

# Corporate Governance Charter

## CELYAD ONCOLOGY

### Corporate Governance Charter

Approved by the Board of Directors on 24 August 2023

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## Chapter I. Introduction

Celyad Oncology SA (the “**Company**”) attaches great value to good corporate governance and is aware that the good governance of listed companies is an important factor in investment decisions for all stakeholders of the Company.

On January 1<sup>st</sup>, 2020, a revised version of the Belgian Code on Corporate Governance (the “**CGC**”), which is a code of best practice applying to listed companies on a non-binding basis (“*comply or explain*” approach), has come into force for publicly listed companies. Any reference in this Corporate Governance Charter (the “**CG Charter**”) to the CGC is to the 2020 version.

Pursuant to Article 3:6 §2 1° of the Companies and Associations Code implemented by the law of 23 March 2019 (the “**CCA**”) regarding the designation of the CGC to be complied with by listed companies, the Company, a company incorporated and existing under Belgian law and listed on regulated markets must apply the CGC, and is committed to following the nine corporate governance principles listed in the CGC. As required under the CGC, the Company has drawn up this CG Charter in order to set out the main aspects of its corporate governance policy, such as its governance structure, the Terms of Reference of the Board of Directors (the “**Board**”) and its Committees and other important topics such as its remuneration policy. This CG Charter was approved by the Board of the Company in its meeting on 8 December 2016 and was updated from time to time.

This CG Charter is available, together with the articles of association of the Company (the “**Articles of Association**”), on the Company’s website (<https://celyad.com/investors/corporate-governance/>), indicating the date of the most recent update. This CG Charter will be updated as required in the case of any changes to the Company’s corporate governance policy.

In addition, in its annual report, the Company will include a Corporate Governance Statement (the “**CG Statement**”) which will contain a remuneration report and more factual information on its corporate governance policy, including any changes to the Company’s corporate governance policy together with the relevant events that have taken place during the year under review, such as the appointment of new directors, the designation of Committee members, and the annual remuneration received by members of the Board. If necessary, the Board will provide explanations on where it has departed from the provisions laid down in this CG Charter and why it has done so.

The remuneration report should form “a well-defined part” of the CG Statement and must contain the information listed in Article 3:6 §3 of the CCA. The remuneration report should contain, *inter alia*, a statement of the remuneration policy adopted for the executive managers, confirmation of the principle that no individual should decide his own remuneration and a description of its internal procedures for (i) developing a remuneration policy for non-executive directors and executive managers and (ii) setting the level of remuneration for non-executive directors and executive managers. Any significant changes to this remuneration policy that have occurred since the end of the reported fiscal year should be explicitly emphasized in the remuneration report.

Titles used in this CG Charter are used for the purposes of clarity only and are not to be used for interpretation purposes.

Most references to individuals in this CG Charter are in the masculine. Gender specific references should be interpreted as being gender neutral, except if a different meaning is given in the following contexts:

- definitions and concepts referred to in the plural also relate to the singular and *vice versa*;
- words and definitions in the masculine also relate to the feminine and *vice versa*;

- reference to a law also means any amendments, replacements, extensions, etc. to such law.

## Chapter II. Structure and organization

### A. Registered office and structure

The Company has its registered office at the following address:

Celyad Oncology SA  
Rue Edouard Belin 2  
1435 Mont-Saint-Guibert  
Belgium

Tel.: +32 (0)10 394 100  
Fax: +32 (0)10 394 141  
E-mail:  
[investors@celyad.com](mailto:investors@celyad.com)  
VAT BE 0891.118.115

The Company has the following subsidiaries:

- CorQuest Medical Inc.,
- Celyad Inc., and
- Biological Medical Services SA.

### B. Incorporation date

The Company was incorporated on 24 July 2007 by notarial deed, published in full in the Annexes to the Belgian Official Gazette of 6 August 2007 under number 0117087.

### C. Duration

The Company was established for an indefinite duration.

### D. Legal form, applicable law

The Company is a limited liability company ("*société anonyme*") organized and existing under the laws of Belgium. It is a listed company within the meaning of Article 1:11 of the CCA ("*une société cotée*").

### E. Listing

The Company's ordinary shares are listed on the regulated markets of Euronext Brussels and Euronext Paris under the ticker "CYAD".

### F. Main governance structure

The Company has opted for a one-tier governance structure ("*administration moniste*"). As stated in Article 7:93 of the CCA, the Board is the ultimate decision-making body in the Company, except with respect to those areas that are reserved by law or by the Articles of Association to the shareholders' meeting.

The Board's Terms of Reference, including its responsibilities, duties, composition and operation are set out hereafter in Chapter IV (*"The Board: Terms of Reference"*).

The responsibilities of the Chairman of the Board are listed in Schedule B (*"Role and Responsibilities of the Chairman of the Board"*) to this CG Charter.

Furthermore, the Board appointed a Company Secretary whose responsibilities are listed in Chapter VI (*"Company Secretary"*) of this CG Charter.

By decision of the Board, a person (who need not be a director) may be given a particular mandate to act on behalf of the Company.

The Executive Committee is an advisory Committee to the Board.

The Board has delegated the Company's day-to-day management within the meaning of Article 7:121 of the CCA to the Chief Executive Officer ("**CEO**"). Each of the members of the Executive Committee has been made individually responsible for certain aspects of the day-to-day management of the Company and its business (in the case of the CEO, by way of delegation by the Board; in the case of the other Executive Committee members, by way of delegation by the CEO).

The Terms of Reference of the Executive Committee, including its responsibilities, duties, composition and operation, are set out in Schedule C (*"Executive Committee – Terms of Reference"*) to this CG Charter. The Terms of Reference of the CEO and the other members of the Executive Committee, including their responsibilities and duties, are set out in Schedule D (*"Role and Responsibilities of the CEO and the members of the Executive Committee"*) to this CG Charter.

In addition, the Board has established a Nomination & Remuneration Committee. This Committee merely has an advisory function, as does the Executive Committee. It assists the Board with specific tasks, it being understood that the final decision-making power remains with the Board. The Terms of Reference of the Nomination & Remuneration Committee, including its responsibilities, duties, composition and operation, are set out in Schedule E (*"Nomination & Remuneration Committee – Terms of Reference"*) to this CG Charter.

The Board has also established an Audit Committee. The Terms of Reference of the Audit Committee, including its responsibilities, duties, composition and operation, are set out in Schedule F (*"Audit Committee – Terms of Reference"*) to this CG Charter.

## **G. Website**

The Board ensures that all information that the Company is obliged to publish by law (including the CCA) and this CG Charter is posted on and updated in a clearly recognizable part of the Company's website separate from the commercial information.

## **Chapter III. Shareholder structure**

### **A. Identity of the major shareholders of the Company and description of their voting rights, special control rights and any shareholder agreements, if any**

In its Articles of Association, the Company has not set a specific threshold requiring a transparency declaration, and therefore applies the legal thresholds, requiring a transparency declaration of voting rights at 5% and each subsequent multiple of 5%.

The major shareholders and their holdings, to the extent known to the Company, are published and updated on the Company's website (<https://celyad.com/investors/shareholder-information/>). Furthermore, none of the major shareholders have, to the extent known to the Company, special voting rights or control rights.

To the Board's best knowledge, no voting agreement exists among shareholders of the Company with respect to the Company.

## **B. Relationship with significant shareholders**

On 2 December 2021, the Company and CFIP CLYD LLC, a subsidiary of funds and accounts managed by affiliates of Fortress Investment Group LLC, a US global investment manager, entered into a shareholders' rights agreement (the "Fortress **Shareholders' Rights Agreement**"), the terms and conditions of which are summarized in the securities note of the Company dated 1 February 2022 in relation to the listing and admission to trading on Euronext Brussels and Euronext Paris of 6,500,000 new shares. On 4 September 2023, it is expected that the Company and CFIP CLYD (UK) Limited, a subsidiary of CFIP CLYD LLC, will enter into an amended and restated shareholders' rights agreement, amending certain terms and conditions of the Fortress Shareholders' Rights Agreement (the **Fortress Amended Shareholders' Rights Agreement**).

On 4 September 2023, it is expected that the Company and Tolefi SA (**Tolefi**) will enter into a shareholders' rights agreement setting out certain rights and obligations of the parties thereto (the **Tolefi Shareholders' Rights Agreement**).

## **C. Form of shares**

The Company's shares can be held as either registered shares or dematerialized shares, at the discretion of the shareholders.

For registered shares, the names and addresses of all shareholders or holders of a right of usufruct or pledge are recorded in the shareholders' register. On request, holders of registered shares will be provided with an extract from the register at their expense.

Holders of registered shares may request that their registered shares be converted into dematerialized shares and *vice versa*.

Any costs incurred by the conversion of shares into another form will be borne by the shareholder. Any requests should be made in writing, duly signed, and sent by ordinary mail to the registered office of The Company for the attention of the Company Secretary.

## **Chapter IV. The Board: Terms of Reference**

These Terms of Reference have been adopted by the Company's Board to clarify its role and responsibilities. These principles and policies are in addition to and are not intended to change or interpret any law or regulation or the Articles of Association. The Board will revise these Terms of Reference from time to time to adapt these to its evolving needs.



## A. Role, responsibilities and authority

### 1. Role

As provided by Article 7:93 of the CCA, the Company is headed by a Board acting as a collegiate body. The Board's role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board should decide on the Company's values and strategy, its risk preference and key policies. The Board should ensure that the necessary leadership, financial and human resources are in place for the Company to meet its objectives.

### 2. Responsibilities

The Company has opted for a “one-tier” governance structure (“*administration moniste*”).

As provided for by Article 7:93 of the CCA, the Board is the ultimate decision-making body in the Company, except with respect to those areas that are reserved by law or by the Articles of Association to the shareholders’ meeting.

The key responsibilities of the Board include:

- reviewing, evaluating and deciding on a regular basis on the strategic objectives and the general policy plan of the Company, its readiness to take risks, its values and the policy guidelines with regard to the primary functional areas of the Company;
- reviewing, evaluating and approving the Company's budget and forecasts;
- reviewing, evaluating and approving major resource allocation and capital investments;
- ensuring that the necessary leadership and the necessary financial and human resources are in place so that the Company can achieve its objectives;
- reviewing the financial and operating results of the Company;
- monitoring and evaluating the performance of the Company against its strategic goals, plans and budgets;
- choosing the structure of the Executive Committee, defining its powers and duties and supervising and evaluating the performance of the Executive Committee and reviewing the realization of the Company's strategy;
- approving and overseeing the Company's principal objectives and strategy, as recommended by the CEO;
- appointing and dismissing the CEO, the members of the Executive Committee and the Company Secretary;
- determining the power and responsibilities of the CEO in a clear manner and in writing;
- appointing and dismissing members of the Board’s Committees and their chairmen;
- monitoring and reviewing the effectiveness of the Board's Committees;
- maintaining continuing interaction and dialogue and a climate of respect, trust and candor with the Executive Committee;
- reviewing, evaluating and approving the compensation strategy as it relates to the members of the Executive Committee of the Company, including, any decision to implement incentive schemes for the benefit of members of the Executive Committee;
- being responsible for the integrity and timely disclosure of the Company's financial statements and other material financial and non-financial information disclosed to the shareholders and potential shareholders;

- selecting the External Auditor, supervising its work and responsibility for supervising the internal audit function;
- describing the main features of the Company's internal control and risk management systems, to be disclosed in the CG Statement;
- being responsible for the corporate governance structure of the Company and compliance with the CGC provisions;
- supervising the fulfilment of the obligations of the Company vis-à-vis its shareholders, accounting to the shareholders for the discharge of its responsibilities and in so doing, balancing the interests of the parties involved with the Company;
- fostering an effective dialogue with the shareholders and potential shareholders based on a mutual understanding of objectives and concerns.

With respect to its monitoring responsibilities the Board:

- reviews the existence and functioning of a system of internal controls, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
- takes all necessary measures to ensure the integrity of the Company's financial statements;
- supervises the performance of the external auditor. However, any such system should take into account the size of the Company.

In addition to the more general responsibilities of the Board listed above, and notwithstanding the powers reserved by law to the Board, the Board also has, among other things, the following decision-making responsibilities which have not been delegated to the CEO and which relate to the following matters:

- any material change in the Company's debt structure and borrowings or the taking out of any mortgage or the pledging of assets if not foreseen in the approved annual budget;
- the disposal of the whole or a substantial part of the business of the Company;
- the acquisition or disposal of an equity participation in other companies;
- any decision to incorporate, create, acquire or transfer subsidiaries or branches or to acquire assets to which a material part of the Company's business will be attributable after such acquisition;
- any transaction between the Company and a director, a member of the Executive Committee, a shareholder or a person that is part of the same group as a director or shareholder or any of its affiliates within the meaning of Article 1:20 of the CCA;
- any proposal for the dissolution, liquidation, legal merger or legal de-merger of the Company in any manner;
- any material variation to the terms of the Board-approved standard confidentiality provisions, assignment of inventions or non-compete undertakings, in an employment agreement or services agreement that is being negotiated with a member of the Executive Committee;
- any decision relating to the entering into, amendment to or termination of material in- or out-licensing agreements.

In the implementation of its tasks, the Board must act in conformity with the interests of the Company.

### **3. Authority**

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or, on an exceptional basis,

directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, if not inappropriate, copy the CEO in on any written communications between a director and an officer or employee of the Company.

The Board and any Board Committee, after consultation with the Chairman of the Board, has the power to engage experts or advisors, including independent legal counsel, deemed appropriate by the Board (or the relevant Committee), without consulting or obtaining the approval of any officer of the Company. The Company will provide for appropriate funding, as determined by the Board, for payment of reasonable compensation to any such experts, advisors or counsel retained by the Board (or Board Committee).

The Board has the authority and the duty to use adequate, necessary and proportional means in order to fulfil its responsibilities. The Board as a whole is collectively accountable to the Company for adequately exercising its authority, powers and duties.

Until such time as the Fortress Shareholders own in the aggregate less than 10% of the then outstanding shares, the Company and its subsidiaries shall not, directly or indirectly, without the consent of each Fortress Shareholder, (i) incur or issue any indebtedness that would encumber any intellectual property of the Company or any of its subsidiaries, (ii) issue any Equity Securities (as defined in the Fortress Amended Shareholders' Rights Agreement) of the Company that are senior to the ordinary shares with respect to the right to receive (x) dividends or other distributions to shareholders or (y) proceeds in the event of the liquidation, dissolution or winding-up of the Company (including for such purposes in connection with any change of control transaction), (iii) alter, amend or change the rights, preference or privileges of the shares, including in connection with any reclassification, recapitalization, reorganization or restructuring, (iv) recommend, directly or indirectly, or take any other action to (A) increase or decrease the size of the Board or (B) co-opt or appoint to the Board in place of a Fortress Designee any individual other than a Fortress Designee, (v) make any proposal to amend, repeal or otherwise modify any provision of the Articles of Association that would be reasonably expected to adversely affect the interests of any Fortress Shareholder or (vi) make any proposal to modify the rights of any Equity Securities of the Company in a manner adverse to any Fortress Shareholder.

## **B. Composition, nomination procedure and induction**

### **1. Composition of the Board**

The Articles of Association state that the number of directors of the Company, who may be natural persons or legal entities and who need not be shareholders, must be at least 3. The Board currently believes that the optimum number of directors is between 5 and 11. In accordance with the Fortress Amended Shareholders' Rights Agreement, until such time as the Fortress Shareholders (as defined in the Fortress Amended Shareholders' Rights Agreement) own in aggregate less than 10% of the then outstanding shares for more than thirty (30) consecutive days, the Company shall not, without the consent of each Fortress Shareholder, recommend, directly or indirectly, or take any other action to (a) increase or decrease the size of the Board or (b) co-opt or appoint to the Board, in place of a Fortress Designee, any person other than a Fortress Designee.

In accordance with the Fortress Amended Shareholders' Rights Agreement:

- (i) until such time as the Fortress Shareholders own in the aggregate less than 10% of the then outstanding shares for more than thirty (30) consecutive days, Fortress Advisor (as defined in the Fortress Amended Shareholders' Rights Agreement) shall have the right to designate three (3) members and one (1) non-voting observer of the Board;
- (ii) for so long as the Fortress Shareholders own in the aggregate 30% or more (but less than 50%)

- of the then outstanding shares for more than thirty (30) consecutive days, Fortress Advisor shall have the right to designate a number of candidates to the Board equal to the greater of (i) four (4) (or such lesser number that would not exceed 50% of the members of the Board) and (ii) a percentage of the members of the Board equal to its percentage ownership of the then outstanding shares, rounded up to the nearest whole number and one (1) non-voting observer of the Board;
- (iii) for so long as the Fortress Shareholders own in the aggregate 50% or more of the then outstanding shares for more than thirty (30) consecutive days, Fortress Advisor shall have the right to designate 51% of the members of the Board, rounded up to the nearest whole number, and one (1) non-voting observer of the Board; and
  - (iv) upon the termination of the board mandate of any Fortress Designee, the Company (a) shall as soon as practicably possible co-opt to the Board a replacement Fortress Designee, and (b) use its best efforts to cause the confirmation of the co-optation and the definitive appointment to the Board of such replacement Fortress Designee at the next general meeting of shareholders of the Company, which efforts shall include, without limitation (I) supporting and defending the appointment to the Board of such Fortress Designee and (II) recommending that the Company's shareholders approve the appointment to the Board of such Fortress Designee.

In accordance with the Tolefi Shareholders' Rights Agreement:

- (i) until such time as Tolefi holds less than 5% of the then outstanding shares, Tolefi shall have the right to select one candidate to be a member of the Board (the "**Tolefi Designee**"), and
- (ii) upon the termination of the board mandate of the Tolefi Designee (for whatever cause), the Company shall (a) as soon as practicably possible co-opt to the Board a replacement Tolefi Designee and (b) use its best efforts to cause the confirmation of the co-optation at the next general meeting of shareholders of the Company and the definitive appointment to the Board of such replacement Tolefi Designee, which efforts shall include, without limitation, (I) supporting and defending the appointment to the Board of such Tolefi Designee and (II) recommending that the Company's shareholders approve the appointment to the Board of such Tolefi Designee.

At least half of the members of the Board must be non-executive directors and at least three of them must be independent directors.

Adequacy of size and composition will be regularly assessed by the Board on the recommendation of the Nomination & Remuneration Committee. The Board's composition should ensure that decisions are made in the corporate interest.

The *curricula vitae* of the directors and the directorship candidates are available for consultation on the Company's website. A list of the members of the Board indicating which Board members are independent directors is disclosed in the CG Statement.

## 2. Nomination Procedure

Without prejudice to the previous section, for any new appointment to the Board, the skills, knowledge and experience already present and those needed on the Board will be evaluated and, in the light of that evaluation, a description of the role and skills, experience and knowledge needed will be prepared (a "profile"). The composition of the Board is further determined in light of gender diversity and diversity in general. Since May 7, 2019, one third of the members of the Board are from a different gender than that of the other members.

When dealing with a new appointment, the Chairman of the Board must ensure that, before considering the candidate, the Board has received sufficient information such as the candidate's *curriculum vitae*, an assessment of the candidate based on the candidate's initial interview, a list of the positions the candidate

currently holds, and, if applicable, the necessary information for assessing the candidate's independence.

The Chairman of the Board is in charge of the nomination procedure. The Board is responsible for proposing members for nomination to the shareholders' meeting, in each case based on the recommendation of the Nomination & Remuneration Committee. Should any of the offices of director become vacant, for whatever reason, the remaining directors will have the right to temporarily fill this vacancy until the next shareholders' meeting, which will make the final appointment.

Whenever a legal entity is appointed as a director, it must specifically appoint an individual as its permanent representative chosen from among its shareholders, managers, directors or employees, and who will carry out the office of director in the name and on behalf of that legal entity.

Any proposal for the appointment of a director by the shareholders' meeting should include a recommendation from the Board based on the advice of the Nomination & Remuneration Committee. This provision also applies to shareholders' proposals for appointment. The proposal must specify the proposed term of the mandate, which must not exceed four years. It 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 will indicate whether the candidate satisfies the independence criteria.

### **3. Director Qualifications**

Not less than three members of the Board must meet the criteria for independence.

The Board's standards for determining the independence of a director are set out in Schedule A ("Independence Standards") to this CG Charter.

Directors should exhibit high standards of professional ability and judgment and should be committed, in conjunction with the other directors, to serving the long-term interests of the Company.

Each director should have the skills, knowledge and experience that complements the needs of the Company and should bring to the Board an inquisitive and objective perspective that enables him, if needed, to challenge management. Taken as a whole, the Board should be composed of persons who, to a certain extent, complement each other, and represent various areas of skill and expertise.

Non-executive directors should spend the time and meet as frequently as necessary to properly discharge their responsibilities. They should be made aware of the extent of their duties at the time of their application, in particular as to the time commitment involved in carrying out those duties. They should not consider taking on more than five directorships in listed companies, including the directorship in the Company, provided that the Board can, in certain circumstances, advise the shareholders that is acceptable to deviate from this rule. Changes to their other relevant commitments and their new commitments outside the Company should be reported to the Chairman of the Board as they arise.

### **4. Term limits**

Appointments are generally made for a maximum term of four years. When an independent director has served on the Board for three consecutive terms, he will be qualified as non-independent director if he is appointed for a fourth term, as he cannot be an independent director of the Company for more than twelve years.

Before proposing any director for re-election, the Board should take into account the evaluations made by the Nomination & Remuneration Committee.

The mandates of those directors who are not re-appointed for a new term will terminate immediately after the shareholders' meeting which decides on any re-appointment or appointment.

## C. Organization

### 1. Board meetings

The Board will meet as frequently as the interest of the Company dictate, but in any case, sufficiently regularly to enable it to discharge its duties effectively, and certainly not less than four times per year. Meetings will be called by the Chairman of the Board (or by any person to whom the Chairman has delegated such power) or by two directors whenever the interest of the Company so demands.

The notice of meeting shall be sent at least two business days prior to the meeting by letter, fax, email, or any other written means. Where there is a justified emergency, this period may be less than two business days, but shall not be less than one business day, unless consented to by all members of the board of directors. If all directors are present or validly represented, the validity of the notice of meeting cannot be contested.

The Board may meet by conference call, video conference or by any other means of communication that allows all directors to communicate between themselves.

Moreover, where duly justified by an emergency and by the corporate interest of the Company, decisions may be adopted, without a meeting, by the unanimous written consent of all directors. However, this procedure may not be used for the approval of the annual accounts and the use of the authorized capital.

Each meeting is chaired by the Chairman and, in his absence, by the director appointed by the Board. At least a majority of the directors must be present (physically or by telephone or by video conference) or represented to form a quorum. In the case in which a majority of directors is not present at a meeting of the board of directors, each director shall have the right to give notice of meeting for a second meeting of the board of directors with the same agenda, which shall be held within a reasonable time frame (which shall not be less than 15 days, unless the urgency of the decisions to be made requires proceeding otherwise, with a minimum of three days) starting from the written communications sent to all directors referencing this article. This second meeting of the board of directors shall have the right to debate and make decisions based on the agenda, regardless of the number of directors present or represented. Any director may give a power of attorney to one of his colleagues by letter, fax, email, or any other written means, to represent him at a meeting of the board of directors. A director may represent as many colleagues as needed.

Resolutions are taken by a simple majority of the votes cast, except:

- (i) until such time as the Fortress Shareholders own in the aggregate less than 10% of the then outstanding shares for more than thirty (30) consecutive days, any Dartmouth IP Transaction (as defined in the Fortress Amended Shareholders' Rights Agreement) shall be subject to approval by the Board, including the vote of at least one Fortress Designee;
- (ii) until such time as Tolefi owns in the aggregate less than 5% of the then outstanding shares for more than thirty (30) consecutive days, any Covered IP Transaction (as defined in the Tolefi Shareholders' Rights Agreement) shall be subject to approval by the Board, including the vote of at least 72.5% of the members of the Board entitled to vote (a "**Reinforced Board Majority**"), if the Tolefi Designee so requests at least one business day prior to the board meeting at which the Board will decide on the matter;
- (iii) until such time as Tolefi owns in the aggregate less than 5% of the then outstanding shares for more than thirty (30) consecutive days, the Company and its subsidiaries shall not, directly or

indirectly, without approval by a Reinforced Board Majority if the Tolefi Designee so requests at least one business day prior to the board meeting at which the Board will decide on the matter, (i) incur or issue any indebtedness in an aggregate principal amount in excess of \$1,000,000, (ii) amend, modify, supplement or waive any material terms of any existing indebtedness, (iii) prepay, redeem, purchase, defease or otherwise satisfy any indebtedness prior to the scheduled maturity thereof, (iv) incur off-balance-sheet commitments with a value in excess of EUR 20,000,000 in the aggregate, (v) consummate a business acquisition or combination or asset acquisition transaction for consideration in excess of EUR 20,000,000, (vi) dispose of non-IP assets with a value in excess of EUR 1,000,000 or (vii) use the authorized capital of the Company.

The number of Board and Board Committee meetings and the individual attendance records of directors are disclosed in the CG Statement.

## **2. Agenda Items for Board meetings**

The Chairman ensures that a detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the directors approximately three days prior to each Board meeting.

The Chairman sets the agenda, after consulting with the CEO.

## **3. Minutes**

The Company Secretary drafts the minutes of each meeting reflecting the issues that were discussed, the decisions that were taken and, if any, the reservations that were voiced by dissenting directors. The minutes will be submitted for approval at the next Board meeting.

## **4. Conflicts of Interest**

Directors should arrange their personal and business affairs so as to avoid any direct or indirect conflicts of interest with the Company. Any director must abide with the rules on conflicts of interests as set out in Schedule H ("*Conflicts of interests*") to this CG Charter.

## **5. Representation of the Company by its directors**

The Company is validly represented by the Board acting as a collegiate body, by any two of its directors acting jointly, by a managing director acting alone or, for acts within the scope of their specific mandates, by special representatives who are appointed by the Board.

## **D. Performance evaluation of the Board**

Under the lead of the Chairman and assisted by the Nomination and Remuneration Committee (and possibly also by external experts) every three years the Board will conduct a self-evaluation in respect of its size, composition, performance and those of its Committees, as well as in respect of its interaction with the executive management. The evaluation will have the following objectives:

- assessing how the Board or the relevant Committee operates;
- checking that the important issues are suitably prepared and discussed;
- evaluating the actual contribution of each director's work, the director's presence at Board and Committee meetings and his constructive involvement in discussions and decision-making;
- checking the Board's or Committee's current composition against the Board's or Committee's desired composition.



The non-executive directors must assess their interaction with the Executive Committee on an annual basis. In this respect, non-executive directors will meet at least once a year without the CEO and the other executive directors.

There is a periodic evaluation of the contribution of each director aimed at adapting the composition of the Board to take account of changing circumstances. At the time of their re-election, the directors' commitments and contributions are evaluated within the Board and the Board ensures that any appointment or re-election allows for an appropriate balance of skills, knowledge and experience to be maintained on the Board. The same applies at the time of the appointment or re-election of the Chairman (of the Board and of the Board's Committees).

The Board will act on the results of the performance evaluation by recognizing its strengths and addressing its weaknesses. Where appropriate, this will involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the Board.

The CG Statement discloses information on the main features of the evaluation process of the Board, of its Committees and its individual directors.

## **E. Director remuneration**

The level of remuneration should be sufficient to attract, retain and motivate directors who have the profile determined by the Board.

The non-executive directors may receive fixed remuneration in consideration for their membership of the Board and their attendance at Committee meetings of which they are members. On the advice of the Nomination and Remuneration Committee, the Board may propose to the shareholders' meeting to grant options or warrants as part of the fixed remuneration in order to attract or retain independent directors with the most relevant skills, knowledge and expertise.

None of the executive directors will receive any remuneration in consideration for their membership of the Board.

The Nomination and Remuneration Committee recommends the level of remuneration for independent directors, subject to approval by the Board and, subsequently, by the shareholders' meeting. The Nomination and Remuneration Committee benchmarks directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board and its various Committees.

Without prejudice to the powers granted by law to the shareholders' meeting, the Board sets and, from time to time, revises the rules and the level of compensation for directors carrying out a special mandate or sitting on one of the Committees and the rules for the reimbursement of directors' business-related out-of-pocket expenses. The remuneration of directors will be disclosed to the Company's shareholders in accordance with applicable laws and regulations.

## **F. Access to management**

Non-executive members of the Board must not intervene directly in the operations of the Company other than in exceptional circumstances and on a "needs only" basis.

Non-executive members of the Board will not ordinarily give instructions to or interfere with the activities of Company management and employees. As an exception to this principle, members of the Audit



Committee will at all times have full and free access to the CFO and subject to giving prior notice to the CEO and/or CFO, any other employee to whom they may require access in order to carry out their responsibilities (however, without the CEO or CFO having the right to oversee or attend these meetings).

### **G. Board interaction with institutional investors, analysts, media, customers and members of the public**

Except where directed by the CEO or the CFO of the Company, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must only be made by specifically designated representatives of the Company. If a director receives any inquiry relating to the Company from the media, securities analysts, brokers or investors, including informal social contacts, he should decline to comment and ask them to contact the Company's CEO or CFO.

## **Chapter V. Chairman of the Board**

The Chairman of the Board provides leadership to the Board in discharging its duties, and acts as a liaison between the shareholders, the Board and the Company. The Chairman is responsible for taking the lead, supported by the Board's Committees if necessary, in all initiatives that are designed to ensure that the Board functions effectively and in line with the Terms of Reference as set out in Schedule B (*"Role and responsibilities of the Chairman of the Board"*) to this CG Charter.

The Chairman is appointed by the Board on the basis of his knowledge, skills, experience and mediation strength. The Chairman of the board and the CEO should not be the same individual. If the Board envisages appointing the former CEO as Chairman, it should carefully consider both the positive and negative aspects of this decision and disclose why this appointment is in the best interests of the Company in the CG Statement.

## **Chapter VI. Company Secretary**

The Board appoints a Company Secretary, who assists and advises the Board, the Chairman, the Chairs of the Board's Committees at their request, and all Board members and members of the Executive Committee in exercising their general and specific roles and duties.

The core responsibilities of the Company Secretary include (i) ensuring that the Company's corporate bodies comply with their requirements under the law, the Articles of Association and internal rules and procedures, including those laid down in this CG Charter, (ii) organizing the General Shareholders' Meetings, (iii) acting as secretary of the General Shareholders' Meetings and the Board; and (iv) ensuring, under the direction of the Chairman, 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 is responsible to the Board and is accountable to the Board through the Chairman on all matters relating to his core duties. The Company Secretary regularly reports to the Board, under the direction of the Chairman, on how Board procedures, rules and regulations are being followed and complied with. He has the authority and the duty to use adequate, necessary and proportional means in order to efficiently fulfil the Board's responsibilities. Individual directors should have access to the Company Secretary. The Board may decide to replace the Company Secretary at any time.

## **Chapter VII. BOARD COMMITTEES**

## **A. Role**

A substantial portion of the analysis and preparatory work of the Board is done by standing Board Committees. The decision-making remains the collegiate responsibility of the Board, the Committees have an advisory function. They assist the Board in specific areas, which they cover in appropriate detail and on which they make recommendations to the Board.

## **B. Committees – Terms of Reference**

The Board will at all times have a Nomination & Remuneration Committee and, at all times when listed on the NASDAQ Stock Market or when required in accordance with the CCA, an Audit Committee.

The Board may, from time to time, establish or maintain additional Committees as necessary or appropriate.

The role and responsibility of each Board Committee is determined by the Board and laid down in its Terms of Reference. The Chairman of the Board must ensure that the Board appoints Committee members and a Chairman of each of those Committees in accordance with the Terms of Reference of each Board Committee.

The Terms of Reference of the Nomination & Remuneration Committee are set out in Schedule E ("*Nomination & Remuneration Committee – Terms of Reference*") to this CG Charter. The Terms of Reference of the Audit Committee are set out in Schedule F ("*Audit Committee – Terms of Reference*") to this CG Charter.

The Board details the composition and operation of each Committee in the CG Statement.

## **Chapter VIII. EXECUTIVE COMMITTEE**

The Company has opted for a "one-tier" governance structure. The Board has established an Executive Committee, which is an advisory Committee to the Board.

The Executive Committee discusses and consults with the Board and advises the Board on the day-to-day management of the Company in accordance with the Company's values, strategy, general policy and budget, as determined by the Board.

Each member of the Executive Committee has been made individually responsible for certain aspects of the day-to-day management of the Company and its business (in the case of the CEO, by way of delegation by the Board; in the case of the other Executive Committee members, by way of delegation by the CEO). Each member of the Executive Committee is individually competent to decide on the matters delegated to them. However, each member of the Executive Committee will ensure that any decision to be taken by that member in respect of the powers so delegated that could be material to the Company's day-to-day management (prior to the taking of that decision if possible, or otherwise after that decision has been taken) is presented and discussed at a meeting of the Executive Committee.

The Board has determined the Terms of Reference of the Executive Committee (as set out in Schedule C ("*Executive Committee – Terms of Reference*") to this CG Charter) and of the CEO in particular (as set out in Schedule D ("*Role and Responsibilities of the CEO and the members of the Executive Committee*") to this CG Charter), detailing their respective roles, responsibilities, duties, and powers, and for the Executive Committee, its composition and operation.

## **Chapter IX. RULES PREVENTING MARKET ABUSE**

A Dealing Code, attached to this CG Charter as Schedule H (“*Dealing Code*”), ensures that all employees, and particularly the members of the Board and the Executive Committee, do not abuse, or place themselves under suspicion of abusing, and maintain the confidentiality of inside information that they may have or be thought to have, especially in periods leading up to an announcement of financial results or of price-sensitive events or decisions.

To implement and monitor this Dealing Code, the Board will designate one or more Compliance Officers who will have the rights and obligations set out in the Dealing Code.

## **Chapter X. MISCELLANEOUS**

### **A. Changes to the CG Charter**

The Board may amend this CG Charter from time to time without prior notice. It may also decide at any time to deviate from this CG Charter subject to it disclosing this in the CG Statement of the annual Board report.

Any such modification or deviation will be published on the Company’s website.

Third parties will not derive any rights from such modification or deviation.

### **B. Priority**

In the case of any contradiction between a provision of this CG Charter and an applicable mandatory law or regulation, the law or regulation will supersede the provision of this CG Charter.

### **C. Governing law and jurisdiction**

This CG Charter is governed and must be construed in accordance with Belgian law.

The Courts of Nivelles (Belgium) have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this CG Charter.

## Schedule A Independence Standards

Each member of the Board, executive and non-executive alike, is required, in his capacity as a Board member (i) to be guided exclusively by the overall goal of the Company's Board which is to perpetuate a successful business; (ii) to maintain in all circumstances his independence of judgment, decision-making and action; and (iii) to clearly express his concern, and as the case may be, have recorded in the minutes his opposition to a proposal submitted to the Board if he is of the opinion that this proposal may harm the interests of the Company.

Besides this individual obligation imposed on each of its members, the Board determines whether there are relationships or circumstances which are likely to affect, or could appear to affect, the independence of non-executive Board members.

An independent director is one whom the Board affirmatively determines has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board determines each director's independence in accordance with the independence criteria set out below. The Board will determine the independence of any director who has a relationship with the Company that is not covered by these standards and the Company will disclose these determinations in the Company's CG Statement in its annual report.

Each independent director who ceases to satisfy the requirements of independence must immediately inform the Chairman of the Board of this fact.

The Company will disclose which directors it considers to be independent in the CG Statement.

The independence criteria are:

- the director has not been an executive member of the board of directors or daily manager of the company (or an affiliate of the company, if any), during a term of three years prior to his or her election;
- the director has not been a non-executive director during a period of more than 12 years;
- the director has not been a member of the managerial staff of the company (or an affiliate of the company, if any) during a term of three years prior to his or her election;
- the director does not receive and has not received any remuneration or other significant financial advantage from the company (or an affiliate of the company, if any), other than the profit share ("*tantièmes*") and remuneration received in his or her capacity as a non-executive director or as a member of the supervisory body;
- the director does not own any corporate rights that represent 10% or more of the share capital, of the corporate funds or of a category of its shares. If the director has corporate rights which represent less than 10%, then:
  - such rights, taken together with rights in the same company held by companies over which the director has control, may not represent 10% or more of the share capital, the corporate funds or of a category of its shares;
  - or the disposal of these shares, or the exercise of the rights attached thereto, may not be subject to agreements or unilateral commitments entered into by the director.

- the independent director in any case cannot represent a shareholder who falls under the conditions set forth in this criterion;
- the director does not and, during the past financial year, did not, have a significant business relationship with the company (or an affiliate of the company, if any), either directly or as a partner, shareholder, member of the board of directors or member of the managerial staff of a company or of a person that maintains such a relationship;
- the director is not and has not been at any time during the past three years, a partner or an employee of its current or former statutory auditor or of a company or person affiliated therewith;
- the director is not an executive director of another company in which an executive director of the company is a non-executive director or a member of the supervisory body, and has no other significant ties with executive directors of the company through his or her involvement in other companies or bodies;
- the director's spouse, unmarried legal partner and relatives (via birth or marriage) up to the second degree do not act as a member of the board of directors or daily manager or member of the managerial staff in the company (or an affiliate of the company, if any), and do not meet one of the criteria set out above.

## **Schedule B      Role and Responsibilities of the Chairman of the Board**

### **A.      Role**

The Chairman of the Board provides leadership to the Board in discharging its duties and acts as a liaison between the shareholders, the Board and the Company. He is responsible for taking the lead, supported by the Board's Committees if necessary, in all initiatives that are designed to ensure the Board functions effectively and in line with the present CG Charter.

The Chairman is appointed by the Board on the basis of his knowledge, skills, experience and mediation strength. The Chairman of the Board and the CEO should not be the same individual. If the Board envisages appointing the former CEO as Chairman, it should carefully consider both the positive and negative aspects of this decision and disclose why this appointment is in the best interests of the Company in the CG Statement.

### **B.      Responsibilities**

Without prejudice to the responsibilities of the Board as a whole, the Chairman, in particular:

- monitors whether the Company's governance, including its legal structure, is appropriate to accommodate the needs of the Company, and proposes changes to the Board when necessary;
- monitors compliance with this CG charter;
- calls for Board meetings and chairs the Board meetings (in his absence the meeting is presided over by the director appointed by the Board);
- takes the necessary measures for providing an answer to relevant questions from shareholders, including relevant questions raised on the annual report or on the items on the agenda of a shareholders' meeting;
- presides over the shareholders' meetings (in his absence the meeting is presided over by the director appointed by the Board);
- following consultation with the Chairman of the Nomination & Remuneration Committee, the Chairman of the Board provides recommendations on the composition of the Board and on the Committees created by the Board (not being the Executive Committee);
- coordinates the activities of the Board and ensures it operates efficiently, e.g.: he prepares and defines the agenda in close collaboration with the CEO; he ensures that the directors receive timely, precise, clear, and complete information related to the decisions to be taken; he ensures that sufficient time is arranged to discuss complex and/or delicate issues and organizes preliminary meetings where information is disclosed if required; in general, he ensures that the directors exercise the highest level of integrity in the exercise of their mandates;
- establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

## **Schedule C      Executive Committee – Terms of Reference**

### **A.      Introduction**

The Board has established an “Executive Committee”, which is an advisory Committee to the Board. The Executive Committee is guided by the following Terms of Reference.

### **B.      Role**

Without prejudice to more specific provisions herein, the Executive Committee will discuss and consult with the Board and advise the Board on the day-to-day management of the Company in accordance with the Company's values, strategy, general policy and budget, as determined by the Board.

Each of the members of the Executive Committee has been made individually responsible for certain aspects of the day-to-day management of the Company and its business (in the case of the CEO, by way of delegation by the Board; in the case of the other Executive Committee members, by way of delegation by the CEO).

The Executive Committee will, in preparation for each meeting of the Board, prepare a report to the Board on the day-to-day management of the Company, to be presented by the CEO to the Board. This report must contain a summary of all material decisions discussed by the Executive Committee over the relevant period

The Executive Committee and its members have the duty to respect all relevant legal provisions, the Articles of Association and this CG Charter.

While exercising its advisory responsibilities, the Executive Committee will be guided by the interests of the Company and its business.

### **C.      Responsibilities**

The Executive Committee as a Committee does not have any powers or responsibilities other than acting as an advisory Committee to the Board. The existence of the Executive Committee will in no way influence the powers and responsibilities of the individual members of the Executive Committee.

### **D.      Composition and appointment of the members**

At least all executive directors are members of the Executive Committee. The Executive Committee is composed of the following members (to the extent that these positions are filled):

- the CEO (who will be the Chairman of the Executive Committee); and
- any other person, as decided by the board of the Company in consultation with the CEO.

The Chairman of the Executive Committee may invite certain members of the management of the Company to parts of one or more Executive Committee meetings, on *ad hoc* basis.

All members of the Executive Committee are deemed to take part in the executive management of the Company. A list of the members of the executive management is disclosed in the CG Statement.

The members of the Executive Committee must (i) have a sound knowledge of the Company's business and organizational structure; (ii) be able to demonstrate relevant knowledge at an executive management level of the tasks allocated to them; and (iii) have an appropriate understanding of the applicable legal rules governing those tasks.

## **E. Appointment, duration and dismissal**

The Board appoints the members of the Executive Committee in consultation with the CEO, based on the recommendations made by the Nomination and Remuneration Committee.

Members of the Executive Committee may be legal entities or physical persons. A member of the Executive Committee that is a legal entity must appoint a single permanent representative who will represent it at Executive Committee meetings.

The Board decides on the duration of the mandate of each member of the Executive Management Team at the time of their appointment.

The members of the Executive Committee may be dismissed by decision of the Board at any time.

The remuneration, duration and the conditions of dismissal of Executive Committee members will be governed by the agreement entered into between each member of the Executive Committee and the Company (after approval by the Board based on the recommendations made by the Nomination and Remuneration Committee) in respect of their function within the Company.

## **F. Organization of the Executive Committee**

### **1. Division of tasks**

Each of the members of the Executive Committee is individually responsible for the tasks delegated to it by the CEO (or, in the case of the CEO, by the Board).

The Executive Committee as a Committee does not have any powers or responsibilities other than acting as an advisory Committee to the Board.

### **2. Meeting schedule, agenda and notice**

The meetings of the Executive Committee will be held on a regular basis and, as a rule, at least once a month.

Extraordinary meetings may be convened at any time by the Chairman or at the request of at least two members of the Executive Committee.

The CEO sets the date for meetings, in consultation with the other members of the Executive Committee.

The CEO convenes meetings by e-mail, fax or mail (on giving at least three business days' prior notice, or, in case of urgency, to be justified in the notification, on giving less than three business days' prior notice), prepares and chairs the meeting and sets its agenda. If the CEO is unable to attend the meeting, the most senior member (in age) will chair the meeting. The notice will include the agenda.

Each member may demand that certain items be included in the agenda (and each member is obliged to include all material decisions that the member has been faced with in connection with the powers delegated to him). The agenda items must be sent to the CEO (or the Company Secretary, if the Executive Committee has appointed a Company Secretary from among its members) two business days prior to the meeting, or, in the case of urgency as referred to above, at least 12 hours prior to the meeting. These item(s) will be included in the agenda, or will, as the case may be, be sent to the members by e-mail, fax or mail prior to the meeting.



If all members are present or represented at the meeting, they may unanimously waive the right to receive notice for that meeting.

### **3. Quorum**

The Executive Committee will constitute a quorum when all members have been invited and the majority of the members are present or represented at the meeting. Absent members may grant a power of attorney to another member of the Executive Committee. Members may attend the meeting physically or by telephone or video conference.

The absent members must be notified of the discussions in their absence by the CEO (or the Company Secretary, if the Executive Committee has appointed a Company Secretary from among its members).

The Executive Committee unanimously decides on its report to the Board. If unanimity cannot be reached (e.g., in respect of whether a certain matter should be included in its report to the Board, or in respect of the substance of the reporting on a particular matter), the relevant matter must be separately reported to the Board, with a summary of each of the positions within the Executive Committee on the relevant matter. The Chairman may invite third parties to attend a meeting of the Executive Committee as an observer.

### **4. Minutes**

Minutes of the meetings of the Executive Committee will be kept by the CEO (or the Company Secretary, if the Executive Committee has appointed a Company Secretary from among its members). The minutes will be kept on file at the Company's offices. A copy of the draft minutes must be submitted to all members before the next meeting. The minutes will be deemed approved if no member lodges any objections at the following meeting subsequent to the delivery of the draft minutes.

### **5. Conflicts of Interest**

Each member of the Executive Committee should arrange his personal and business affairs so as to avoid conflicts of interest with the Company. Any member of the Executive Committee must abide by the rules on conflicts of interests as set out in Schedule G ("Conflicts of interests") to this CG Charter.

### **6. Representation**

The Executive Committee is represented at the Board through the report delivered by the CEO and approved unanimously by the Executive Committee.

The Executive Committee as such has no powers to represent the Company.

### **7. Remuneration**

Any contractual arrangement entered into on or after 1 July 2009 regarding the remuneration of the CEO or any other member of the Executive Committee, should specify that the amount of severance pay awarded in the event of early termination does not exceed 12 months' base and variable remuneration. Any such agreement (entered into on or after 1 July 2009) should specify that the severance package does not take into account the variable remuneration and is limited to 12 months' base remuneration in the event that the departing CEO or any other member of the Executive Committee did not meet the performance criteria referred to in the agreement.

The Board may consider a severance package exceeding 12 months' remuneration, or, on reasoned

advice of the Nomination and Remuneration Committee, exceeding 18 months. In accordance with Article 7:92 of the CCA, which applies to agreements with the CEO or any other member of the Executive Committee entered into or extended as from 3 May 2010, any such provision must be submitted for prior approval at the next Annual General Shareholders' Meeting. At least thirty days prior to the publication of the notice convening the next Annual General Shareholders' Meeting, the proposal to grant a higher severance package must be communicated to the works council (or to other designated bodies or persons representing the employees, if this council does not exist; *i.e.*, the employee representatives in the committee for the prevention and protection in the workplace or, in the absence of this committee, to the trade union delegation), which may then give its advice to the Annual General Shareholders' Meeting, at the latest on the day of publication of the notice convening the Annual General Shareholders' Meeting. This advice must be published on the website of the Company.

The remuneration of the members of the Executive Committee is decided by the Board based on recommendations made by the Nomination & Remuneration Committee, further to a recommendation made by the CEO to the Nomination & Remuneration Committee (except where his own remuneration is concerned).

The level and structure of the remuneration of members of the Executive Committee will 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 a member of the Executive Committee will be structured so as to link rewards to corporate and individual performance (as set out in more detail below), thereby aligning the interests of the member of the Executive Committee with the interests of the Company and its shareholders.

The criteria for granting variable remuneration to the CEO or any other member of the Executive Committee will be included in the contractual or other provisions governing the legal relationship between that person and the Company. The variable remuneration may only be paid out if the criteria for the reference period have been met. If the criteria are not met, the variable remuneration may not be taken into account in calculating the severance package.

## **8. Disclosure of remuneration**

The Company's CG Statement will include a separate remuneration report, in accordance with Article 3:6 §3 of the CCA, prepared by the Nomination and Remuneration Committee. This remuneration report will at minimum include the information required by law.

## **9. Access to advisors**

The Executive Committee may, at the reasonable expense of the Company, retain those independent accounting, financial, legal and other advisors that it deems necessary or appropriate to carry out their mandate after informing and consulting with the Chairman of the Board in due consideration of the financial consequences for the Company.

## **10. Interaction between Board members and the Executive Committee**

The members of the Executive Committee will provide the Board with timely information, if possible in writing, on all facts and developments concerning the Company which the Board may need to function, as required, and to properly carry out its duties.

The CEO or, in the event that the CEO is not able to attend the Board meeting, the CFO or, in the event that the CFO is not able to attend the Board meeting, another representative of the Executive Committee will report at every ordinary meeting of the Board on the material deliberations of the previous meeting(s) of the Executive Committee, on the basis of the report approved unanimously by the Executive Committee, or specifically on the matters where unanimity could not be reached. The Board may at any time invite members of the Executive Committee to attend the meetings of the Board to discuss with them the policies they are pursuing.

At the end of each fiscal year, the Executive Committee will draft a proposal for a budget and a business plan of the Company for the next fiscal year. This budget proposal and business plan must be submitted to the Board by the Chairman of the Executive Committee no later than 15 December each year. The Board may invite the members of the Executive Committee to Board meetings to discuss with them the contents of the budget proposal and business plan and to request additional information.

The Executive Committee will conduct an annual evaluation to determine whether it is fulfilling its powers and responsibilities in an effective manner. The Chairman of the Executive Committee will discuss the results of the evaluation with the Board.

The Executive Committee will act on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of the Executive Committee.

## **11. Duty of confidentiality**

Members of the Executive Committee must treat all information and documentation acquired within the framework of their positions as members of the Executive Committee with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information must not be disclosed outside the Board or Executive Committee, made public or otherwise made available to third parties, even after resignation from the Executive Committee, unless it has been made public to the Company or it has been established that the information is already in the public domain.

## **12. Discharge**

Immediately following the deliberation on the Annual Activity Report presented by the Executive Committee to the Board, the Board will deliberate and decide on the discharges to be granted to each member of the Executive Committee for the performance of his mandate during the past fiscal year.

This discharge will only be valid if the information provided by the Executive Committee is correct and complete.

## **Schedule D      Role and Responsibilities of the CEO and the members of the Executive Committee**

### **A. Role**

Each of the members of the Executive Committee has been made individually responsible for certain aspects of the day-to-day management of the Company and its business. The CEO has been delegated by the Board with the day-to-day management of the Company and with a number of specific powers, with the power to sub-delegate. The CEO has delegated a number of specific tasks and powers to the other Executive Committee members by way of sub-delegation.

In general, the role of the CEO and, to the extent of any sub-delegation, the other relevant members of the Executive Committee, consists of proposing and implementing a corporate strategy, taking into account the Company's values, strategy, key policies, plans and budgets as determined by the Board.

While the Executive Committee exercises its advisory responsibilities, each member of the Executive Committee must be guided by the interests of the Company and its business and take into account the relevant interests of all the stakeholders of the Company, including the Company's shareholders. Each member of the Executive Committee is responsible for the quality of his own performance.

While the Executive Committee exercises its role, each member of the Executive Committee has the duty to respect all relevant legal provisions, the Articles of Association and this CG Charter.

### **B. Responsibilities**

The Board has delegated the powers of day-to-day management of the Company to the CEO. This includes, in particular:

- the running of the Company;
- putting internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other risks) without prejudice to the Board's monitoring role, based on the framework approved by the Board;
- presenting a complete, timely, reliable and accurate account of the Company's financial statements to the Board, in accordance with the applicable accounting standards and policies of the Company;
- preparing the Company's required disclosure of the financial statements and other material financial and non-financial information;
- presenting the Board with a balanced and understandable assessment of the Company's financial situation;
- providing the Board in due time with all information necessary for the Board to carry out its duties;
- being responsible and accountable to the Board for the discharge of its responsibilities.

In addition, when approving this CG Charter, the Board delegated the following specific decision-making and representation powers, with the power of sub-delegation, to the CEO:

- In respect of the receipt of deliveries:
  1. Taking delivery of correspondence and of any shipment, including, but not limited to, any parcel, telegram or registered letter, with or without indicated value, addressed to the Company; collecting these from any post office, as well as from any company or person; filing

- any complaints in these matters and signing all necessary documents.
2. Establishing and signing the declarations concerning customs and excise duties and performing all formalities in this respect.
- In respect of representation:
    3. Representing the Company in the organizations it belongs to.
    4. Representing the company vis-à-vis any authority; filing petitions, objections and appeals against the decisions of these authorities; signing all relevant documents and in general performing any act in this respect.
    5. Representing the Company vis-à-vis any organization regarding social security.
    6. Representing the Company vis-à-vis any organization regarding tax.
    7. Representing the Company vis-à-vis any trade union.
    8. Representing the Company for the filing, prosecution and renewal of trademarks, designs and patent applications.
    9. Representing the Company by signing non-disclosure agreements.
  - In respect of general management:
    10. Carrying on the daily correspondence of the Company.
    11. Signing agreements on the purchase and sale of moveable goods and/or services, to the exclusion, however, of the granting of any right of use with regard to the Company's intellectual property (except research licenses and intellectual property rights that are not related to the Company's core business); determining and negotiating the conditions thereof.
    12. Responding to any invitation for tenders by public or private organizations. Performing all relevant acts in this respect.
    13. In general, obtaining a right to use (by way of, among other things, purchase, lease, ...) the movable goods necessary or useful for the activities of the Company including, but not limited to, supplies, equipment, motor vehicles, services and raw materials (including the signing of order documents and invoices).
    14. Authorizing other employees to obtain a right to use (by way of, among other things, purchase, lease) movable goods of the following type: lab consumables, office and kitchen consumables, lab equipment and furniture, lab refurbishment, IT hardware, IT software, office furniture, library, travel and training, general expenses for an amount not exceeding EUR 5,000.00 (five thousand) per transaction.
  - In respect of financial operations:
    15. Claiming and collecting the amounts due to the Company and giving acquittal therefore.
    16. Endorsing and protesting the checks made out to the benefit of the Company, but only with a view to payment into the current account of the Company.
    17. Transferring amounts from a '*postcheque*' account or bank account of the Company to another '*postcheque*' account or bank account of the Company.
    18. Paying the amounts due by the Company, in principal, interest and accessories.
    19. Signing and endorsing drafts as a drawer, on customers of the Company.
    20. Negotiating drafts from clients for the benefit of the Company.
    21. Entering into and terminating agreements relating to the lease of safe deposit boxes or to the deposit of securities with a bank.
    22. Opening and closing the bank and '*postcheque*' accounts and changing the names thereof.
  - In respect of rent:

23. Entering into, authorizing, changing, renewing and terminating lease agreements for a period of less than 9 years as lessor or lessee and in general taking any measures regarding lease agreements.
- In respect of insurances:
 

24. Entering into insurance agreements and making and handling claims under these agreements.

25. Entering into and signing car insurance policies and making and handling claims under these policies.
  - In respect of HR matters:
 

26. Appointing and terminating the agreements with employees of or self-employed consultants to the Company, including the members of the Executive Committee, excluding the CEO and any person reporting directly to the CEO, after consultation with the Nomination and Remuneration Committee; determining their powers, remuneration, including the grant of fringe benefits, excluding, however, the grant of these fringe benefits to all or a substantial number of the employees of the Company, as well as all other conditions of hiring, employment and termination.

27. Appointing and discharging the distributors, agents and sales representatives; determining the conditions under which they act in this capacity.

28. Entering into and terminating agreements with service providers; determining the conditions of these agreements.
  - In respect of litigation:
 

29. Appointing the lawyers and advisors, in view of the legal representation of the Company before all jurisdictions and arbitral tribunals; entering into transactions, arrangements and settlements; taking all conservatory measures in this respect.

30. Representing the Company as a creditor in any bankruptcy as well as in similar circumstances; fixing the claims and confirming their legitimacy; accepting, declining and filing appeals against settlement propositions, and performing all necessary acts in relation thereto.
  - In respect of delegation:
 

31. Delegating one or more of these powers to members of staff or to other persons.

With regard to the above decision-making and representation powers delegated to the CEO, the following limitations apply:

- the exercise of the powers listed above individually (to the exclusion, however, of the powers listed under 3 through 6, 8, 14, 19, 22, and 23) may not have a foreseeable cost for the Company which is in excess of EUR 500,000.00 per act or transaction;
- The limitation in the previous paragraph does not apply if the applicable exercise of powers is cosigned by the Chairman of the Board;
- the limitation in the previous paragraph may not be avoided by separating an act or transaction into separate acts or transactions which individually do not exceed the indicated threshold, but which, taken together, exceed this threshold;
- the powers listed above may not be used for any transaction between the Company and any of its

- officers, directors, employees or affiliates thereof;
- the powers listed above may not be used for any act or decision which is reserved to the Board by the Articles of Association (as amended from time to time) or by law;

The CEO has sub-delegated the following specific decision-making powers to:

- The CFO:
  1. In respect of agreements on the delivery of moveable goods and/or services, as well as in respect of confidentiality agreements: executing and terminating all agreements on the delivery of moveable goods and/or services, as well as in respect of confidentiality agreements on behalf and for the account of the Company in accordance with the contract management process.
  2. In respect of certain acts of general day-to-day management: (i) executing all day-to-day correspondence on behalf and for the account of the Company and taking delivery of any shipment (any parcel, registered letters, telegram, etc.) to the Company; and (ii) obtaining a right to use (by way of, among other things, purchase, lease, ...) the movable goods and/or services necessary or useful for the activities of the Company (including the signing of order documents and invoices).
  3. In respect of the representation of the Company: representing the Company in the organizations it is a member of and vis-à-vis any authority; filing petitions, objections and appeals against the decisions of these authorities and signing all relevant documents and in general performing any act in this respect.
  4. Representing the Company vis-à-vis any trade union; representing the Company vis-à-vis any organization regarding social security and any organization regarding tax; appointing the lawyers and advisors, in view of the legal representation of the Company in all jurisdictions and before all arbitral tribunals; filing claims and entering into transactions, arrangements and settlements and taking all conservatory measures in this respect; representing the Company as a creditor in any bankruptcy as well as in similar circumstances; entering into insurance agreements and making and handling claims under these agreements; claiming and collecting the amounts due to the Company and giving acquittal therefore; endorsing and protesting the cheques made out to the benefit of the Company, but only with a view to payment into the current account of the Company; paying the amounts due by the Company, in principal, interest and accessories; signing and endorsing drafts as a drawer, on customers of the Company and negotiating drafts from clients for the benefit of the Company; entering into and terminating agreements relating to the lease of safe deposit boxes or to the deposit of securities with a bank; opening and closing the bank and 'postcheque' accounts and changing the names thereof; entering into insurance agreements and making and handling claims under these agreements; completing and executing declarations for import and excise duties and performing all formalities in that respect; entering into and signing car insurance policies; filing, prosecution, renewal of trademarks, designs and patent applications.
  5. Appointing and terminating the agreements with employees or of self-employed consultants to the Company, excluding the members of the Executive Committee, determining their powers, remuneration, including the grant of fringe benefits, excluding, however, the grant of these fringe benefits to all or a substantial number of employees of the Company, as well as other conditions of hiring, employment and termination.

The persons granted the abovementioned decision-making powers will report to the CEO on a regular basis (and every time the relevant person deems it appropriate) on the performed activities.

- The VP HR:

Signing and terminating the agreements with employees of or self-employed consultants to the Company, excluding the CEO, the members of the Executive Committee and any person reporting directly to the CEO, after consultation with the Nomination and Remuneration Committee; determining their powers, remuneration, including the grant of fringe benefits, excluding, however, the grant of these fringe benefits to all or a substantial number of the employees of the Company, as well as all other conditions of hiring, employment and termination.

- The CLO:

Appointing the lawyers and advisors, in view of the legal representation of the Company before all jurisdictions and arbitral tribunals; entering into transactions, arrangements and settlements; taking all conservatory measures in this respect.

With regard to the abovementioned specific decision-making powers delegated by the CEO, the following limitations apply:

- the powers only apply to the area or department, as well as the related budgets, which falls under the relevant person's responsibility;
- the foreseeable cost for the Company may not exceed EUR 250,000.00 per act or transaction and this may not be avoided by separating an act or transaction into separate acts or transactions which individually do not exceed the threshold set out above, but which, taken together, exceed this threshold;
- the powers listed above may not be used for any transaction between the Company and any of its directors, employees or affiliates thereof;
- the powers listed above may not be used for any act or decision which is reserved to the Board by the Articles of Association (as amended from time to time) or by law;
- the powers listed above may be sub-delegated to members of staff or consultants up to an amount of EUR 50,000.

## **C. Evaluation**

The Nomination & Remuneration Committee will conduct an annual review of the performance of the CEO and the other Executive Committee members. The Board will review the Nomination & Remuneration Committee's report in order to ensure that the CEO and the other members of the Executive Committee are providing the best leadership for the Company in the long-and short- term.



## **Schedule E      Nomination & Remuneration Committee – Terms of Reference**

### **A.      Introduction**

“Large” listed companies (as defined in Article 7:100 of the CCA) are legally obliged to establish a remuneration committee within their board of directors. Although the Company currently does not qualify as a “large” company, the Board has voluntarily set up a Remuneration Committee. As the Remuneration Committee also performs the task of a nomination committee, it is called the Nomination and Remuneration Committee.

### **B.      Role**

The role of the Nomination and Remuneration Committee is to assist the Board in all matters:

- relating to the selection and recommendation of qualified candidates for membership of the Board;
- relating to the nomination of the CEO;
- relating to the nomination of the members of the Executive Committee, other than the CEO, upon proposal by the CEO;
- relating to the remuneration of independent directors;
- relating to the remuneration of the CEO;
- relating to the remuneration of the members of the Executive Committee, other than the CEO, upon proposal by the CEO;
- relating to matters on which the Board or the Chairman of the Board requests the Nomination and Remuneration Committee's advice.

Additionally, with regard to matters relating to remuneration, except with respect to those areas that are reserved by law to the Board, the Nomination and Remuneration Committee will at least have the following tasks:

- preparing the remuneration report (which is to be included in the Board's CG Statement);
- explaining its remuneration report at the Annual General Shareholders' Meeting.

It will report to the Board on the performance of these tasks on a regular basis.

### **C.      Responsibilities**

The Nomination & Remuneration Committee is responsible for the following nomination duties:

- drafting appointment procedures for Board members, the CEO and the other members of the Executive Committee;
- making recommendations to the Board regarding the appointment of directors (taking into account that the final decision on the appointment of Board members lies with the shareholders' meeting);
- reviewing recommendations by the CEO regarding the appointment of members of the Executive Committee, and making these recommendations to the Board;
- periodically assessing the size and composition of the Board, the Executive Committee and the other Board Committees and making recommendations to the Board with regard to any changes;
- identifying and nominating, for the approval of the Board, candidates to fill vacancies on the Board as they arise;

- advising on proposals for appointment made by relevant parties, including management and shareholders.

The Nomination & Remuneration Committee is responsible for the following remuneration duties:

- making proposals to the Board on the remuneration policy for directors, the CEO and other members of the Executive Committee, as well as, where appropriate, on the resulting proposals to be submitted by the Board to the shareholders;
- making recommendations to the Board on the appropriate individual remuneration (in respect of both amount and composition of the remuneration) of the directors, the CEO and the other members of the Executive Committee, including on variable remuneration (bonuses) and long-term incentives whether stock-related or not, in the form of stock options or other financial instruments) and on any severance payments, as well as, where appropriate, on the resulting proposals to be submitted by the Board to the shareholders), but at the exclusion of any variable remuneration for independent directors;
- preparing the remuneration report as well as explaining this report at the Annual General Shareholders' Meeting;
- making proposals regarding the early termination of executive directors, independent directors, the CEO and any other members of the Executive Committee, in respect of which it could be recommended to award, in the event of early termination of the agreement, a severance package that exceeds 18 months' basic and variable remuneration;
- making recommendations to the Board on the appropriate individual remuneration (in respect of both amount and composition of the remuneration) of the directors charged with special assignments, unless, in the latter case, urgency does not allow it, and submitting the resulting proposals of the Board to the shareholders;
- drawing up the policy regarding warrant plans and overseeing the general policy for the granting of warrants to employees, directors and members of the Executive Committee. The CEO will propose the identity of the beneficiaries and the number of warrants to be allocated to each of them (individually in the case of Board members and members of the Executive Committee, and individually or per category in the case of other employees) to the Nomination & Remuneration Committee. The Nomination & Remuneration Committee will evaluate these proposals. In the case of grants to the CEO, the initial proposal shall immediately be made by the Committee itself;
- ensuring that remuneration levels take into account the risks involved, the demands and time requirements of each role, and the relevant industry benchmarks.

If the Nomination and Remuneration Committee has made recommendations to the Board on the appropriate individual remuneration (in respect of both amount and composition of the remuneration) of the independent directors whereby remuneration is granted which comprises variable remuneration within the meaning of Article 7:92 of the CCA, this recommendation remuneration will be submitted for approval to the next Annual General Shareholders' Meeting.

#### **D. Composition**

The Nomination and Remuneration Committee will consist of not less than three directors, or such greater number as determined by the Board at any time. All members must be non-executive directors and at least a majority of its members must be independent.

The Nomination and Remuneration Committee must have the necessary expertise as regards the

remuneration policy, and this condition is fulfilled if at least one member has had a higher education and has had at least three years' experience in personnel management or in the field of remunerating directors and managers.

The CEO has the right to attend the meetings of the Nomination & Remuneration Committee in an advisory and non-voting capacity on matters other than those concerning himself.

The term of the mandate of a Nomination & Remuneration Committee member must never exceed the term of that director's appointment as a Board member.

## **E. Chairman**

The Nomination & Remuneration Committee appoints one of its members as Chairman. If the Chairman of the Board is a non-executive director, he will in principle chair the Nomination & Remuneration Committee (if he is a member of the Nomination & Remuneration Committee), unless another non-executive director is elected as Chairman by the members of the Nomination & Remuneration Committee or unless the Nomination and Remuneration Committee is dealing with the designation of the current Chairman's successor.

It is the responsibility of the Chairman of the Nomination & Remuneration Committee, supported, where appropriate, by the CEO, to ensure that the Nomination & Remuneration Committee: (i) understands its role and responsibilities; (ii) possesses all the information and internal or external support it requires to fulfil its tasks properly; and (iii) fulfils all its responsibilities in accordance with this CG Charter.

## **F. Meetings**

The number of meetings of the Nomination & Remuneration Committee will be determined by the Chairman of the Nomination & Remuneration Committee with a view to allowing the Nomination & Remuneration Committee to fulfil its obligations, whenever it deems it necessary to carry out its duties, but must not be less than two per calendar year.

A meeting of the Nomination & Remuneration Committee will not be in quorum unless a majority of its members are present or validly represented.

The Chairman of the Nomination & Remuneration Committee is entitled to convene a Nomination & Remuneration Committee meeting. All meetings will be conducted according to an agenda, drawn up by the Chairman of the Nomination & Remuneration Committee, in consultation with the relevant members of the Nomination & Remuneration Committee and the Executive Committee. The Nomination & Remuneration Committee will consider proposals made by relevant parties, including the management and shareholders. In particular, the CEO is entitled to submit proposals to, and to be adequately consulted, especially when dealing with issues related to executive directors or other members of the Executive Committee.

The meeting may also be organized by means of video- or teleconference.

The Chairman of the Nomination & Remuneration Committee will keep minutes of each meeting of the Nomination & Remuneration Committee. The minutes must be signed by the Chairman of the Nomination & Remuneration Committee, as well as by at least one other member of the Nomination & Remuneration Committee.

## **G. Attendance**

Members of the Board, members of the Executive Committee or independent consultants may attend,

in a non-voting capacity, all or part of any meeting of the Nomination & Remuneration Committee, upon invitation by the Chairman of the Nomination & Remuneration Committee.

The CEO will attend each meeting of the Nomination & Remuneration Committee in an advisory and non-voting capacity. However, he must leave the meeting when the topics discussed relate directly to him.

## **H. Consensus Decisions**

The Nomination & Remuneration Committee decides on its proposals by consensus.

Whenever the Nomination & Remuneration Committee is unable to reach a consensus on a matter, the Chairman of the Nomination & Remuneration Committee will refer the matter to the Board, stating the various positions of the Nomination & Remuneration Committee members.

## **I. Objectivity**

No Nomination & Remuneration Committee member must be present at (that part of) the meeting at which his appointment, re-appointment or removal is discussed, at which his own performance is evaluated or at which his individual level of remuneration is discussed, and must not be involved in any decision regarding those matters.

## **J. Reporting and Evaluation**

The Chairman of the Nomination & Remuneration Committee will report to the Board subsequent to each Nomination & Remuneration Committee meeting on its activities, conclusions, recommendations and decisions.

The Chairman of the Nomination & Remuneration Committee will report to the Board on the Nomination & Remuneration Committee's performance on an annual basis.

Every three years, the Nomination & Remuneration Committee reviews its Terms of Reference and its own effectiveness and recommends any necessary changes to the Board.

## Schedule F Audit Committee – Terms of Reference

### A. Introduction

“Large” listed companies (as defined in Article 7:99 of the CCA) are legally obliged to establish an audit committee within their board of directors. Companies who are listed on the NASDAQ Stock Market are required to have an audit committee within their board of directors. If the Company is not a “large” listed company or not listed on the NASDAQ Stock Market, it may decide not to establish a separate Audit Committee, and instead, in accordance with Article 7:99 §3 of the CCA, have its audit function carried out by the entire Board. This audit function (and the manner in which the Audit Committee or the Board perform the audit function) is set out in this Schedule F.

The Audit Committee is governed by Article 7:99 of the CCA, the following Terms of Reference, as well as the Articles of Association, where relevant.

### B. Role

The role of the Audit Committee is to assist the Board in fulfilling its monitoring responsibilities in respect of control in the broadest sense, including responsibilities for the financial reporting process, the system of internal control and risk management (including the Company’s process for monitoring compliance with laws and regulations) and the external audit process.

### C. Responsibilities

The Audit Committee is responsible for the following duties in respect of the monitoring of the financial reporting process:

- discussing significant financial reporting issues regarding the financial reporting with both the relevant members of the Executive Committee and the statutory auditor of the Company who is responsible for the audit of the annual accounts of the Company (the “External Auditor”);
- monitoring the integrity of the financial information (interim and year-end) before release and assessing whether it is correct, complete, and consistent with information known to the Audit Committee and reflects relevant and consistent accounting principles used by the Company; this review is based on an audit program adopted by the Audit Committee;
- reviewing the periodic information before it is published, as well as assessing the relevance and the consistent character of the accounting standards used, the impact of new accounting rules, the treatment of “estimated entries” in the annual accounts, forecasts, work of the internal auditor (if this function exists) and the External Auditor in the matter;
- reviewing and discussing with the relevant members of the Executive Committee, the Board and the External Auditor, the annual financial reports prepared by the External Auditor, including statements in management interviews, analyses and disagreements between the External Auditor and the management;
- discussing with the relevant members of the Executive Committee, the Board and the External Auditor and verifying the periodic financial information before it is published;
- discussing with the relevant members of the Executive Committee, the Board and the External Auditor the Company’s annual audited financial statements, related disclosures and (after the Audit Committee has been informed thereof by the executive management) the quality as well as acceptability of the accounting principles applied in the financial statements, including new or amended accounting policies, accounting policies relating to significant financial statement items,

significant estimates, judgments, uncertainties or methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches;

- discussing with the relevant members of the Executive Committee, and reviewing reports of the External Auditor on: (i) significant accounting principles, policies and practices followed by the Company; (ii) significant accounting and reporting issues, including significant and unusual transactions and recent professional and regulatory pronouncements where the accounting treatment may be open to different approaches, and understanding their impact on the financial statements; and (iii) other significant written communication between the External Auditor and the Board or one of its members, for instance management letters;
- discussing with the relevant members of the Executive Committee and the Board the main financial risks for the Company and the internal control systems which were installed by the Board in order to assess that the main risks are being properly identified, managed and brought to its attention, including the internal control and risk management systems;
- reviewing the assessment of the External Auditor relating to the adequacy of the Company's system of internal controls related to financial accounting and reporting; this includes the qualitative judgments expressed by the External Auditor as to the accounting principles employed, related disclosures by the Company, and the conclusions expressed in the financial reporting of the Company;
- reviewing all significant litigation or potential litigation in which the Company is or may be engaged, as well as the anticipated or potential impact of this litigation on the Company.

The Audit Committee is responsible for the following duties in respect of the monitoring of the effectiveness of the Company's internal control and risk management systems:

- reviewing, at least once a year, the effectiveness of the internal control and risk management systems set up by the relevant members of the Executive Committee, with a view to ensuring that the main risks (including those relating to fraud and compliance with existing legislation and regulations) are properly identified, managed, and disclosed according to the framework approved by the Board;
- reviewing the statements included in the annual report on internal control and risk management;
- reviewing the specific arrangements put in place by which the Company's personnel may, in confidence, raise concerns about possible improprieties in financial reporting or other matters; arrangements will be made for the proportionate and independent investigation of these matters, for appropriate follow-up action and arrangements whereby the Company's personnel can inform the Chairman of the Audit Committee directly;
- reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance; obtaining regular updates from management regarding compliance matters;
- reviewing the findings of any examinations by regulatory agencies and any auditor observations, together with management's responses;
- reviewing and approving all related party transactions on a timely basis;
- reviewing the process for communicating the code of conduct to the Company's personnel, and for monitoring compliance therewith;
- reviewing the statements included in the CG Statement on internal control and risk management.

The Audit Committee is responsible for the following duties in respect of internal audit:

- each year, the Audit Committee will assess the necessity of setting up an internal audit function,

and if need be, work out the necessary procedures.

The Audit Committee is responsible for the following duties in respect of external audit:

- making recommendations to the Board on the selection, appointment, and reappointment of the External Auditor and the terms of its engagement (taking into account that the final decision on the appointment of the External Auditor will be taken by the shareholders' meeting on proposal of the Board);
- reviewing and confirming the independence of the External Auditor, in particular in view of the provisions of the CCA and the Royal Decree of 29 April 2019, as amended from time to time; the Committee will obtain a report from the External Auditor describing all relationships between the External Auditor (and other persons with whom it has entered into a professional co-operation relationship) and the Company and confirm the External Auditor's independence from the Company; as the case may be, the Audit Committee and the External Auditor will discuss the risks relating to the External Auditor's independence and the safety measures taken to decrease these risks;
- reviewing the nature and extent of non-audit services (including fees and terms thereof) performed by the External auditor, as reported every year to the Audit Committee by the External Auditor; the Audit Committee will set and apply a formal policy, which will be proposed to the Board, specifying the types of non-audit services, taking into account the specific requirements of the CCA, a) excluded; b) permissible after review by the Audit Committee; c) permissible without referral to the Audit Committee;
- receiving and reviewing the External Auditor's work program (scope and approach); the Audit Committee will coordinate audit efforts with internal audit if this internal audit function exists; the Audit Committee will obtain timely information about the issues arising from the external audit;
- reviewing the effectiveness of the external audit process and the responsiveness of management to the recommendations made in the External Auditor's management letter;
- investigating issues that give rise to the resignation of the External Auditor and making recommendations as to any required action;
- meeting on a regular basis (at least twice a year) with the External Auditor to discuss any matters that the Audit Committee or External Auditor believes should be discussed privately.

The Audit Committee is responsible for the following duties in respect of reporting:

- regularly (and at least when the Board draws up the annual accounts, and where applicable the condensed financial statements intended for publication) reporting to the Board on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken;
- providing an open avenue of communication between internal audit if this function exists, the External Auditor, and the Board and acting as principal contact point, to the extent applicable, for the internal and External Auditor; assuring direct and unrestricted access to the Chairman of the Audit Committee and the Chairman of the Board for the head of internal audit (if this function exists) and the External Auditor.

Finally, the Audit Committee has the following other responsibilities:

- performing other activities related to these Terms of Reference as requested by the Board;
- instituting and overseeing special investigations relating to financial reporting as needed;

- reviewing and assessing the adequacy of the Audit Committee's Terms of Reference annually, requesting Board approval for proposed changes;
- evaluating the Audit Committee's and individual members' performance on a regular basis and recommending any necessary changes to the Board;
- maintaining an effective working relationship with the executive management, acting as the principal point of contact for the External Auditor and the internal audit (if this function exists) to guarantee they have free access to the Board and ensuring that the External Auditor and the internal audit (if this function exists) have direct and unrestricted access to the chairman of the Audit Committee and the Chairman of the Board;
- notwithstanding anything to the contrary, those other responsibilities of audit committees specified in Rule 10A-3 of the Exchange Act, subject to the exceptions afforded to foreign private issuers provided in such rule for so long as the Company is a foreign private issuer under such rule.

#### **D. Composition**

The Audit Committee will consist of not less than three directors. All members must be non-executive directors. All of the members of the Audit Committee must meet the criteria for independence set forth in Rule 10A-3(b)(1) under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act).

Notwithstanding anything to the contrary, in appointing members to the Audit Committee the Board may rely on the applicable phase-in rules applicable to initial public offerings in accordance with Rule 5615(b)(1) of the Marketplace Rules of the Nasdaq Stock Market.

The members of the Audit Committee have sufficient relevant expertise to fulfill their roles effectively, notably in financial matters, and at least one of its independent members shall have relevant accounting and auditing expertise.

The term of the mandate of an Audit Committee member must never exceed the term of that director's appointment as a Board member.

#### **E. Chairman**

The Board shall appoint one of the members of the Audit Committee to serve as Chairman of the Audit Committee.

#### **F. Meetings**

The Audit Committee meets as frequently as necessary to ensure effective operation of the Audit Committee.

At least twice a year, the Audit Committee meets with the External Auditor and the head of the internal audit team (if any) to discuss matters relating to the responsibilities of the Audit Committee, matters arising from the audit process, and in particular any material weakness in the internal control. The External Auditor and the head of the internal audit team (if any) have direct and unrestricted access to the Chairman of the Audit Committee in order to discuss matters concerning the internal or external audit of the Company.

A meeting of the Audit Committee will not be in quorum unless a majority of its members are present or



validly represented.

The Chairman of the Audit Committee is entitled to convene an Audit Committee meeting. All meetings will be conducted according to an agenda, drawn up by the Chairman of the Audit Committee, in consultation with the relevant members of the Audit Committee and the Executive Committee.

The meeting may also be organized by means of video- or teleconference.

The Chairman of the Audit Committee will keep minutes of each meeting of the Audit Committee. The minutes must be signed by the Chairman of the Audit Committee, as well as by at least one other member of the Audit Committee.

## **G. Attendance**

Members of the Board, members of the Executive Committee or independent consultants may attend, in a non-voting capacity, all or part of any meeting of the Audit Committee, upon invitation by the Chairman of the Audit Committee.

## **H. Consensus Decisions**

The Audit Committee decides on its proposals by consensus.

## **I. Reporting and Evaluation**

The Audit Committee shall regularly report to the Board on the exercise of its duties, and at least when the Board draws up the annual accounts and the consolidated accounts. The Audit Committee's reporting should cover the Company taken as a whole. The Audit Committee shall identify any matters in respect of which it considers that action or improvement is needed and make recommendations as regards the steps to be taken in respect of such matters.

The Audit Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

The Company will provide appropriate funding, as determined by the Audit Committee, for compensation to the External Auditor, to any advisers that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. The general shareholders' meeting set the External Auditor's fees.

The Audit Committee reviews its terms of reference and its own effectiveness regularly (and at least every three years). It reports on its assessment to the Board and submits proposals for changes to the Board where necessary.

## Schedule G Conflicts of interest

The Board and the Executive Committee will function independently of any instructions given by a third party outside the Company.

Each member of the Board and of the Executive Committee must:

- exercise his function in a sound, sensible and ethical manner;
- not request or accept, either directly or indirectly, substantial donations for his own benefit;
- not develop any capacity whatsoever, or activities which are, directly or indirectly, in competition with the activities of the Company;
- not exercise any mandate of director nor any function (as employee or manager) for the benefit of a direct competitor of the Company;
- not provide third parties with unjustified advantages at the expense of the Company;
- not seize, either directly or indirectly, an advantage or business opportunity to which the Company is entitled, for his own benefit;
- respect the confidentiality of information and deliberation during and after his membership of the Board and/or of the Executive Committee.

A member of the Board or Executive Committee will in any event have a conflict of interests if:

- he has a personal financial interest in a company with which the Company intends to enter into a transaction;
- he, his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree is a member of the executive management of or board of a company with which the Company intends to enter into a transaction;
- he is a member of the board or executive management of, or holds similar office with, a company with which the Company intends to enter into a transaction;
- under applicable law, including the rules of any stock market on which the Company's shares may be listed, such conflict of interests exists or is deemed to exist.

Each member of the Board or each member of the Executive Committee must immediately report any potential conflict of interests to the Chairman and to the other members of the Board or of the Executive Committee, as the case may be. The members concerned must provide the Chairman and the other members of the Board or of the Executive Committee, as the case may be, with all information relevant to the conflict, including information relating to the persons with whom he has a family law relationship (his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree) to the extent relevant for the assessment of the existence of a conflict of interests. The Chairman of the Board or of the Executive Committee will determine whether a reported (potential) conflict of interests qualifies as a conflict of interests.

If this is the case, a member of the Board or of the Executive Committee, as the case may be, must not participate in the discussions or decision-taking process of the Board or of the Executive Committee, as the case may be, on a subject or transaction in relation to which he has a conflict of interests with the Company. This transaction, if approved, must be concluded on terms customary in the sector concerned and be approved, in the case of a decision by the Executive Committee, by the Board.

Without prejudice to the foregoing, each member of the Board who is faced, directly or indirectly, with a

financial interest that conflicts with a decision or transaction within the competence of the Board, within the meaning of Article 7:96, or Article 7:97 of the CCA, as the case may be, must inform the other members of the Board thereof prior to the deliberations. The declaration, as well as the justification, must be included in the minutes of the relevant meeting of the Board. The relevant member of the Board must inform the External Auditor of his conflict of interests. With a view to publication in the annual report, the Board must set out in its minutes the nature of the decision or transaction and the justification thereof, including the financial consequences of the decision or transaction for the Company.

In the case of a conflict of interests within the Executive Committee, a copy of the minutes of the Executive Committee must be submitted to the Board at its next meeting.

The Chairman must procure that all these transactions involving conflicts of interests will be referred to in the annual report, with a declaration that the provisions in this CG Charter have been complied with.

## **Schedule H**

## **Dealing Code**

On 8 December 2016, the Board approved a revision of the Dealing Code which will be made available on the website of the Company, separately from this CG Charter.