persons Closely Associated to him/her.

The duty to notify the compliance officer and the FMSA does, however, not apply to Transactions in Financial Instruments in the event that at the time of the Transaction, the Financial Instrument is a unit or share in a collective investment undertaking in which the exposure to the Company's shares or debt instruments does not exceed 20% of the assets held by the collective investment undertaking.

### **5.3.3. Prohibition of Transactions in Closed and Prohibited Periods**

Each Staff Member shall refrain from executing Transactions in Financial Instruments of the Company during:

- a Closed Period;
- or a Prohibited Period.

If a third party conducts Transactions on the account of or in favour of a Staff Member, it will always have to undertake to comply with the same restrictions with regard to these Transactions as apply to the Staff members.

However, if that third party is an accredited financial services provider acting on the basis of a mandate of discretionary asset management given without Inside Knowledge, it is permitted to conduct transactions provided these Transactions are conducted independently of the client and they never occur during a Closed Period.

A Staff Member who does not have access to Inside Information may in specific circumstances be granted permission to trade during a Closed Period on its own account or for the account of a third party either:

- on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares; or
- due to the characteristics of the Trading involved for Transactions made under, or related to, an employee share plan, or Transactions where the beneficial interest in the relevant Financial Instrument does not change.

The Staff Member requesting permission to Trade shall also demonstrate that the Transaction cannot be executed at another time outside the Closed Period.

A Staff Member who wishes to request permission to Trade within the Closed Period shall:

- inform the compliance officer by email of the envisaged Transaction and the nature of the envisaged Transaction no later than 3 working days prior to the envisaged Transaction; and

- confirm in its notification to the compliance officer that he does not have access to Inside Information.

The permission to Trade shall be given at the end of the second working day from the date at which the compliance officer has received the written notification including the aforementioned information. In the event that no reply is given within this period, the permission will be deemed to have been granted. A permission is valid until the end of the first working day from the date at which the permission was (deemed to have been) given. The permission to perform the Transaction shall automatically expire in the event and as soon as the Staff Member obtains access to Inside Information.

In the event that the compliance officer wishes to request permission to Trade, he shall request the chairman of the board of directors for permission.

The compliance officer shall keep a file of the answers to all trading requests and the permissions granted. A copy of the answer and the permission, if any, shall be handed to the person having requested permission to Trade.

### **5.3.4. Prohibition of abuse of Inside Information**

Pursuant to Articles 14 *juncto* 8 and 10 of the Market Abuse Regulation, Staff Members who have Inside Information of which they know or should know that it is Inside Information, shall not be allowed to:

- (i) use this Inside Information by acquiring or disposing of for his own account or for the account of a third party, either directly or indirectly, Financial Instruments to which that Inside Information relates;
- (ii) cancelling or amending an order concerning a Financial Instrument to which the Inside Information relates where the order was placed before the person concerned possessed the Inside Information;
- (iii) disclose this Inside Information to any other person, unless such disclosure is made in the normal course of the exercise of his employment, profession or duties;
- (iv) recommend to another person, on the basis of this Inside Information, to acquire or dispose of or to have acquired or disposed of by other persons Financial Instruments to which that information relates;
- (v) recommend, on the basis of this Inside Information, that a third party cancels or changes an order relating to a Financial Instrument to which the Inside Information relates or urge that person to instigate such a cancellation or change.

The prohibition referred to under (i) shall not apply to Transactions concluded in good faith further to an obligation to acquire or dispose of Financial Instruments provided that such obligation has become due and results from an order placed or an agreement concluded before the person concerned possessed relevant Inside Information or that Transaction is carried out to satisfy a legal or regulatory obligation that arose before the person concerned possessed the Inside Information.

### **5.3.5. Prohibition of market manipulation**

Pursuant to article 15 *juncto* 12 of the Market Abuse Regulation, Staff Members shall not be allowed to:

- (i) Conclude Transactions or issue trade orders:

- a. which give, or are likely to give, false or misleading signals as to the supply of, demand for or price of Financial Instruments; or
- b. resulting in a person, or persons acting in concert, maintaining the price of one or several Financial Instruments at an abnormal or artificial level,

unless the person who entered into the Transactions or issued the trade orders establishes that his reasons for doing so are legitimate and that these Transactions or orders to trade are in conformity with accepted market practices (as determined on the basis of Article 13 of the Market Abuse Regulation);

- (ii) Conclude Transactions or issue trade orders by making use of fictitious devices or any other form of fraud or deception;
- (iii) Disseminate information or rumours through the media, the Internet or by any other means, which gives or is likely to give false or misleading signals as to financial instruments whereas the person who made the dissemination knew, or ought to have known, that the information was false or misleading;
- (iv) Participate in any arrangement which could lead to acts as referred to under (i) to (iii) above;
- (v) Incite one or more persons to carry out acts which, if he were to carry them out himself, would be prohibited pursuant to (i) to (iii) above.

### **5.3.6 Prohibition of short term trading, options trading and short selling**

The Company is of the opinion that speculative trading in Financial Instruments of the Company may amount to illegal behaviour or at least create the perception of illegal behaviour. Therefore the Staff Members are prohibited from doing the following with respect to Financial Instruments of the Company:

- (i) successively acquiring and selling Financial Instruments on a stock exchange within a timeframe of less than three months;
- (ii) acquiring and selling put and call options;
- (iii) short selling, meaning every Transaction in a Financial Instrument, of which the seller is not the owner at the time of conclusion of the sales agreement, including any such Transaction when the seller, at the time of conclusion of the sales agreement, has borrowed the Financial Instrument or has concluded a loan agreement in view of delivering the Financial Instrument at the time of execution of the Transaction; except, with respect to the Transactions described under (i) and (ii), when these Transactions are entered into in the framework of the Company's stock option plan or are not entered into with a speculative purpose and have been notified in advance to the compliance officer.

## **6. SHAREHOLDERS MEETING**

The ordinary shareholders meeting shall be held on the second (2nd) Wednesday of the month of June.

The board of directors shall encourage the shareholders to attend the shareholders meetings in person. Shareholders who are unable to attend a particular meeting may

use a model proxy which the Company shall make available on the website in good time and which it shall also send to holders of registered shares.

The agenda of the shareholders meetings as well as all the documents which pursuant to the provisions of the Companies Code must be transmitted to the holders of registered shares shall be made available on the website at the latest on the date that these documents are sent out. At the same time the Company shall, as far as available, provide on the website useful background information to the agenda (e.g. dividend policy). The notice convening the meeting shall state where such background information, if any, can be found.

At the meeting, the shareholders may ask questions about the reports of the directors and the external auditor and about all items on the agenda.

The shareholders that have fulfilled the formalities for admission to the general meeting may submit questions in writing after the publication of the convocation for the shareholders' meeting, provided the Company receives the written questions at the latest 6 days prior to the meeting. At the meeting, the chairman of the board of directors leads the meeting and ensures a proper exchange of questions and answers between the shareholders on the one hand and the directors and external auditor on the other. The directors and the external auditor may refuse to answer certain questions provided the disclosure of certain facts or circumstances would be detrimental to the interests of the Company or constitute an infringement of the confidentiality undertakings of the Company, the directors or the external auditor.

The board of directors shall be obliged to convene a shareholders meeting at the request of shareholders who have a 10 percent stake in the Company.

One or more shareholders holding together at least 3% of the shares of the Company, may, pursuant to Article 7:130 of the Companies Code, add items to the agenda of the shareholders' meeting and submit resolutions to be proposed. These requests must be received by the Company at the latest 22 days prior to the meeting.

The minutes of the general meetings as well as the voting results shall be made available on the Company's website within 15 days after the meeting.

The rules for holding and convening general meetings and the formalities to be met to be able to take part are stated in the articles of association of the Company, which are available at the registered office and on the website (<http://www.sipef.com>).

## **7. SHAREHOLDERS, SHAREHOLDER STRUCTURE**

### **7.1. Shareholders**

The Company ensures equal treatment of all its shareholders and respects their rights.

The Company disposes of a communication policy which promotes an effective dialogue with the existing and potential shareholders. The Board of directors will receive feedback on this dialogue at least once every year.

The board has judged that currently the Company gets no benefit from entering into a relationship agreement.

## **7.2. Shareholder structure**

The SIPEF shareholder structure is characterized by the presence of reference shareholders, Ackermans & van Haaren (AvH) NV, and the Baron Bracht family and Cabra NV (together “Bracht Group”) which act in concert on the basis of a shareholder agreement that was originally entered into in 2007 for a period of 15 years. On 3 March 2017, this agreement was amended and renewed for a further period of 15 years.

With a stable shareholding of SIPEF, the aim of this shareholder agreement is to promote a balanced development and profitable growth of SIPEF and its subsidiaries. Among other things, it contains voting arrangements in relation to the appointment of directors and arrangements in relation to the transfer of shares.

The Company has no knowledge of other agreements between shareholders or of the existence of shareholder committees.

As a result of the acquisitions made by AvH on the stock exchange on 14 August 2019, SIPEF received a transparency statement from AvH on 20 August 2019 stating that the Company, together with Bracht Group, holds 45.98% of the votes, of which 32.33% and 12.30% are in the hands of AvH and 1.35% treasury shares in portfolio at SIPEF. On that date, no other shareholder held more than 5% of the votes of SIPEF.