



# Corporate Governance Charter



# Table of contents

Table of contents .....	2
1 TERMS OF REFERENCE OF THE BOARD .....	3
1.1 Composition .....	3
1.2 Powers of the board .....	3
1.3 Operation of the Board .....	4
1.4 Chairman of the Board .....	5
1.5 Professional Development of the Board .....	6
1.6 Remuneration .....	7
1.7 Ethics Hotline .....	8
1.8 Code of Conduct .....	8
1.9 Miscellaneous .....	8
Appendices .....	9
2 TERMS OF REFERENCE OF THE AUDIT COMMITTEE .....	12
2.1 Composition .....	12
2.2 Powers .....	12
2.3 Operation .....	14
2.4 Miscellaneous .....	16
Appendices .....	17
3 TERMS OF REFERENCE OF THE NOMINATIONS & REMUNERATION COMMITTEE .....	25
3.1 Composition .....	25
3.2 Powers .....	25
3.3 Remuneration policy .....	26
3.4 Operation .....	27
3.5 Miscellaneous .....	29
Appendices .....	30
4 RULES FOR THE PREVENTION OF MARKET ABUSE .....	34
4.1 Policy statement .....	34
4.2 Basic Principles of Insider Dealing Offences .....	34
4.3 Definitions .....	34
4.4 Code of Conduct .....	35
Appendix .....	38
5 BUSINESS ETHICS AND CONFLICT OF INTEREST POLICY .....	42
5.1 Policy statement .....	42
5.2 Definitions .....	42
5.3 Applicability – Covered Persons .....	43
5.4 Guidelines – Honest and Ethical Conduct .....	43
5.5 Conflicts of Interest .....	44
5.6 Duty to Disclose .....	46
5.7 Other Duties .....	46
5.8 Ethics Hotline .....	46
5.9 Violations of the Conflicts of Interest Policy .....	47



# 1 TERMS OF REFERENCE OF THE BOARD

## INTRODUCTION

These terms of reference are part of the Corporate Governance Charter (CGC) of the Company and supplement the provisions relating to the Board and its members, as contained in the applicable legislation and regulations and in the articles of association of the Company and further are in accord with and to the principles, provisions and guidelines of the Belgian Code on Corporate Governance (<http://www.corporategovernancecommittee.be>)

The meaning of a number of terms, whether or not capitalized, used but not defined in these terms of reference is given in the list of terms included in Article 1 of the Corporate Governance Charter.

## 1.1 Composition

### 1.1.1 Composition

- (a) The Board has maximum 9 members. The Board must be composed of executive directors, independent directors and other non-executive directors. The actual number of members may vary depending on the needs of the Company.
- (b) At least half the Board must comprise non-executive directors.
- (c) At least three directors must be independent directors.  
The decision to appoint the independent directors must state the reasons why the director is considered independent. Independent of the decision of the shareholders, the Board decides which non-executive directors are to be regarded as independent. In assessing independence, the criteria set out in Appendix A of the Corporate Governance Charter should be taken into account, as well as article 526ter of the Companies Code and any other relevant law or regulation.  
Any independent director who ceases to satisfy the requirements of independence must immediately inform the Board thereof.
- (d) A list of the members of the Board must be disclosed in the CGC of the annual report.

### 1.1.2 Nominations

- (a) The members of the Board are appointed by the general meeting. If a position of director becomes vacant, the remaining Board members may provisionally fill the vacancy.
- (b) The Nominations & Remuneration Committee recommends one or several candidates, taking into account the needs of the Company and following the nominations procedure and the selection criteria drawn up by the Board for that purpose.
- (c) The composition of the Board is determined based on the necessary gender diversity and complementary skills, experience and knowledge.
- (d) Members of the Board are appointed for a period not exceeding four (4) years.

## 1.2 Powers of the board

### 1.2.1 Role

The Board is entrusted with the management of the Company with a view to ensuring the long-term success of the Company by providing entrepreneurial leadership and at the same time assessing and managing the risks of the Company. The Board accounts to the general meeting of shareholders in this respect. The responsibility for the management of the Company rests with the Board as a collegial body.



## 1.2.2 Duties

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

- (a) The Board decides on the Company's strategy, its risk appetite and key policies.
- (b) The Board ensures that the necessary financial and human resources are in place for the Company to meet its objectives.
- (c) The Board reviews the existence and functioning of the internal control system, including ensuring the adequate identification and management of risks (including those relating to compliance with existing legislation and regulations).
- (d) The Board decides on the Executive Management structure of the Company, determines its powers and duties and reviews the Executive Management's performance.
- (e) The Board is responsible for the quality and completeness of the disclosed financial notices and in particular ensuring the integrity of the financial statements.
- (f) The Board selects the external auditor and supervises the performance of the external auditor and the internal audit function.
- (g) The Board is responsible for the Corporate Governance structure of the Company and compliance with the CGC provisions.
- (h) The Board ensures that the Company's obligations to its shareholders are met, taking into account the interests of any parties having an interest in the Company.

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

The Board of Directors can delegate certain powers of daily management to Executive Management other than the CEO/Managing Director or General Manager. Delegations of powers to Executive Management shall be published in the Belgian Official Gazette and on the Company website (<http://www.realdolmen.com/en/about/organization>).

## 1.3 Operation of the Board

### 1.3.1 Meetings of the Board

- (a) In principle, the Board meets every three months or as many times as is deemed necessary or advisable by one or several members of the Board for its proper functioning.

The number of Board meetings and main issues reviewed by the Board are disclosed in the CG Chapter of the annual report.

- (b) The non-executive directors must meet at least once a year without the CEO/Managing Director or General Manager and the other executive directors, if any.
- (c) Board meetings must be convened in the manner laid down in the Company's articles of association. Except where urgent issues have arisen (as determined by the Chairman of the Board), the agenda of the meeting will be sent to all members of the Board at least 3 calendar days prior to the meeting although it will generally be submitted with relevant documentation at least one week in advance. Every agenda item is accompanied by as much written information as possible and any relevant documents are appended.
- (d) Board meetings are chaired by the Chairman of the Board. In the absence of the Chairman of the Board, the meeting is chaired by another Board member designated by a majority of the votes cast by the Board members present or represented at the meeting. Directors are urged to express all their opinions, reservations and considerations during the debates in the board.
- (e) The Company Secretary will register the presences further to Article 17 of the articles of association at meetings of the Board and its specialized committees.



- (f) The members of the Board present or represented at the meeting decide by majority vote on the admission to the meeting of persons other than the members of the Board and the Secretary of the Company or his or her substitute.
- (g) The Secretary of the Company, or another person designated by the Chairman of the meeting, draws up minutes of the deliberations of a meeting of the Board. The minutes must sum up the discussions, specify the decisions taken and state any reservations voiced by directors. The minutes are approved by the Board in the same or at the next meeting. The original signed final minutes will be kept at the Company and will not be distributed or otherwise disclosed. The electronic copy of the signed minutes will be made available by the Company Secretary by means of a secured archiving tool.

### **1.3.2 Bureau**

The Board of Directors can appoint a Bureau, consisting of the Chairman of the Board, the Secretary of the Company and the CEO/Managing Director or General Manager. The Bureau shall prepare the board meetings and shall prepare, draft or otherwise provide documents that are to be discussed or approved by the Board and further may be delegated to negotiate, develop and/or complete any project or activity with the full authority of the Board, as so defined in the minutes of the Board meetings.

### **1.3.3 Committees**

With a view to the efficient performance of its duties and responsibilities, the Board has set up specialized Committees to analyze specific issues and advise the Board on those issues. Regardless of the right to set up other Committees, the Board must set up an Audit Committee and an Nominations & Remuneration Committee.

These Committees merely have an advisory role; the actual decision-making remains the responsibility of the Board. The Board determines the terms of reference for each Committee, in which the role, composition and operation of the relevant Committee are specified (see chapters I, II and III).

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

### **1.3.4 Secretary of the Company**

The Board will appoint a Company Secretary who assists the Board, the Chairman, the Committee chairmen and the members of the Board in the performance of their duties. All Board members have access to the Secretary of the Company for advice and services.

The Company Secretary must ensure that the corporate bodies of the Company comply with the laws and with the articles of association, the CGC and the terms of reference of the Company. The Company Secretary reports to the Board. The role of the Company Secretary should include ensuring, under the direction of the Chairman of the Board, good information flow within the board and its committees and between the executive management and non-executive directors, as well as facilitating induction and assisting with professional development as required. The Company Secretary should regularly report to the board, under the direction of the Chairman, on how board procedures, rules and regulations are being followed and complied with.

The Secretary of the Company assists the Chairman of the Board in the organization of matters relating to the Board (preparing meetings, reporting on meetings, information, etc.).

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

## **1.4 Chairman of the Board**

### **1.4.1 Nominations**

The Board will appoint one of its non-executive, independent members as Chairman of the Board.

### **1.4.2 Role of the Chairman**

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



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

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

### 1.4.3 Duties of the Chairman

Within the Board, the Chairman is primarily responsible for:

- (a) setting the agenda of the Board meetings, after consultation with the CEO/Managing Director or General Manager;
- (b) ensuring that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed;
- (c) ensuring that the directors receive accurate, timely and clear information before the meetings and, where necessary, between meetings, and that all directors receive the same information;
- (d) chairing the meetings of the Board and ensuring that the Board operates and takes decisions as a collegial body;
- (e) monitoring the implementation of decisions taken and determining whether further consultation within the Board with regard to the implementation is necessary;
- (f) ensuring a regular review of the company structure and the Corporate Governance of the Company and assessing whether their operation is satisfactory;
- (g) ensuring that newly appointed directors receive an appropriate induction;
- (h) leading the nomination process of directors, in consultation with the Nominations & Remuneration Committee, and ensuring that the Board appoints Committee members and chairmen;
- (i) being accessible to the Directors, the members of the Executive Management and the head of the internal audit function to discuss issues relating to the management of the Company.

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

With regard to shareholders and third parties, the Chairman is mainly responsible for:

- (a) chairing the general meeting and ensuring that relevant questions from shareholders are answered;
- (b) if necessary, together with the CEO/Managing Director or General Manager, representing the Company at road shows, meetings with analysts, professional organizations, socioeconomic groups, the government, etc.

## 1.5 Professional Development of the Board

### 1.5.1 Training and professional development

- (a) Newly appointed Directors will receive an appropriate introduction after joining the Board.

The purpose of the introduction process is:

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

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



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

- (b) The Directors are individually responsible for developing and updating the knowledge and qualifications that are required to perform their duties in the Board and in the Committees of which they are members.

For that purpose, the Company makes the necessary (financial) resources available.

## 1.5.2 Advice

Directors are entitled to seek external professional advice, at the company's expense, about issues that fall within their powers, having first informed the Chairman of the Board.

## 1.5.3 Evaluation

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

In this respect, every two years, under the lead of its Chairman, the Board must assess its size, composition, operation and interaction with Executive Management (see Appendix C – assessment tool and performance evaluation guidelines).

This evaluation has four objectives:

1. Assessing the operation of the Board;
  2. Checking that the important issues are thoroughly prepared and discussed;
  3. Evaluating the actual contribution of each Director to the work of the Board, his or her attendance at the Board and Committee meetings and his or her constructive involvement in discussions and decision-making;
  4. Checking the Board's current composition against the Board's desired composition.
- (b) In order to make a periodic individual evaluation possible, the Directors must give their full assistance to the Nominations & Remuneration Committee and any other persons, whether internal or external to the Company, entrusted with the evaluation of the Directors.
- (c) The Board must assess the operation of the Committees every two years. For this assessment, the results of the individual evaluation of the Directors must be taken into consideration.  
The Chairman of the Board and the performance of his or her duties within the Board must also be carefully evaluated.
- (d) Based on the results of the evaluation, the Nominations & Remuneration Committee should, where appropriate and possibly in consultation with external experts, submit a report commenting on the strengths and weaknesses to the Board and make proposals to appoint new Directors or to not re-elect Directors.
- (e) The non-executive Directors must annually assess their interaction with Executive Management and, where appropriate, make proposals to the Chairman of the Board with a view to improving this interaction.
- (f) Once a year, the CEO/Managing Director or General Manager must discuss both the operation and performance of the Executive Management with the Nominations & Remuneration Committee. The evaluation criteria should be clearly specified.

The CEO/Managing Director or General Manager cannot be present at the discussion on his or her own evaluation.

## 1.6 Remuneration

The Nominations & Remuneration Committee, set up by the Board, is responsible for outlining a remuneration policy for the executive and non-executive Directors. The Company's current remuneration policy for the executive and non-executive directors is set out in Chapter III, Appendix 3, p. 33.



## 1.7 Ethics Hotline

The Company shall establish an Ethics Hotline at group level, in order to enable all employees to address any concern, infringement or question relating to business ethics and conflicts of interests by e-mail, in person or by telephone and such contact(s) shall be anonymous and not identifiable unless so requested by the employee.

The Company Secretary shall have management responsibility for the Ethics Hotline and its formal management and for ensuring that all issues are promptly taken up. In this respect the Company Secretary shall appoint Ethics Hotline Coordinators in every country where the Company has activities. The Ethics Hotline coordinators will formally report in writing to the Company Secretary on a quarterly basis. The Company Secretary will report any significant queries, remarks and concerns and shall - if applicable - direct such to the Chairman of the Board, the CEO/Managing Director or General Manager and, if necessary, to the concerned Board Committee for discussion and action as appropriate.

## 1.8 Code of Conduct

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

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

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

However, a member of the Board may disclose the information described above to staff members of the Company or Companies in which the Company has an interest, who need to be informed of such information in view of their activities for the Company or for the companies in which the Company has an interest.

No member of the Board may use the information described above to his or her own personal advantage.

- (d) Each member of the Board undertakes not to develop, either directly or indirectly, during the term of his or her mandate, any activities nor perform any actions that conflict with the activities of the Company or its subsidiaries. In this respect, the directors must abstain from the following actions:
- attempting to encourage staff members of the Company or its subsidiaries to terminate their relationship with the Company or its subsidiaries;
  - attempting to encourage a buyer, customer, supplier, agent, franchisee, network supplier or any other contracting party to terminate a relationship with the Company or its subsidiaries or to change the terms of any such relationship in a way that is detrimental to the Company or its subsidiaries.
- (e) Each member of the Board must comply with the “Business Ethics and Conflict of Interest Policy” (Chapter V) for all transactions and other contractual relationships between the Company and its Board members.
- (f) The above code of conduct also applies to all other Officers of the Company.

## 1.9 Miscellaneous

The Board of Directors terms of reference will be posted on the Company website (<http://www.realdolmen.com/en/about/organization>).





## Appendices

### **APPENDIX A: INDEPENDENCY CRITERIA FOR INDEPENDENT DIRECTORS**

The assessment of independence should be made taking into account the following criteria:

- (a) not being an executive or managing director of the company or an associated company, and not having been in such a position for the previous three years;
- (b) not being part of the staff of the company or an associated company, and not having been in such a position for the previous three years;
- (c) not receiving, or having received, any compensation or other important indirect benefit from the company or an associated company apart save for the fee received as non-executive Director;
- (d) not being a controlling shareholder or a shareholder with a shareholding of more than 10%;
- (e) if the director holds rights to a quota of less than 10%:
  - o those rights in the same company held by companies controlled by the independent director may not have reached one-tenth of the share capital or a class of shares of the company; or
  - o the sale of those share or the exercise of the rights attached to those shares may not be subject to agreements or unilateral commitments entered into by the independent member;
- (f) in no event representing a shareholder who falls under the scope of (f) or (g)
- (g) not having, or having had within the last year, a significant business relationship with the company or an associated company, either directly or indirectly as a partner, shareholder, Director or senior employee of a body that has such a relationship;
- (h) not being or having been within the last three years, a partner or employee of the current or former external auditor of the company or an associated company;
- (i) not being an executive or managing Director of another company in which an executive or managing director of the company is a non-executive or managing director, and not having other significant links with executive Directors of the company through involvement in other companies or bodies;
- (j) not having served on the board as a non-executive Director for more than three terms without this period being longer than twelve years
- (k) not being a close family member (husband/wife, cohabiting partner or relative or in-law to the second degree) of person entrusted with the daily management , members of the management staff, an executive or managing Director of the company or an associated company who is in one of the situations described above.



**APPENDIX B: DELEGATIONS TO EXECUTIVE MANAGEMENT:**

<http://www.realdolmen.com/en/about/organization>



## **APPENDIX C: ASSESSMENT TOOL AND PERFORMANCE EVALUATION FOR BOARD MEMBERS**

### **The Procedure:**

- (1) Each Board member must participate every second year in the evaluation to be organized by the Nominations and Remunerations Committee
- (2) The results of this evaluation will be reviewed by the NRC before communication thereof to the Board
- (3) The evaluation will be mentioned in the annual report of the Company. The Board shall decide which are the most appropriate form and manner for this communication.

The topics covered are:

- Strategy and performance
- Knowledge of the group business and the interaction with Management
- Risk management and audits
- Communication, and
- Operation of the Board and its Committees.



## 2 TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 2.1 Composition

- The members of the Audit Committee are appointed and may at any time be dismissed by the Board.
- The Audit Committee must be composed of at least three Directors. All members of the Audit Committee must be non-executive directors. At least the majority of the Audit Committee must be independent Directors.
- The Audit Committee must be chaired by one of the independent directors members of the Audit Committee. The Chairman of the Board may not be the Chairman of the Audit Committee.
- At least one member of the Audit Committee must have sufficient relevant expertise in accounting and auditing.
- The duration of the mandate of a member of the Audit Committee may not exceed the duration of his or her mandate as a Director.
- The Secretary of the Company acts as Secretary of the Audit Committee. The Secretary of the Company can delegate some or all of his or her duties resulting from these terms of reference to a substitute appointed by him or her in consultation with the Chairman of the Audit Committee.

### 2.2 Powers

#### 2.2.1 Role of the Audit Committee

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

#### 2.2.2 Duties of the Audit Committee

The Audit Committee is entrusted with the oversight of:

- Financial Reporting:

The Audit Committee monitors the integrity of the financial reporting process and financial information provided by the Company: the Audit Committee ensures that the financial reporting provides a true, honest and clear picture of the situation and the prospects of the Company, both on a statutory and on a consolidated basis. The Audit Committee assesses the correctness, completeness and consistency of the financial information. This task also includes the review of periodic information before this information is made public.

The Audit Committee considers major changes and appropriate auditing and accounting principles and practices to be followed when preparing the company's financial statements.

The Audit Committee discusses significant financial reporting issues both with the Executive Management and with the External auditor.

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

#### Internal Controls and Risk Management:

The Audit Committee at least once a year reviews the internal control and risk management systems set up by the Executive Management. It must ensure that the main risks are properly identified, managed and disclosed.



The Audit Committee reviews key covenants and performance measures associated with third party financing along with the measures and controls installed by management to ensure compliance;

The Audit Committee considers, in consultation with the External Auditor and the internal auditor the adequacy of the Company's internal authority system and financial controls including the company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g. company's code of conduct). Among other things, these controls must be designed to provide reasonable assurance that the company's reported financial statements are presented fairly in conformity with generally accepted accounting principles.

Internal control also includes review and approval of the statements included in the annual report on internal control and risk management as well as review of the specific arrangements made by which staff members of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Audit Committee must ensure that this arrangement is brought to the notice of all staff members of the Company and its subsidiaries.

- Internal Audit:

The Audit Committee has defined guidelines for the internal audit, its efficiency and the relevant activities.

Internal Audit verifies the effectiveness of the procedures and risk management systems put in place by management. The Committee reviews the reports and recommendations by the Internal Auditor and the actions defined and executed by management.

At each meeting of the Audit Committee, the CEO/Managing Director or General Manager, CFO or Company Secretary will receive general guidance to audit missions for the period between that meeting and the next scheduled meeting.

The Audit Committee must ensure that the available resources and skills are adapted to the Company's nature, size and complexity.

The Audit Committee approves the Nominations and removal of the head of internal audit, as well as the work program and the budget allocated to internal audit. It must review the effectiveness of the internal audit function, having regard to the complementary role of the internal and external audit functions. The Audit Committee must be provided with Internal Audit reports or a periodic summary of such reports.

The Committee must discuss the performance of internal auditor, the risk coverage and the quality of internal controls and risk management with the Internal audit once a year in a private session.

The Chairman of the Audit Committee must be available at all times to the head of the internal audit function to discuss issues relating to the Company's Internal Audit.

The assessment of the Internal Audit function shall take place in accordance with the guidelines set out by the Audit Committee.

Appendix 2A contains the Internal Audit Charter and Appendix 2B contains a guideline for the evaluation by the Audit Committee of the effectiveness of the Internal Audit function, of the internal controls, of the risk management systems and of the systems for guaranteed compliance.

- External Audit:

The Audit Committee makes proposals and recommendations to the Board and the General Meeting on the selection, nominations and reappointments of the External auditor and on the terms of his or her engagement.

The Audit Committee monitors the legal review of the annual accounts and the consolidated annual accounts, including monitoring of questions and recommendations made by the statutory auditor.

The Audit Committee must monitor and assess the External auditor's independence, in particular the nature and extent of non-audit services (One-to-one-rule as set forth in article 133, §6 BCC) in view of the provisions of the Companies Code and the Royal Decree of 4 April 2003. For that purpose, the external auditor provides the Audit Committee with a report describing all relationships between the independent



External auditor and the Company and its group. The Committee must review the effectiveness of the external audit, taking into account the relevant legal and professional standards.

The Audit Committee must monitor the External auditor's work program and review the effectiveness of the external audit process.

The Audit Committee will receive reports, at least annually, from the independent auditor on the critical accounting policies and practices of the company, all alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor, and other material written communications between the independent auditor and management.

The Audit Committee reviews the results of each independent audit, including any qualifications in the independent auditor's opinion, any related management letter, management's responses to recommendations made by the independent auditor in connection with the audit, reports submitted to the Audit Committee by the internal auditing department that are material to the Company as a whole, and management's responses to those reports. The Audit Committee must ensure that the audit and the audit report cover the group of companies as a whole.

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

[Appendix 3](#) contains a guideline for the monitoring by the Audit Committee of the relationships between the Company and the External auditor and of the External auditor's independence.

The Committee must assist the Board in the development of a specific policy for the engagement of the External auditor for non-audit services, taking into account the specific provisions of the Companies Code and the application of this policy.

[Appendix 4](#) contains the policy set by the Audit Committee for the provision of non-audit services by the External auditor. The Audit Committee must investigate the issues giving rise to the resignation of the External auditor and may make recommendations as to any required action.

The Audit Committee is the principal contact point for the head of the Internal Audit function and the External auditor and will organize a private session with them once a year.

## 2.3 Operation

### 2.3.1 Meetings

- (a) The Audit Committee meets whenever a meeting is required for a proper operation of the Audit Committee, but at least four times a year. Whenever possible, the dates of the meetings are fixed in advance for each year and the meetings take place as close as possible to the date of the meetings of the Board.

The Audit Committee is responsible for a periodic evaluation of its own effectiveness with a view to ensuring continuous improvement in the governance of the Company.

In this respect, every two years, under the lead of its Chairman, the Audit Committee must assess its size, composition, operation and interaction with the Board and Executive Management. This assessment should at least cover the elements listed in [Appendix 5](#).

This evaluation has four objectives:

1. Assessing the operation of the Audit Committee;
2. Checking that the important issues are thoroughly prepared and discussed;
3. Evaluating the actual contribution of each member to the work of the Committee, his or her attendance at the Committee meetings and his or her constructive involvement in discussions and decision-making;
4. Checking the Committee's current composition against the Board's desired composition.



- (b) In principle, meetings of the Audit Committee are convened by the Secretary of the Audit Committee in consultation with the Chairman of the Audit Committee. Each member of the Audit Committee can convene an Audit Committee meeting.

Except where urgent issues have arisen (as determined by the Chairman of the Audit Committee), the agenda of the meeting must be sent to all Audit Committee members at least 3 calendar days prior to the meeting, although it will generally be submitted one week in advance. Every agenda item must be accompanied by as much written information as possible and relevant documents must be appended.

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

- (c) The quorum is two members attending the meeting in person or by telephone conference.
- (d) Decisions must be taken by a majority of the votes cast by the members of the Committee. In case of an equality of votes, the Chairman of the Committee has a casting vote.
- (e) The Chairman of the Board has a permanent invitation to attend the meetings of any Committee of which the Chairman of the Board is not a member.

The Committee may invite other persons to attend its meetings.

- (f) Once a year, the Audit Committee must meet the External auditor, the Internal Auditor and the CFO to discuss matters relating to its terms of reference, issues falling within the powers of the Committee and any issues arising from the audit process.

The External auditor may request the Chairman of the Audit Committee that he or she be authorized to attend a meeting of the Audit Committee.

- (g) The Audit Committee is specifically entitled to receive all information required for the performance of its duties from the Board, the Executive Management and the Company staff.

The Audit Committee may request any senior employee of the Company, the CEO/Managing Director or General Manager, the head of the Internal Audit function, its external legal advisors or the External auditor to attend a meeting of the Audit Committee or to consult with members or advisors of the Audit Committee.

- (h) The Audit Committee may seek external professional advice, at the company's expense, about issues that fall within its powers, after informing the Chairman of the Board.

- (i) Each member of the Audit Committee has access to the books, data and offices of the Company and may have conversations with executives and employees of the Company if this might be useful for the proper performance of its duties.

A member of the Audit Committee exercises this right in consultation with the Chairman of the Audit Committee.

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

This member cannot participate in the deliberations and the vote relating to decisions of the Audit Committee involving such an interest or conflict of interests and, if required by the Board, this member must resign as a member of the Audit Committee.

## 2.3.2 Reporting to the Board

- (a) The Audit Committee must report regularly to the Board on the exercise of its duties and certainly when the board has to decide upon the (consolidated) annual accounts and the semi-annual operations and financial results.



- (b) The Audit Committee advises on any matters in respect of which it considers that action or improvement is needed, and may make recommendations as to the necessary steps to be taken.
- (c) The Secretary of the Company or any other person designated by the Chairman of the meeting must draw up a report of the findings and recommendations of the meeting of the Audit Committee. He or she must provide all members of the Board with the report as soon as possible after the meeting.
- (d) The Audit Committee reports to the Board annually or, if necessary, more frequently on the developments in the relationship with the External auditor, and in particular on the viewpoint of the Audit Committee on the External auditor's independence.
- (e) If requested, the Chairman of the Audit Committee must provide more detailed information on the results of the discussions of the Audit Committee during the meetings of the Board.
- (f) The Chairman of the Audit Committee (or any other member of the Audit Committee) must be available during the annual general meeting to answer questions about the activities of the Audit Committee.
- (g) Each member of the Board must be given unlimited access to all data of the Audit Committee and may exercise this right following consultation with the Chairman of the Audit Committee and the Secretary of the Company.

## 2.4 Miscellaneous

- The Audit Committee must annually but at least every two years check and review the adequacy of these terms of reference and of its own effectiveness, report the results of this review to the Board and recommend any necessary changes.
- The Company shall establish an ethics hotline at group level as explained in full detail in Section 7 of the Board of Directors Charter.
- The Board may modify these terms of reference at all times and revoke the powers granted to the Audit Committee.
- These terms of reference and the composition of the Audit Committee will be posted on the website of the Company (<http://www.realdolmen.com/en/about/organization>)





## Appendices

### **APPENDIX 1: GUIDELINE FOR THE MONITORING OF FINANCIAL REPORTING**

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



## **APPENDIX 2.A: INTERNAL AUDIT CHARTER**

### (a) Mission Statement.

Each company should develop and disseminate an annual policy statement re the objectives of internal audit. The mission of the internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve the organizations' operations. It helps the organization accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

For assessment purposes, the Committee could use the following questions:

- Does a mission statement exist for the internal audit function?
- Is the mission statement approved by the chief executive officer or senior management?
- Are the internal audit objectives known and understood by all levels of management?

### (b) Annual Internal Audit Plan.

The senior internal auditor prepares an annual plan setting forth goals and objectives such as:

- Planned level of audit coverage
- Staffing
- Areas of audit risk
- Degree of coordination with external audit function
- Special projects
- Annual cost
- Compliance with corporate codes of conduct

For assessment purposes, the Committee could use the following questions:

- Is this plan reviewed and approved by appropriate levels of management?
- Was this plan discussed with the external auditors?
- Were their comments and/or recommendations incorporated in the plan?
- Did they note any deficiencies in the plan that were not incorporated in the final plan?
- Has management placed any scope restrictions on the extent of audit coverage?
- Does the plan provide coverage of the Company's computer control functions?
- Do you have the necessary human resources in terms of trained experienced staff to achieve the annual plan?

### (c) Scope of work.

The scope of work of the internal audit department is to determine whether the organization's network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the organization's control process;
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

### (d) Progress Reports.

The internal auditor should report annually on progress in meeting the preciously approved annual plan:

- Has management adequately addressed the comments and recommendations set forth in your reports?
- Who receives copies of your reports?
- Are copies of your recent reports made available to the external auditor?
- Do they receive appropriate management support?
- Were there any significant recommendations relating to control weaknesses or company policy that have not been adequately addressed and corrected?
- Do you monitor that the necessary corrective action has in fact been implemented?
- Did your audit procedures uncover any instances of employee fraud, questionable or illegal payments, or violations of laws or regulations? (Follow-up questions, as appropriate)
- Were any limitations placed on the phase of your audit plan during this period?



- Did you receive appropriate management support and cooperation?
- In connection with the audit functions completed during this period, did you review all the related computer control functions? Were they deemed adequate?
- Is the computer security system reviewed in connection with these audit procedures? Are they adequate?
- Does each computer system reviewed have an adequate backup system and disaster contingency plan?

(e) Other Areas.

Additional areas can be covered in private meetings with internal auditors as appropriate:

- Are you satisfied with the adequacy and competence of financial management in the areas subject to audit review?
- Does the internal audit function receive the appropriate level of support from senior management and operating management?
- Are you satisfied with the level of cooperation and support from the external auditors?
- Are the internal and external audit functions coordinated to maximize the effectiveness of both groups and to minimize any unnecessary duplication of effort?
- Have there been any material changes in the internal audit staff that would adversely impact your ability to complete your objective for the current period?
- To what extent, if any, have you been assigned special projects that have adversely impacted your ability to achieve your goals?
- Are you satisfied that the "tone at the top" is appropriate?
- Has the company taken the appropriate action with respect to management comments submitted by the external auditors?

(f) Further Questions.

Additional internal auditing questions can be addressed privately to financial personnel, senior management, or the external auditor, as appropriate:

- Are you satisfied with respect to the level of performance of the internal audit function?
- Do the internal auditors perform their duties and responsibilities objectively and professionally?
- Do they perform their audits effectively?
- Are they considered constructive and effective by operating management?
- Do they receive the appropriate level of management support and cooperation?
- Does an appropriate degree of mutual respect exist between the internal and external auditors?
- Is there an effective working relationship between the internal and external auditors to maximize effectiveness and minimize cost?



**APPENDIX 2B: GUIDELINE FOR THE EVALUATION OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION, OF THE INTERNAL CONTROLS, OF THE RISK MANAGEMENT SYSTEMS AND OF THE SYSTEMS FOR GUARANTEED COMPLIANCE**

- (a) Retrieve documents, reports and other relevant information on the internal audit process, the internal controls, the risk management systems and the systems for guaranteed compliance;
- (b) Assess together with the person in charge of the internal auditor(s) and the managers in charge of the internal controls their responsibility for problems, defects or errors in the internal audit and the internal controls;
- (c) Discuss with the Executive Management responsible for the risk management systems in order to obtain additional information and clarification, and record their responsibility for problems, defects or errors in the risk management systems;
- (d) Discuss with the compliance officer (i) the Rules for prevention of market abuse, (ii) the flaws in the Rules, (iii) possible violations of the Rules;
- (e) Obtain reports from the Board, the head of the Internal Audit function of the Company and the External auditor confirming that the Company and its Subsidiaries comply with the applicable legislation and regulations and with the Company's terms of reference;
- (f) Discuss with the Board and the External auditor any correspondence with legislative and government institutions as well as published reports mentioning significant matters relating to the financial notices of the Company or its accounting policy;
- (g) Discuss with the relevant members of the legal department of the Company any legal matters which may have a significant influence on the financial notices of the Company with regard to compliance with legislation and regulations;
- (h) Discuss with the Board the results of the investigation of the effectiveness of the internal audit function, of the internal controls, of the risk management systems and of the systems for guaranteed compliance, and suggest improvements to the Board;
- (i) Provide advice to the Audit Committee about the policy and procedures of the Company for compliance with the applicable legislation and regulations.
- (j) It should be noted that any specific responsible manager can request an audit, and if done so voluntarily then the report of said audit shall only be sent to the requesting manager.

If an unannounced audit takes place, the audit report shall be sent to the audited manager/department, the supervising manager and the responsible manager of the Internal Audit department.



### **APPENDIX 3: GUIDELINE FOR THE MONITORING OF THE RELATIONSHIPS BETWEEN THE COMPANY AND THE EXTERNAL AUDITOR AND OF THE EXTERNAL AUDITOR'S INDEPENDENCE**

- (a) Review and evaluate once a year the External Auditor and the main partner in the audit team of the External Auditor;
- (b) Obtain and review a report of the External Auditor (once a year) relating to
  - the internal quality control procedures applied by the External Auditor
  - significant matters pointed out following the last review of the internal quality control procedures carried out by the office of the External Auditor or as a result of a comparison with other auditors or following an investigation carried out by the government or any professional association during the past few months on account of one or several audits performed by the office
  - the corrective actions that have been taken
  - all relationships between the External Auditor and the Company;
- (c) Assess the qualifications, the operation and the independence of the External Auditor, evaluate whether the External Auditor's quality controls are adequate and whether the provision of permissible non-audit services is compatible with the guarantees concerning the independence of the External Auditor, taking into account the viewpoint of the Board and the internal audit function;
- (d) Review and annually discuss the internal guidelines and the independence (as laid down in the laws or regulations and in the policy of the Company with regard to the independence of the External Auditor) of the control process with the External Auditor, the internal audit function and the Board;
- (e) Discuss in advance with the External Auditor the planning and scope of and the employees to be entrusted with the audit;
- (f) Conform to BFIC rules and regulations and the listing standards of any exchange or market on which the company's stock is traded regarding clear hiring policies for employees or former employees of the independent External Auditor.



#### **APPENDIX 4: POLICY FOR THE PROVISION OF NON-AUDIT SERVICES BY THE EXTERNAL AUDITOR**

The rule “1: 1” meaning that non audit fees may not exceed the annual statutory audit fee, shall always apply except by explicit and previous approval by the Audit Committee

The Audit Committee must determine the appropriateness of a service rendered by the external auditor with respect to non-audit services, by using following guidance:

- (a) Has the service been performed principally for the Audit Committee
- (b) What are the effects of the service, if any, on audit effectiveness or on the quality and timeliness of the Company’s financial reporting process?
- (c) Should the service be performed by specialists (e.g. technology specialists) who ordinarily also provide recurring audit support?
- (d) Should the service be performed by audit personnel, and if so, will it enhance their knowledge of the Company’s business and operations?
- (e) Is the role of those performing the service inconsistent with the auditors’ role (e.g. a role where neutrality, impartiality and auditor skepticism are likely to be subverted)?
- (f) Is the audit firm personnel assuming a management role or creating a mutual or conflicting interest with management?
- (g) Are the auditors, in effect, “auditing their own numbers”?
- (h) Must the project be started and completed very quickly?
- (i) Does the audit firm have unique expertise in the service?
- (j) What is the size of the fees for the non-audit services?
- (k) Is there a written proposal for non-audit services prior to supplying these services?



**APPENDIX 5: ASSESSMENT TOOL AND PERFORMANCE EVALUATION OF THE AUDIT COMMITTEE**

<b>Composition and Quality</b>
The members of the Audit Committee have the appropriate predefined qualifications to meet the objectives of the Audit Committee’s charter, including appropriate financial literacy
The members of the Audit Committee have differing perspectives due to a diversity of experience and backgrounds
The level of independence of the Audit Committee is acceptable
The Audit Committee ensures compliance with corporate governance regulations and guidelines
<b>Understanding the business, including risks</b>
The Audit Committee considers the pressure on management that may impact the quality of financial reporting (e.g. earning targets, compensation plans, performance measures)
<b>Process and Procedures</b>
The Audit Committee dedicates appropriate time and resources to execute its responsibilities
The Audit Committee encourages input on the meeting agenda from management, the internal auditor, the external auditor and the Board of Directors
The agenda and related information are circulated in advance of meetings, to allow members sufficient time to study and understand the information
The Audit Committee has private executive sessions with Management, internal audit and external audit
If a whistleblower hotline exists, the Audit Committee reviews the log of incoming calls
<b>Communications and information</b>
The level of openness between members of the Audit Committee and other board members is acceptable
The level of openness between the Audit Committee and relevant parties (management, internal audit and external audit) is acceptable
For matters that require specialized expertise, the Audit Committee engages external parties as appropriate
<b>Oversight of the financial reporting process, including internal controls</b>
The Audit Committee considers the transparency of related-party transactions and disclosures
The Audit Committee oversees the organization’s external financial reporting and internal control over financial reporting
The Audit Committee reviews the management recommendation letters written by auditors (external and internal) to ensure that all significant matters raised are addressed



The Audit Committee takes action to ensure resolutions when there are instances of repeat comments from auditors and others about internal controls

The Audit Committee is consulted when management is seeking a second opinion on an accounting or auditing matter

#### **Oversight of Audit functions**

The Audit Committee regularly reviews the internal audit function (e.g. the charter, audit plan, budget, compliance, and staff quality and continuity)

The Audit Committee oversees the role of the external auditors from selection to termination (e.g. appointment, oversight, evaluation, retention and approval of services)

The Audit Committee considers the scope of non-audit services provided by the external auditor in determining the external auditor's independence





## 3 TERMS OF REFERENCE OF THE NOMINATIONS & REMUNERATION COMMITTEE

### 3.1 Composition

- The members of the Nominations & Remuneration Committee are appointed and may at any time be dismissed by the Board.
- The Nominations & Remuneration Committee must be composed of at least three directors.
- All members of the Nominations & Remuneration Committee must be non-executive Directors and a majority must be independent Directors.
- The Nominations & Remuneration Committee must be chaired by the Chairman of the Board or by another non-executive Director. The Chairman of the Board may not chair the Nomination Committee when dealing with the designation of his or her successor.
- The duration of the mandate of a member of the Nominations & Remuneration Committee may not exceed the duration of his or her mandate as a Director.
- The Secretary of the Company acts as secretary of the Nominations & Remuneration Committee. The Secretary of the Company may delegate his or her duties resulting from these terms of reference, or parts thereof, to a substitute appointed by him or her in consultation with the Chairman of the Nominations & Remuneration Committee.

### 3.2 Powers

#### 3.2.1 Role of the Nominations & Remuneration Committee

The Nominations & Remuneration Committee is responsible for:

- The selection of suitable candidates for Nominations to the Board and may make recommendations to the Board with regard to the Nominations of Directors and the members of the Executive Management.
- The remuneration of Board members and members of the Executive Management.

#### 3.2.2 Duties of the Nominations & Remuneration Committee

The Nominations & Remuneration Committee must ensure that the nominations and re-election process of the members of the Board and of the Executive Management is organized objectively and professionally. In particular, it has the following duties:

- (a) Drafting nominations procedures for Board members;
- (b) Drafting the selection criteria for the nominations of the Board members;
- (c) Selecting and nominating, for approval by the Board, candidates for any vacancies;
- (d) Making proposals for reappointments;
- (e) Periodically assessing the size and composition of the Board and, if applicable making recommendations with regard to any changes;
- (f) Analysing the aspects relating to the succession of directors;
- (g) Drafting selection criteria and nominations procedures for the members of the Executive Management;
- (h) Advising on proposals (e.g. of the management or of the shareholders) for nominations and removal of Directors and of members of the Executive Management;
- (i) Other duties if appropriate and as assigned by the Board of Directors

#### 3.2.3 The Nominations & Remuneration Committee has the following duties related to remuneration:

- (a) Making and evaluating proposals to the Board on the remuneration policy for non-executive and executive directors as well as the proposals to be submitted to the shareholders;



- (b) Making and evaluating proposals to the Board on the remuneration policy for the Executive Management, at least with regard to
- the main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
  - the key elements of the remuneration, including:
    - the relative importance of each component of the remuneration;
    - the performance criteria applicable to the variable elements;
    - the fringe benefits.
- (c) Making recommendations on the individual remuneration of Directors and of the members of the Executive Management, including, depending on the situation, on bonuses and long-term incentives – whether or not stock-related – in the form of stock options or other financial instruments; and
- (d) At least once a year, discussing with the CEO/Managing Director or General Manager the operation and performance of the Executive Management. The CEO/Managing Director or General Manager should not be present at the discussion of his or her own evaluation;
- (e) Other duties if appropriate and as assigned by the Board of Directors

### **3.2.4 When performing its duties relating to the composition of the Board, the Committee must take into account the criteria for the composition of the Board, as stated in article 1 of the terms of reference of the Board (Chapter I).**

## **3.3 Remuneration policy**

### **3.3.1 When making proposals on the remuneration of non-executive Directors, the Nominations & Remuneration Committee must observe the following principles:**

- The remuneration takes into account the responsibilities and time commitment of the directors;
- The directors receive a fixed remuneration, which excludes performance-related remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits or benefits related to pension schemes and a variable remuneration related to individual participation in board committees <sup>1</sup>;
- The Company and its subsidiaries do not grant personal loans, guarantees and the like to members of the Board or of the Executive Management;
- Board members will receive compensation for all reasonable expenses incurred with the permission of the Chairman of the Board.

### **3.3.2 When making proposals on the remuneration of executive Directors, the Nominations & Remuneration Committee must observe the following principles:**

- The level and structure of the remuneration of the executive Director(s) and/or General Manager should be such that qualified and expert professionals can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities;

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<sup>1</sup> Currently, the fixed remuneration is a lump sum of 20,000 EUR per year and the variable remuneration is a lump sum of 15,000 EUR respectively 7,500 EUR per year for chairman respectively members of board committees.



- An appropriate proportion of the remuneration package of the executive Director(s) and/or General Manager should be linked to corporate and individual performance, thereby aligning the interests of the executive Director(s) and/or General Manager with the interests of the Company and its shareholders;
- If an executive director or General Manager is eligible for a bonus, its grant should be subject to relevant and objective performance criteria designed to enhance corporate value;
- As a rule, shares or other forms of deferred remuneration will not be regarded as acquired and options may not be exercised within less than three years after their allocation; commitments of the Company in the event of early termination are considered carefully so as to avoid rewarding poor performance.

### **3.3.3 When making proposals on the remuneration of members of the Executive Management, the Nominations & Remuneration Committee must observe the following principles:**

- The level and structure of the remuneration of the Executive Management should be such that qualified and expert professionals can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities;
- An appropriate proportion of the remuneration package of the members of the Executive Management should be linked to corporate and individual performance, thereby aligning the interests of the Executive Management with the interests of the Company and its shareholders;
- If members of the Executive Management are eligible for a bonus, its grant should be subject to relevant and objective performance criteria designed to enhance corporate value;
- As a rule, shares or other forms of deferred remuneration should not be regarded as acquired and options should not be exercised within less than three years after their allocation; commitments of the Company in the event of early termination are considered carefully so as to avoid rewarding poor performance.

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

### **3.3.5 The current remuneration policy, as set by the Nominations & Remuneration Committee and approved by the Board, is attached to this document as appendix 3.**

## **3.4 Operation**

### **3.4.1 Meetings**

- (a) The Nominations & Remuneration Committee meets whenever a meeting is required for its proper operation, but at least two times a year. The dates of the meetings are to be fixed in advance each year.
- (b) In principle, meetings of the Nominations & Remuneration Committee are convened by the Secretary of the Nominations & Remuneration Committee in consultation with the Chairman of the Nominations & Remuneration Committee. Each member of the Nominations & Remuneration Committee may convene a meeting of the Nominations & Remuneration Committee.

Except where urgent issues arise (to be determined at the discretion of the chairman of the Nominations & Remuneration Committee), the agenda of the meeting will be sent to all Nominations & Remuneration Committee members at least 3 calendar days prior to the meeting. Every agenda item must be accompanied by as much written information as possible and relevant documents must be appended.

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



- (c) The quorum is three members, attending the meeting in person or by telephone conference.
- (d) Decisions must be taken by a majority of the votes cast by the members of the Committee. In the case of an equality of votes, the Chairman of the Committee has a casting vote.

The Chairman of the Board has a permanent invitation to attend the meetings of the Nominations & Remuneration Committee, if he or she is not a member. However, the Chairman of the Board may not attend the meetings of the Nominations & Remuneration Committee at which his or her own remuneration or succession is discussed.

The Nominations & Remuneration Committee may invite other persons to attend its meetings. The CEO/Managing Director or General Manager participates in the meetings of the Nominations & Remuneration Committee when it deals with the remuneration of the members of the Executive Management.

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

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

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

- (f) The Nominations & Remuneration Committee may seek external professional advice, at the company's expense, about issues that fall within its powers, after informing the Chairman of the Board.

### 3.4.2 Reporting to the Board

- (a) The Secretary of the Nominations & Remuneration Committee or any other person designated by the chairman of the meeting must draw up a report of the findings and recommendations of the meeting of the Nominations & Remuneration Committee. He or she must provide all members of the Board with the report as soon as possible after the meeting.
- (b) The Nominations & Remuneration Committee must promptly and clearly inform the Board of all developments in areas that fall within the scope of its responsibilities.
- (c) If requested, the Chairman of the Nominations & Remuneration Committee must provide more detailed information on the results of the discussions of the Nominations & Remuneration Committee during the meetings of the Board.
- (d) The Chairman of the Nominations & Remuneration Committee and other members of the Nominations & Remuneration Committee should be available to answer questions about the annual remuneration report to the annual general shareholders meeting.
- (e) The Nominations & Remuneration Committee must exercise the utmost discretion when drawing up documents about its deliberations and recommendations.
- (f) Each member of the Board must be given unlimited access to all data of the Nominations & Remuneration Committee.

The Nominations & Remuneration Committee is responsible for a periodic evaluation of its own effectiveness with a view to ensuring continuous improvement in the governance of the Company.

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



1. Assessing the operation of the Nominations & Remuneration Committee;
2. Checking that the important issues are thoroughly prepared and discussed;
3. Evaluating the actual contribution of each member to the work of the Committee, his or her attendance at the Committee meetings and his or her constructive involvement in discussions and decision-making;
4. Checking the Committee's current composition against the desired composition.

### 3.5 Miscellaneous

- The Nominations & Remuneration Committee charter will be posted on the Company website.
- The Nominations & Remuneration Committee must annually check and reviews the adequacy of these terms of reference, report the results of this review to the Board and may recommend any necessary changes.
- The Board may modify these terms of reference at all times and may revoke the powers granted to the Nominations & Remuneration Committee.
- These terms of reference as well as the composition of the Nominations & Remuneration Committee must be posted on the web site of the Company (<http://www.realdolmen.com/en/about/organization>).
- The Company shall organize an ethics hotline at Group level, as explained in full detail in section 7 of the Board of Directors Charter.



## Appendices

### **APPENDIX 1 : PROCEDURE FOR THE NOMINATIONS AND RENOMINATIONS OF BOARD MEMBERS**

- (a) The Chairman of the Board or another non-executive Director leads the nomination process.
- (b) For any new Nominations to the Board, the Nominations & Remuneration Committee first evaluates the skills, knowledge and experience already present and those needed on the Board.

In the light of that evaluation, the Nominations & Remuneration Committee prepares a profile that describes the role and the skills, experience and knowledge required.

- (c) The Nominations & Remuneration Committee seeks suitable candidates and checks whether the candidates have the required profile to hold the office of Director.
- (d) New candidates are interviewed by the Nominations & Remuneration Committee.
- (e) The candidates are made aware of the extent of the non-executive Directors' duties at the time of their application, in particular regarding the time commitment involved in carrying out those duties. Non-executive Directors must not hold more than five directorships in listed companies.

The non-executive directors must confirm they have sufficient time available to meet what is expected of them, taking into account the number and importance of their other commitments.

Any changes in other relevant commitments and any new commitments outside the Company must be promptly reported to the Chairman of the Board.

- (f) Subsequently, the Nominations & Remuneration Committee recommends the suitable candidates to the Board. The Chairman of the Board must ensure that the Board has sufficient information about the candidate, such as the candidate's résumé, the assessment by the Nominations & Remuneration Committee based on an initial interview with the candidate, a list of the positions already held by the candidate and any other information necessary for assessing the candidate's independence.

After first informing the Chairman of the Board, the Nominations & Remuneration Committee is entitled to seek external professional advice, at the company's expense, about issues that fall within its powers.

- (g) Prior to the nominations by the general meeting, the Board must notify the Works Council of the nominations of the candidates as independent Directors.
- (h) After having been informed of the recommendations, the Board must make a proposal to the general meeting to appoint or reappoint the selected directors. Proposals for nominations must be made at least 24 days before the general meeting.

The proposal of nominations by the general meeting must be accompanied by relevant information on the candidate's professional qualifications, together with a list of the positions the candidate already holds. The Board must indicate whether a candidate meets the independence criteria and must also state the proposed term of the mandate which will be maximum four years.

- (i) The annual report of the Board must contain concise information about the professional qualifications of newly appointed Directors.



## **APPENDIX 2 : SELECTION CRITERIA**

The Nomination and Remuneration Committee recruits and evaluates candidates for Board of Directors membership based on a set of selection criteria established by the Committee. The Committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole.

Among other considerations, the Committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. Any newly appointed director participates in an orientation program to familiarize himself or herself with RealDolmen's organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area.

Moreover, the orientation program's focus is aligned with any potential Committee memberships of the person concerned.

Additionally Board members are encouraged to engage in continuous training. From time to time, the Board or a Committee of the Board may ask a specialist within the Group to speak about a specific topic at one of its meetings to improve the Board members' understanding of emerging issues that already are or may become of particular importance to the Group's business.

The Committee will recommend candidates for election as a Director of the Company only if they have the following qualifications, which have been recommended by the Nomination and Remuneration Committee to, and approved by, the Board:

- Financial Literacy. Such person should be "financially literate" as such qualification is interpreted by the Board of Directors in its business judgment.
- Leadership Experience. Such person should possess significant leadership experience, such as experience in business, finance/accounting, marketing and sales, software development, human resources, law, education or government, and shall possess qualities reflecting a proven record of accomplishment and ability to work with others.
- Commitment to the Company's Values. Such person shall be committed to promoting the financial success of the Company and preserving and enhancing the Company's reputation as a leader in International business and in agreement with the values of the Company as embodied in its Codes of Conduct.
- Absence of Conflicting Commitments. Such person should not have commitments that would conflict with the time commitments of a Director of the Company.
- Reputation and Integrity. Such person shall be of high repute and recognized integrity and not have been convicted in a criminal proceeding or be named a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses). Such person shall not have been found in a civil proceeding to have violated any securities or commodities law, and shall not be subject to any court or regulatory order or decree limiting his or her business activity, including in connection with the purchase or sale of any security or commodity.
- Other Factors. Such person shall have other characteristics considered appropriate for membership on the Board of Directors, including sound business judgment, significant experience and accomplishments, and educational background.





## **APPENDIX 3 : REMUNERATION POLICY FOR MEMBERS OF THE EXECUTIVE MANAGEMENT**

### **Introduction**

- (a) The Company has established a Global Remuneration Policy for the members of its Executive Management ('top executives') based on a Towers Watson study dated May 2015 that was presented to the Nominations & Remuneration Committee.
- (b) The purpose of the Global Remuneration Policy is:
- To be competitive in relation to the market;
  - To use variable remuneration according to the performance of the Company and of the personal contribution of the executive;
  - To develop consistent compensation practices that support the Company's objectives and values;
  - To attract, motivate and retain the targeted skills and talents;
  - To focus the executives on target achievement and performance quality.

### **Elements of remuneration**

- (c) Expected leadership competencies for top executives: vision, customer focus, communication effectiveness, empowerment, cooperation, entrepreneurial spirit, sense of achievement and loyalty.
- (d) The senior management remuneration package has following components:
- Standard elements:
    - i. fixed salary: annual base salary ("BS");
    - ii. variable pay for a 1 fiscal year performance cycle: short term incentive or target bonus ("TB").
  - Other elements:
    - i. competitive benefits (retirement, life, disability & medical insurance);
    - ii. company car;
    - iii. representation allowances and other perquisites.
- (e) The grant and payment of elements of the total direct compensation shall take place at the sole Committee's discretion.
- (f) The HRM-function is responsible for proposing policies that are both fair and balanced, by carrying out coordinated benchmark studies and surveys in order to position the global compensation in relation to the external market and internal fairness.
- (g) In order to carry out the Management By Objectives ("MBO") process with more precision and formality, the HRM-function will, in particular, provide bonus target setting policies to achieve more coherence in the process' implementation, based on openness, fairness and specific workable procedures.

There is currently no long term incentive plan ("LTI") underlining the sense of belonging and/or rewards achievements beyond a 1 year period, e.g. consisting of an employee stock option plan ("ESOP") or something alike (FOOTNOTE: Warrant plan 2008 is still applicable cf. Financial Note 29 of the Annual Report)

### **Guidelines**

- (h) The top executives' total direct compensation (TDC) is the sum of:
- Base Salary
  - Target Bonus
  - When applicable, the Long Term Incentive.
- (i) The short term incentive plan (Bonus Plan) is based on 2 pillars, i.e. the level of achievement of quantitative and of qualitative objectives. Therefore, in order to qualify for a Target Bonus, the executive must meet both:
- Quantitative objectives (key financial metrics):  
Financial target: the achievement of financial metrics such as revenue and EBIT of the Company shall be taken into account.
  - Qualitative objectives (MBO's):  
The achievement of assigned targets (goal, achievement, dates).





- (j) The CEO/Managing Director or General Manager shall set out a focused rating procedure (rating weight and rating criteria) for the MBO's together with the concerned top executive.
- (k) To reach a high-quality assessment system, optimum management of resources and on-going improvement in performance, two types of annual reviews will be conducted and formalized :
  - The performance appraisal
    - assess the previous year's performance
    - set the targets for following year
  - The career development review, assesses with the top executive
    - how career is progressing
    - their competencies
    - their aspirations in terms of development
    - their training and personal development needs
- (l) The evaluation of the MBO's of each top executive shall take place on an annual basis, at the end of each fiscal year.
- (m) Any consideration for financial and MBO bonus payment when a member of the Executive Management has resigned and left the Company before the end of the fiscal year, will be at the sole discretion of the Board of Directors, upon recommendation of the Nominations & Remuneration Committee.



## 4 RULES FOR THE PREVENTION OF MARKET ABUSE

### 4.1 Policy statement

The internal market abuse prevention policy of the Company is laid down in these terms of reference.

The Board of the Company has established the following Rules to prevent the illegal use of insider information by Board members, shareholders, management members and employees or the appearance of such use.

These prohibitive provisions and the supervision of compliance with these provisions are in the first place intended to protect the market. Insider dealing affects the very essence of the market. If insiders are given the opportunity to realize profits on the basis of inside information (or even if the mere impression of this is created), investors will turn their back on the market. A decreased interest may affect the liquidity of listed shares and prevents optimal company financing.

To ensure that the legal provisions are respected and to uphold the reputation of the Company, it is therefore advisable to take a number of preventive measures in the form of a Code of Conduct. However, compliance with the Rules included in this Code of Conduct does not exempt the insider in question from his or her individual liability.

The Rules apply to all Insiders. Insiders providing services on behalf of the Company for the first time are required to abide by these Rules and are bound by them.

### 4.2 Basic Principles of Insider Dealing Offences

An Insider can be given access to inside information within the scope of the normal performance of his or her duties. The Insider has the important obligation to treat this information confidentially and is not allowed to trade.

Financial Instruments of the Company to which this inside information relates.

### 4.3 Definitions

For the purpose of the implementation of these Rules the term "Insider" covers: any member of a managing, directing, executive or supervisory body of the Company, anyone who has access to information as a result of his or her employment, profession or duties or as a result of a participation in the capital of the company, should reasonably be aware of the fact that the information in question represents inside information and is subject to the Rules, and who has signed these Rules. In this case the law uses the term "Primary Insiders".

#### 4.3.1 What is "Inside information"?

Information is considered "inside information" when the following four conditions are met:

- (a) The information has to be accurate. Vague and inaccurate rumors consequently can never be considered insider information. However, it is important to know that the information does not necessarily have to refer to events or facts that have already occurred or will definitely occur. Information about events or facts that are likely or even only possible to occur can be sufficiently accurate.
- (b) The information has to relate to the Company or the Company's securities directly or indirectly. This information can refer to the Company results, an approaching merger, dividend increases or decreases, issues of financial instruments, the signing of contracts, management changes, technological innovations, strategic changes and so on.
- (c) The information has not yet been disclosed. In other words, the information has not been made available generally to the investing public.
- (d) It should be noted that the Circulaire FMI/2003-02 of the FSMA as updated in September 2005 and by the Royal Decree of 14 November 2007 requires the Company to immediately disclose all fore-knowledge ("voorkennis") of information that is precise (i.e. relating to an existing or probable situation or event and specifically enough to allow for conclusions with regard to its possible impact on the stock price) and that, if



disclosed, could have a major influence on the price of the securities of the Company (which is deemed to be the case if a reasonable investor is likely to base - partly or entirely – his decision regarding the Company's stock on that information). Whether the price was actually influenced when the information was later disclosed is irrelevant.

The Information is regarded as losing its insider character only when it has actually been disclosed.

### 4.3.2 Which actions are prohibited?

The following actions are prohibited:

- (a) Prohibition against trading: Directly or indirectly acquiring and alienating securities of the Company for one's own account or for the account of a third party or ordering these securities to be acquired and alienated. This prohibition relates to both market and other actions.
- (b) Prohibition against communication: Communicating insider information to third parties unless within the normal scope of one's work, profession or function. The Insider who has insider information is consequently bound to silence. He or she can only break silence within the normal scope of his or her work, profession or function.
- (c) Prohibition against tipping off: Recommending a third party to acquire or alienate securities of the Company or to have securities acquired or alienated by a third party on the basis of insider information.

The three actions mentioned above are also prohibited for secondary insiders: anyone who is not an Insider and knowingly holds information which he or she knows or should know is inside information directly or indirectly coming from an Insider. Examples are the partner and children of the Insider.

In order for there to be insider dealing covered by the prohibition, a causal connection has to be demonstrated between the holding of insider information and the performance of the actions mentioned above. In other words, if the knowledge of insider information did not induce one of these actions the prohibition does not apply. The Inside information actually has to have been used for stock trading.

It is important to note that the actions above are not prohibited not only in Belgium but abroad as well.

### 4.3.3 Criminal penalties

In the case of violation of these provisions, the offender may be sentenced to prison for a period of three months to one year and can be fined € 50 to € 10,000. In addition, the offender may be ordered to pay a sum that equals a maximum of three times the amount of the profit directly or indirectly realized on the illegal transaction. This sum is collected as a fine. For the purposes of determining liability and punishment, it is irrelevant whether or not the Insider realized any profit from the illegal transaction and the amount of that profit.

The above-mentioned trading, communicating and tipping off are not the only punishable acts; any attempt to trade financial information on the basis of Inside information is also punishable.

## 4.4 Code of Conduct

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

### 4.4.1 Compliance with the Law

As a result of his or her work, profession or duties each Insider has access to information he or she knows or should reasonably know to be Inside information. Pursuant to the relevant legal provisions it is forbidden:

- (a) to use this Inside information by acquiring or alienating the securities to which this Inside information relates or similar securities or by attempting to acquire and alienate such securities for one's own account or for the account of third parties;
- (b) to disclose the Inside information to third parties, unless within the normal scope of one's work, profession or duties;
- (c) to recommend a third party to acquire or alienate the securities to which this inside information relates or similar securities or to have such securities acquired or alienated by other persons on the basis of the Inside information.

The provisions above do not affect the duty to report as mentioned in 4.4.



## 4.4.2 Compliance officer

The Board has appointed a compliance officer, (the "Compliance Officer") pursuant to the procedure established for that purpose by the Company. The duties of this Compliance Officer include the supervision of Insiders' compliance with the Rules. The Compliance Officer must also ensure that every new Board member, manager and employee of the Company or of its subsidiaries signs or has signed these Rules.

## 4.4.3 Prohibition periods

Insiders are not authorized to realize transactions relating to the Company's securities during a "closed period" or during any other period (a "prohibited period") that can be considered sensitive and is indicated to be such by the Board.

During the following closed periods no stock-related transactions may be carried out by the Insider:

- the period of two months immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the time of publication; and
- the period of one month immediately preceding the publication of the half-yearly or quarterly results of the Company or, if shorter, the period from the end of the relevant semester or quarter up to the time of publication.

## 4.4.4 Preventive measures

### (a) Limitations on speculative trading

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

- Successively acquiring and alienating market stock within a period of less than 6 months, with the exception of the sale of shares acquired by execution of warrants or share options; and
- Acquiring and alienating sale and purchase options ("puts" and "calls").

### (b) Guidelines to maintain the confidential character of insider information

Below a number of guidelines are given that must be respected by each Insider with a view to maintaining the confidential character of insider information:

- Refuse to comment on behalf of the Company on external research (e.g. by analysts, agents, the press) and immediately refer any such invitations to comment to the Compliance Officer;
- Use code names for delicate projects;
- Use passwords on the computer system so as to limit access to the documents in which insider information can be found;
- Limit access to the rooms where insider information can be found or where insider information is discussed;
- Store insider information safely;
- Do not discuss confidential information in public areas (e.g. lifts, hall, restaurant);
- Mark sensitive documents with the word "Confidential" and use sealed envelopes marked "Confidential";
- Make as few copies of sensitive documents as possible;
- If appropriate, require people who consult confidential information to sign a register;
- Draw up and regularly update a list of persons with access to confidential information and limit access to very sensitive information to the persons who have to be aware of this information on a need-to-know basis;
- Never leave insider information without supervision;
- Always point out the confidential character of the information and the fact that the confidentiality has to be respected to employees who come in contact with insider information;
- Always check the fax number when faxing insider information and verify that someone with access to this information is present to receive this information;
- Avoid sending insider information by e-mail as much as possible; if impossible, limit the number of addressees and indicate that the e-mail contains confidential information.

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



## 4.4.5 Notification of market transactions (intention and effective trade)

(a) Notification of the intention to trade

Each Insider wishing to acquire or alienate securities of the Company must notify the Compliance Officer in writing no later than [three] market days before the actual transaction. The Insider must mention in the notification that he or she does not have any Inside information.

(b) Advice of the Compliance Officer

In reply to the notification by the Insider, the Compliance Officer may give a negative advice in relation to the intended transaction. In that case the Insider must regard this advice as an express rejection of the transaction by the Company. If the Compliance Officer does not give a negative advice, this does not affect the application of the legal provisions mentioned above. If the Compliance Officer does not reply to the notification of the transaction, this does not mean that the Compliance Officer approves the transaction.

(c) Notification of the actual transaction

If the transaction takes place, the Insider must inform the Compliance Officer no later than the first working day after the transaction with an indication of the number of securities traded and the price at which the securities were traded.

## 4.4.6 Publication of trade

Each transaction involving securities of the Company communicated to the Compliance Officer pursuant to article 4.5 above (or of which the Compliance Officer otherwise became aware) will be published on the Company web site [at the end of the month in question] with an indication of the nature of the transaction (acquisition/alienation), the number of securities, the price and the capacity of the Insider (board member, management, option holder etc). The name of the Insider will not be mentioned.

Transactions that can be reasonably expected to have an influence on the price of the Company shares must be published immediately pursuant to the rules on occasional information distribution.

The annual report of the Board must contain an overview of all transactions with securities of the Company that were communicated to the Compliance Officer pursuant to article 4.5. of these Rules or of which the Compliance Officer otherwise became aware.

## 4.4.7 Control of the finances by third parties

If an Insider asks a third party to control his or her finances, the Insider must impose the obligation on this third party to respect the same stock trading limitations that apply to the Insider for transactions involving securities of the Company. The above provision does not apply if the third party is responsible for discretionary control on the basis of a written agreement and the Insider does not exert any influence on the policy followed by the third party.

## 4.4.8 Duty to report with regard to major participating interests

The Insiders undertake to comply with article 14 of the articles of association of the Company: whenever a direct or indirect participation in the company of at least 3% is reached (and when the next threshold of 5% or a multiple of 5% is reached), such participation should be duly disclosed to the Chairman of the Board of Directors and the Belgian Banking and Finance Commission.

## 4.4.9 Duration

Insiders are bound by these Rules up to six months after the end of their relationship with the Company.

## 4.4.10 Publication and changes

The rules for the prevention of market abuse will be posted on the Company website ([www.realdolmen.com/investors](http://www.realdolmen.com/investors)).

The Board reserves the right to change the Rules. The Company will inform the Insiders about any changes and will provide copies of the revised regulations.

## 4.4.11 Privacy

The information provided by the Insider pursuant to these Rules will be processed by the Chairman of the Board pursuant to the law of 8 December 1992 on the protection of personal data, as amended by the law of 11 December 1998 ("data protection law") with a view to the prevention of insider dealing. On the basis of the data protection law, every Insider has access to his or her personal data and has the right to correct possible errors.



## Appendix

### APPENDIX 1: ARTICLES 2, 1° AND 14°, 25 AND 40 OF THE LAW OF 2 AUGUSTUS 2002 ON THE SUPERVISION OF THE FINANCIAL SECTOR AND ON FINANCIAL SERVICES

#### BELGIAN OFFICIAL GAZETTE 4 SEPTEMBER 2002

Art. 2. For the application of this law the following definitions apply: (NOTE: CBFA is now **FSMA**)

1° "financial instrument": every value or right that falls in one of the following categories:

- (a) Stock and shares and other with shares assimilated values;
- (b) Bonds and other evidence of indebtedness which can be offered for sale or purchase on the financial market;
- (c) All other usually offered values as meant in a) or b) which can be acquired via subscription or exchange or which can be negotiated in cash, except for payment systems;
- (d) Certificates of participation in institutions for collective investments;
- (e) Instruments which are usually negotiated on the money market;
- (f) Financial futures, included similar instruments which are negotiated in cash;
- (g) "forward rate agreements";
- (h) Interest and currency swaps and swaps concerning cash flows linked to stocks or to stock indexes ("equity swaps");
- (i) Currency and interest options and other options for the acquisition or sale of any financial instrument as meant in a) to h), included similar instruments negotiated in cash;
- (j) Instruments derived from raw materials for the application of article 25, 32, 39 and 40 and other regulations the King can determine upon advice by the CBFA;
- (k) Other values or rights determined by the King upon advice by the CBFA;

(...)

14° "Prior Knowledge": any not disclosed information which is accurate and concerns directly or indirectly one or more issuers of financial instruments or, one or more financial instruments, and which, when disclosed, could substantially influence the rate of these financial instruments or related financial instruments, and, regarding instruments derived from raw materials "Prior Knowledge" should be understood to be every not disclosed information which is accurate and concerns directly or indirectly one or more of these derived instruments and that the users on these markets where these instruments are sold, expect to receive in accordance with normal practices on these markets;

For persons charged with the execution of orders concerning financial instruments, "Prior Knowledge" also concerns the information provided by the client and is related to the running orders of the client, and that is accurate and concerns directly or indirectly one or more issuers of financial instruments or, one or more financial instruments, and that, when disclosed, could substantially influence the rate of these financial instruments or related financial instruments

(...)

Art. 25.

§ 1. It is forbidden for anyone:

1° who has information available that he knows or should know that it concerns prior knowledge:

- (a) (...), for his own or another one's account, to acquire or try to acquire, sell or try to sell, directly or indirectly, the financial instruments or other related financial instruments this prior knowledge relates to;
- (b) to disclose prior knowledge to a person, unless it happens in the context of the normal activities of his employ, profession or function;
- (c) based on this prior knowledge to recommend someone else to acquire or try to acquire, sell or try to dispose, or to have others acquire or sell the financial instruments related to this prior knowledge or other related financial instruments;

2° to execute transactions or to place orders:

- (a) that give or can give false or misleading signals concerning the offer of, the demand of or the rate of one or more of these financial instruments;
- (b) where one or more persons on a basis of mutual agreements are keeping the rates of one or more financial instruments at an exceptional or artificial level, unless the person who has executed these transactions or has



placed these orders, makes it acceptable that his motives are legitimate and that the transactions or orders concerned correspond to normal practices on the relevant market, as authorized by the CBFA;

3° to execute transactions or to place orders using fictitious constructions or any kind of fraud or deception;

4° to spread information or rumors, using the media, the Internet or any other channel, which gives or can give false or misleading signals regarding financial instruments, where the person concerned knew or had to know that the information was false or misleading;

5° to perform other actions, determined by the King upon advice of the CBFA, that obstructs or disturbs the normal operation, the integrity and transparency of the market;

6° to participate in any agreement that could lead to perform actions as meant in 1° to 5°;

7° to incite one or more other persons to perform actions that, if he should perform them himself, would be forbidden under 1° to 5°.

§ 2. In the case of an organization or other legal entity the prohibitions stated in § 1 apply too for the persons who are involved in the decision to execute a transaction or to place an order for the account of the legal entity.

The in § 1, 1°, a), stated prohibitions apply not for transactions that are performed for the execution of an agreement for the acquisition or sale of financial instruments when this agreement comes to term and results from a contract concluded before the person concerned had the relevant prior knowledge.

The prohibitions stated in § 1 do not apply to transactions regarding the monetary policy, the exchange rates policy or the management of the public debts undertaken by a member state of the European Economic Area, by the European organization of central banks, by the NBB or any other national central bank of the other members of the European Economic Area, by the "Rentenfonds", by the "Amortisatiekas voor de Staatsschuld", by the communities, regions, the French Community Commission, provinces, villages, cities and agglomerations and federations of villages or by every person who acts for the account of one of these.

§ 3. The prohibitions stated in § 1 apply to the actions in the same section intended:

1° which concerns financial instruments which are allowed to be dealt on the Belgian regulated market or on any other market or alternative transaction system as intended in article 15 and determined by the King as advised by the CBFA, or for which the permission for exchanged on such a market or system has been requested, regardless of the actions concerned are performed in Belgium or abroad;

2° which concerns financial instruments which are allowed to be dealt on a foreign regulated market or on any other market or alternative transaction system established abroad and authorized by the King as advised by the CBFA, or for which the permission for dealing on such a market or system has been requested, as far as the transactions concerned are perfumed in Belgium, regardless of the actions concerned are performed in Belgium or abroad;

Art. 40.

§ 1. To the persons who possess prior knowledge:

1° due to their function as member of a managing, directing, executive or supervising body of emitter of the financial instrument concerned or of a legal body which has a close relationship with the emitter; or

2° due to their participation in the capital of the emitter; or

3° due to their access to the information during their activities, profession or function, and who know or should reasonably know that the information concerned constitutes prior knowledge, it is forbidden to make use of this prior knowledge, for his own or for another one's account, directly or indirectly, by acquiring or disposing, or trying to acquire or to dispose the financial instrument which is related to this prior knowledge, or related financial instruments.

The prohibition as stated in the first section applies also:

1° to every person who possess prior knowledge due to criminal activities;





2° in the case of a company or any other legal body, for persons who are involved in the decision for executing a transaction or placing an order for the account of the legal body concerned;

3° to investment institutions, institutions for investments in obligations and supervising bodies of institutions for investments in mutual funds, to the members of these bodies and their employees, who possess prior knowledge concerning financial instruments that are in the portfolio of the company or institution concerned.

§ 2. It is forbidden for the persons who fall under the in § 1 stated prohibition:

1° to disclose the prior knowledge to someone else, unless this happens in the context of the normal activities of his job, profession or function;

2° to recommend to someone else, based on prior knowledge, to acquire or dispose, or trying to acquire or to dispose the financial instrument which is related to this prior knowledge, or related financial instruments or to acquire or dispose these instruments by others.

§ 3. The prohibitions stated in §§ 1 and 2 apply for each and any person, except as mentioned in those paragraphs, who possesses information which he knows or should know of that it constitutes prior knowledge and comes directly or indirectly from a person indicated in § 1 or § 2.

§ 4. The prohibitions stated in §§ 1, 2 and 3 apply for the actions indicated in the same paragraphs:

1° concerning financial instruments that are allowed for dealing on a Belgian regulated market or on any other market or alternative transaction system as indicated in article 15 and determined by the King upon advice of the CBFA, or for which the authorization for dealing on such a market or system has been requested, regardless whether the actions concerned are performed in Belgium or abroad;

2° concerning financial instruments that are allowed for transactions on a foreign regulated market or on any other market or alternative transaction system established abroad and authorized by the King upon advice of the CBFA, or for which the authorization for dealing on such a market or system has been requested, as far as the transactions concerned are performed in Belgium, regardless whether the actions concerned are performed on the relevant market or abroad.

§ 5. The prohibitions stated in §§ 1, 2 and 3 do not apply to transactions regarding the monetary policy, the exchange rates policy or the management of the public debts undertaken by a member state of the European Economic Area, by the European organization of central banks, by the NBB or any other national central bank of the other members of the European Economic Area, by the "Rentenfonds", by the "Amortisatiekas voor de Staatsschuld", by the communities, regions, the French Community Commission, provinces, villages, cities and agglomerations and federations of villages or by every person who acts on account of the above.

§ 6. Are sentenced with a penalty of three months to one year in jail and with a penalty from 50 euro to 10,000 euro, every person who has offended against the regulations of §§ 1, 2 or 3.

The offender can also be sentenced to paying an amount that corresponds to, at most, three times the amount of the financial advantage that he has gained directly or indirectly through the offense. This amount will be collected as a monetary fine.

§ 7. The judicial authorities can claim all necessary and useful information and documents from the CBFA for the investigation or prosecution of any offense against §§ 1, 2 or 3. They can ask for advice from the CBFA at every stage of the procedure. This advice will be delivered within 45 days, except in case of an extension of this period at the request of the judicial authorities. The absence of this advice within this, possibly extended, period does not compromise the procedure's validity. A copy of the request for advice and a copy of the delivered advice are included in the procedural file.

§ 8. The CBFA collaborates with the other competent authorities of the European Economic Area, as indicated under article 8, § 1, from resolution 89/592/EEG of the Council of 13 November 1989 regarding the coordination of the regulations on insider transactions, in order to obtain the necessary cooperation for the execution of their activities. For that purpose the CBFA will provide to these authorities all required information, including information regarding activities which are forbidden by the law of the state of which the authority has submitted an application





according to article 5 and 6, second sentence, of the same resolution, even if these activities are not forbidden by Belgian law.

The CBFA can exchange confidential information with authorized authorities of other states and conclude an agreement on cooperation concerning the fight against misuse of prior knowledge in order to guarantee effectively the necessary cooperation for the execution of its assignment, on the condition that these authorities are bound to a similar trade secret as stated in article 74.

When the CBFA receives a request for information from foreign authorities as stated in the first or second section,

1° The relevant judicial authorities collect, at the request of the CBFA, all information and documents necessary for the preparation of their answer, and communicate the result to the CBFA, regarding the fact that information and documents related to legal procedures cannot be disclosed without the explicit authorization of the “Procureur-Generaal” or the “Auditeur-Generaal” (i.e. Attorney General);

2° The cell for financial information processing provides the CBFA, at its special motivated request, all necessary information and documents for the preparation of its answer, concerning the information which is provided to the cell by institutions and persons as stated in article 2 and 2bis of the law of 11 January 1993 for the prevention of the use of the financial system for money laundering, sub article 12 to 15, § 1, of the same law.

The CBFA can refuse to carry out a request for information when the disclosure can compromise the Belgian sovereignty, security or disturb the peace. The authorized “*Procureur-Generaal*” or “*Auditeur-Generaal*” of the Military Court and the CBFA can refuse to carry out a request for information when there are already ongoing legal proceedings for similar facts and against the same persons in Belgium or when they are already sentenced in Belgium for the same facts.

In line with the regulations the CBFA must follow in legal procedures of a criminal nature, the CBFA may only use the information it received from authorities as stated in the first and second section, for supervising the fulfillment of this article and for the purpose of administrative or legal proceedings. With the agreement of the authority that delivered the information, the CBFA may use this information for other purposes or provide to the authorized authorities of other countries.



# 5 BUSINESS ETHICS AND CONFLICT OF INTEREST POLICY

## 5.1 Policy statement

### 5.1.1 General

A company policy is a rule that has been officially sanctioned by the Board of Directors and that generally has Company-wide applicability.

This Conflict of Interest Policy is designed to maintain the standards of business conduct of the Company and ensure compliance with legal requirements, including Company Law, the Act of August 2, 2002 and BFIC rules promulgated hereunder.

The purpose of the Conflict of Interest Policy is to deter wrongdoing and promote ethical conduct. The matters covered in this Conflict of Interest Policy are of the utmost importance to the Company, our stockholders and our business partners, and are essential to our ability to conduct our business in accordance with our stated values.

In pursuit of the Company's mission, Directors and Officers may be involved in outside activities. In some circumstances such activities give rise to conflicts of interest or commitment. This Conflict of Interest Policy addresses the circumstances in which conflicts of interest or commitment may occur, provides examples of the principles and processes outlined in this policy, and specifies a process for resolving potential conflicts.

Directors and Officers should use good judgment, professional commitment and ethics to protect themselves and the Company from potential conflicts.

### 5.1.2 Conflicts of Interest and Commitment

Conflicts of interest occur when Directors and Officers are in a position to influence a decision on policy or purchases where they might directly or indirectly receive financial benefit or give improper advantage to associates.

Conflicts of commitment arise when Directors' and Officers' involvements in outside activities substantially interfere with their primary commitments to the company.

### 5.1.3 Statement of Principles

All Directors and Officers should make the fulfillment of their responsibilities to the company the focal point of their professional activities. Company Officers should only become involved in extramural professional activities insofar as they advance the mission or prestige of the company and the activities do not interfere with their responsibilities to the company. However, this Conflict of Interest Policy is not intended to unduly restrict involvement in outside activities.

## 5.2 Definitions

- Conflict of Interest Policy: this business ethics and conflict of interest policy
- Compensation. "Compensation" includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.
- Covered Persons: Persons to whom this Conflict of Interest Policy is applicable as defined in section 3 below.
- Financial Interest. A person has a "financial interest" if the person has, directly or indirectly, through business, investment or family:
  - An existing or potential ownership or investment interest in any entity with which the Company has a transaction, contract, or other arrangement, or
  - A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction, contract, or other arrangement, or



- An existing or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction, contract, or other arrangement, or
  - An existing or potential ownership or investment interest in, or compensation arrangement with, any entity whose business or operation has been or will be directly affected by a decision or action of the Company.
- Interested Director. "Interested Director" shall mean any Director of the Company who has a material financial interest, as defined above, or who serves as a Director or Officer of any entity with which the Company has a transaction, contract, or other arrangement.
  - Interested Officer. "Interested Officer" shall mean any Officer who has a material financial interest, as defined above, or who serves as a Director or Officer of any entity with which the Company has a transaction, contract, or other arrangement. For purposes of this policy, the CEO/Managing Director or General Manager shall be treated as an Officer.
  - Relatives. The "Relatives" of any individual shall include spouses, significant others; siblings and their spouses; ancestors; descendants and their spouses; aunts, uncles, nieces, nephews, cousins, step relationships and in-laws. Significant others include persons living in a spousal (including same sex) or familial fashion with the Covered Person.

## 5.3 Applicability – Covered Persons

The Code is applicable to the following Covered Persons more fully defined below:

- Each member of the Company's Board of Directors, including employee and non-employee Directors ("Directors");
- Each officer of the Company, including but not limited to our Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller and persons performing similar functions ("Officers"); and
- Each employee who has significant contact and influence with our customers, suppliers or services providers, or similar relationships.

Ethical business conduct is critical to our business. Covered Persons are expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with all applicable policies and procedures.

## 5.4 Guidelines – Honest and Ethical Conduct

- The guidelines of this Conflict of Interest Policy are not inclusive and are not without exceptions. They provide examples of potential conflicts and processes for resolving them.
- The Company expects all Covered Persons to act with the highest standards of honesty and ethical conduct while working on the Company's premises, at offsite locations where Company business is being conducted, at Company sponsored business and social events, or at any other place where Covered Persons are representing the Company.

Honest conduct is considered to be conduct that is free from fraud or deception and marked with integrity.

Ethical conduct is considered to be conduct conforming to accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, as discussed in more detail in Section 5 below.

- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. Employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors, and in particular complies with competition rules. In this respect, the Company prohibits any practices which have as their object or effect the prevention, restriction or distortion of competition.
- If a Covered Person is unsure about the appropriateness of an event or action, he or she should seek assistance in interpreting the requirements of these practices by contacting the Company Secretary or, if appropriate, the Chairman of the NRC Committee.



- Directors and Officers are regularly involved in activities from which they profit financially. As a rule, such activities are not a conflict as long as:
  - Company resources are not more than incidentally used without reimbursing the company
  - Such activities do not unduly interfere with the time and energy committed by the individuals to their primary responsibilities to the company.

Personal responsibility, integrity, and high ethical standards are the principal factors in avoiding conflicts of interest. The Company expects that all Covered Persons will conduct their outside activities in a manner which reflects credit on themselves, their profession, and the company without need for specific criteria or rules of conduct.

- In its relations with governmental agencies, customers and suppliers, the Covered Persons shall not, directly or indirectly, engage in bribery, kick-backs, payoffs, or other activities which may be construed as corrupt business practices. The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.
- Sales and marketing agents, representatives and consultants (“Agents”) will be retained and paid only if they operate independently from the Company and in conformity with applicable legislation. All contracts and agreements must be in writing. Compensation must be comparable to that paid to similar Agents for similar work and in accordance with the applicable detailed policy.
- The Company will not discriminate against any employees for any reason such as age, race, ethnic origin, gender, sexual orientation, marital status, religious belief, national extraction or disability, and will treat everyone with dignity and with full respect for their private lives. This is expected also to apply to relations between members of personnel.
- Corporate funds and assets must be utilized solely for lawful and proper corporate purposes. Transfer or expenditure of such funds or assets will be undertaken only if the stated purpose is in fact the actual purpose. The transfer or expenditure of such funds and assets must be authorized in writing in accordance with procedures established by the Company. No false or artificial entries shall be made in the Company's books and records for any reason, and all financial transactions must be accurately and properly accounted for in those books and records.
- All benefits provided to employees of the Company in addition to their standard remuneration (salary and bonus) must be awarded in full compliance with corporate guidelines and national legislation (including tax regulations) and remain in line with local practice.
- The Company will respect the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise.
- Covered Persons should maintain the confidentiality of the Company's and its customers' confidential information which is disclosed to them. The Company recognizes Intellectual Property Rights and other proprietary information as a central shareholder value in any high technology company. The Company takes every appropriate action to preserve and enhance its Intellectual Property and respects the Intellectual Property rights of others.

## 5.5 Conflicts of Interest

A Covered Person's duty to the Company demands that he or she avoid and disclose actual and apparent conflicts of interest. A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company.

Examples include:

### (a) Employment/Outside Employment

In consideration of employment with the Company, Covered Persons that are Company employees are expected to devote their full attention to the business interests of the Company. Covered Persons that are Company employees are prohibited from engaging in any activity that interferes with their performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. The Company's policies prohibit Covered Persons employed by the Company from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that enhances or



supports a competitor's position. Additionally, all Covered Persons must immediately disclose by submitting an updated certification form to the Company Secretary any interest that they have that may conflict with the business of the Company. The Company Secretary will inform Nominations and Remuneration Committee and appropriate action will be taken.

(b) Outside Directorships

It is a conflict of interest for any Covered Person that is employed by the Company to serve as a director of any company that directly competes with the Company. Covered Persons may not serve as a Director of a Company supplier, customer, developer, or other business partner, unless Covered Persons employed by the Company obtain prior approval from the Company's NRC Committee for Executive Managers or Managing Director/CEO or General Manager for other Covered Persons.

(c) Business Interests

If a Covered Person is considering investing in a Company customer, supplier, developer or competitor, he or she must first take great care to ensure that these investments do not compromise their responsibilities to the Company. This Conflict of Interest Policy requires that Covered Persons first obtain approval from the Company's Nominations and Remuneration Committee before making such an investment; provided, no such consent is required to invest in any publicly traded company if, after making such investment, the aggregate ownership is less than 3% of such company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; the Covered Person's ability to influence the Company's decisions; his or her access to confidential information of the Company or of the other company; and the nature of the relationship between the Company and the other company.

(d) Relatives.

As a general rule, Covered Persons, irrespective of their function, grade or standing, should avoid conducting Company business with a Relative, or with a business in which a Relative is associated in any significant role.

The Company discourages the employment of Relatives of Covered Persons in positions or assignments within the same department and prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor/subordinate relationship).

(e) Payments or Gifts from Others

Under no circumstances may Covered Persons accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud.

Gifts of token value, infrequent business meals, invitations, celebratory events and entertainment, provided they are not excessive or create an appearance of impropriety, that they have no influence on their decision making and are not illegal under any applicable law, do not violate this Conflict of Interest Policy. No Covered Person however may receive cash from any customer, supplier or business associate of the Company.

Covered Persons may only offer tips, gratuity or hospitality of a customary amount or value for routine services or courtesies received, to which the payee is entitled. A tip, gratuity or hospitality may be offered to a government employee only if such act is customary and is not illegal under applicable law. All such expenditures must be reported and recorded in the Company's book of accounts.

Gifts given by the Company to suppliers or customers or received from suppliers or customers should be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety.

(f) Loans

Loans by the Company to Covered Persons are prohibited, unless permitted by applicable legislation and as part of a program open to all employees in the ordinary course.

(g) Insider trading



No Covered Person can buy or sell shares or other securities of a business undertaking, or give advice on the same, if he or she has access by reason of his or her professional activities with the Company, to any non-public information about that business undertaking (whether a part of RealDolmen or not). Trading by employees of RealDolmen stock, including the exercise of stock options, is possible only in accordance with the more detailed guidelines published from time to time by corporate management on insider trading.

## 5.6 Duty to Disclose

- In connection with any actual or possible conflicts of interest, an Interested Director or Interested Officer must disclose the existence and nature of his or her material financial interest to the Nominations and Remuneration Committee prior to the consideration of the proposed transaction, contract, or arrangement by the Board or any Committee of the Board.
- Whenever possible, those with potential conflicts should remove themselves from involvement in the decision.

## 5.7 Other Duties

- All Directors, Officers and managers of the Company and its subsidiaries are responsible for the continuing enforcement of and compliance with this policy, including necessary distribution to ensure employee knowledge and compliance.

## 5.8 Ethics Hotline

- Each Director, Officer or employee is expected to report what he or she believes in good faith are violations of the law or Company policy, whether accidental or deliberate, by any Director, Officer or employee.
- In this respect, the Company has put in place an Ethics hotline at Group level, (available on the RealDolmen portal) to enable all employees to address any concern, infringement or question relating to business ethics and conflict of interests by e-mail, intranet or telephone. The Ethics hotline shall be supervised and followed-up by the Board of Directors, all questions however relating to other Committees within the Company shall be submitted to the respective Committee for discussion purposes and follow-up.

Any employee is encouraged to request an opportunity to discuss with any member of the NRC Committee, any other member of the Board of Directors or any member of Executive management as he or she feels appropriate.

- The knowing failure to report a violation is itself a violation of Company Policy. Reports of possible violations will be acted upon promptly and in a manner consistent with the circumstances.
- Any reports of violations of this policy by an employee to the Ethics Hotline, the Company's Nominations and Remuneration Committee or to the Secretary General will be treated seriously and confidentially provided they are made in good faith and properly documented, and the Company will not take any retaliating action against such reports. The employees' identity shall not be disclosed without prior consent. Employees may also decide to report incidents to the Ethics hotline anonymously.

Employees will not be disciplined or suffer retribution for reporting honestly and in good faith suspected or actual violations.

- The Company shall provide feedback to the identified employees that raised concerns Initially, of the actions taken with respect to the reported event/incident as well as of possible findings by the Nominations and Remuneration Committee.
- The guidelines for the use of the Ethics Hotline shall be permanently available to each employee on the Portal.



## 5.9 Violations of the Conflicts of Interest Policy

- Failure to comply with this policy may result in disciplinary action. Disciplinary action will be the prerogative of the Company's Board of Directors or management and may include a reprimand which is documented in the personnel file, loss of compensation, change of responsibilities to avoid repeat violations, demotion, termination or other measures the Board of Directors or management deems appropriate, or, in the case of a Director, suspension or removal from the Board of Directors.
- The violation of this conflicts of interest policy is a serious matter and may constitute "cause" for removal or termination of a Director or Officer, or the termination of any contractual relationship the Company may have with an Interested Person or other party.