X Principles of Corporate Governance

of the Luxembourg Stock Exchange

5th version / January 2024

LUXEMBOURG
STOCK EXCHANGE

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Foreword

Always in motion: Luxembourg Stock Exchange (LuxSE)'s motto stands for our constant strive to go the extra mile – be it for our people, our clients and partners, or for our industry and the communities in which we operate. In 2006, LuxSE launched the first edition of the X Principles of Corporate Governance of the Luxembourg Stock Exchange and since then, things have continued to evolve. Corporate governance refers to the checks and balances implemented within an organisation to keep it healthy and strong in the long term. In Luxembourg, the X Principles have become the reference in terms of corporate governance rules. Good governance is still a key aspect for companies and therefore promotes a climate that is favourable to investment and contributes to the creation of long-term value and economic growth.

Within this document, you will learn more about the result of the fourth revision of the X Principles with a clear focus on ambitious goals concerning sustainability. Sustainability is key for LuxSE as home to the world's first and leading platform dedicated exclusively to sustainable finance – the Luxembourg Green Exchange (LGX). Following on from the worldwide success of LGX in 2016, and to directly contribute to the objectives set out by the United Nations Sustainable Development Goals and Paris Agreement, LuxSE went on to launch LGX Academy, LGX DataHub and LGX Assistance Services, to foster the sustainability aspects concerning the corporate governance rules of the X Principles and raise the bar.

Recognised by the United Nations for its role in facilitating sustainable investment and reorientating capital flows towards sustainable development, LuxSE has accepted the challenge of accelerating the transition to a more sustainable and inclusive world. In 2016, a first step was taken, today, we want to stay in the driving seat.

In a context of quickly evolving realities and upcoming challenges, companies are continuing to intensify their commitment to transparency and sustainability and the attainment of long-term goals.

On behalf of the Board of Directors of LuxSE, I would like to extend my warmest thanks to all the professionals who have actively contributed to this fourth revision of the X Principles of Corporate Governance, and in particular to Mr Pierre Margue, Chair, as well as to the members of the working group, who deserve great credit for their commitment to promoting best-in-class corporate governance.

Alain Kinsch
President of the Board of Directors
Luxembourg Stock Exchange

Luxembourg, January 2024

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In recent years, the business world has been characterised by rapid changes. The role of a company has become increasingly complex and demanding. Volatility, uncertainty, complexity, and ambiguity are creating new challenges and demands. Therefore, when revising the X Principles, the working group set out to come up with a tool and a guide to serve listed companies in implementing pragmatic corporate governance rules, independently from the size and activity of the company. The focus of that work was on achieving greater sustainability, a topic that needs to become mainstream.

Companies hold enormous power in funding and increasing awareness of sustainability issues. Social and environmental factors influence the performance of a company, and its activities have an impact on people and the environment, and this should be considered in the company's best interests.

After six months of intense work and discussions, we are today presenting the outcome of the fourth revision of the X Principles. Since 2006, the X Principles have strongly evolved with each revision and have been adapting to new realities considering the conclusions drawn from their previous application. As an example, in 2009, the X Principles introduced the risk factor and in 2017, CSR and non-financial information were addressed for the first time. A revision is always an opportunity to also analyse developments in corporate governance in neighbouring countries and in Europe generally, as well as considering the regulatory framework as it is applied in Luxembourg.

This 4th revision was significant because of the unanimous consensus achieved by the working group when setting new, ambitious goals for making a positive impact on sustainability and encouraging companies to invest in the transition towards a more sustainable and inclusive world. In order to achieve this task, the working group was supported by the sustainability teams of its members as well as different external sustainability experts.

The working group set up by LuxSE to revise the X Principles is made up of representatives of listed companies and of LuxSE itself. The result amounts to a set of ambitious, practical and useful rules. Finally, I would like to thank my working group colleagues for their dedicated commitment to the improvement and "sustainabilisation" of the X Principles.

Pierre Margue
Chair of the working group

Luxembourg, January 2024

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Preamble

1 Corporate governance

Corporate governance consists of the body of principles, rules and practices that determine companies' management and control. It therefore covers the distribution of powers between the shareholders and management of a company, and especially the operation of the company's Board of Directors.

These rules primarily concern the Board of Directors, its operation, and the exercise of its duties and responsibilities. They cover the organisation of the relationship between the Board and the shareholders, on the one hand, and between the Board and the Executive Management, on the other.

Good corporate governance includes the procedures and instruments that provide an optimal balance between entrepreneurial spirit and the search for performance, on the one hand, and the control and prevention of risk, on the other.

Good governance forms an integral part of corporate culture, embodies the values of integrity and responsibility, and is based on the transparency of decision-making processes and on respect for the interests of shareholders and any other stakeholders, namely regulators, employees, customers, suppliers, and civil society in a broader sense. It implies effective risk management, thorough control mechanisms, a transparent approach to conflicts of interest, and regular reports from the Executive Management to the Board of Directors, and from the Board to the General Meeting of Shareholders.

Good governance is therefore a stability factor for companies and for their social and political environment, and therefore promotes a climate that is favourable to investment and contributes to the creation of long-term value and economic growth.

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2 Framework

The X Principles of Corporate Governance of the Luxembourg Stock Exchange (hereinafter "the X Principles") shall be considered as complementary to Luxembourg legislation, from which they cannot deviate. No Principle or Recommendation may be construed as conflicting with Luxembourg law.

The X Principles are based on existing Luxembourg legislation regarding commercial companies, and specifically on the financial regulations that are applicable to companies listed on the Stock Exchange. The rules and recommendations adopted at the European level, and the legislation regarding governance in neighbouring countries, have also been taken into account.

The X Principles have been influenced by various factors that are specific to Luxembourg:

- the wide variety of the companies whose shares are admitted for trading on the Luxembourg Stock Exchange regulated market (ranging from large multinational companies to small industrial and commercial companies, or to investment companies);
- the diversity of the structure of the companies' shareholder base (companies with major shareholders, companies with a very widespread shareholder base, small companies with a more limited shareholder base, or companies where the shareholder base consists mainly of shareholders who are financial investors); and
- certain specific director situations, for example, those covered by the legislation on directors representing a public shareholder or the company's employees.

The X Principles have been drawn up for limited companies with a single-tier governance structure (with a board of directors), which is the form most commonly adopted by companies in Luxembourg. However, they are also intended to apply to other forms of companies, including those with a two-tier governance structure, including a supervisory board and an executive board. In this case, the X Principles must be interpreted and applied *mutatis mutandis*.

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3 Structure, content and characteristics of the X Principles of Corporate Governance

The X Principles include three series of rules:

- the actual mandatory ("compliance") Principles;
- the "comply or explain" Recommendations (that is to say, those which are mandatory save in exceptional justified circumstances); and
- the Guidelines, which are indicative but not binding.

The X Principles are mandatory. Their scope is sufficiently broad for all companies to be able to adhere to them, regardless of their specific features. All Luxembourg companies whose shares are admitted for trading on a regulated market operated by the Luxembourg Stock Exchange (hereinafter, the "target companies") must therefore apply them without exception.

The **Recommendations** (some of which are detailed in the Appendices to the X Principles) describe the proper application of the principles. **Companies are asked to comply with the Recommendations or to explain why they are departing from them**. In such cases, companies must determine which rules are most suited to their specific situation and provide an explanation for this in the statement on corporate governance included in their annual report. This flexible approach is based on the "comply or explain" system. This system, which has long been adopted in many countries, is recommended by the OECD and the European Commission. Thanks to its flexibility, this approach enables the specific circumstances of companies, such as their nationality, size, shareholder structure, business activities, exposure to risk, and management structure, to be taken into account, together with the sustainability aspects.

Smaller target companies, in particular those that have recently been admitted to trading on the market, as well as young growth companies, may take the view that some of the Recommendations are disproportionate or less relevant in their case. Likewise, holding and investment companies may require a different structure for their Board of Directors, which may affect the relevance of some of the Recommendations to them. For instance, in such cases, the role of the Nomination Committee and the Remuneration Committee may be fulfilled by a single committee.

The Recommendations are supplemented by the **Guidelines**, which provide advice on the appropriate manner for a company to implement or interpret the Recommendations, and reflect "best practices". The Guidelines are optional, and are therefore not subject to the obligation to "comply or explain".

Throughout the text of the X Principles, the words "his" and "he" shall be understood to refer to both men and women.

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4 Disclosure of information

Transparency – via the publication by each company of the corporate governance principles that it applies – is an essential factor, which the X Principles aim to promote in order to ensure effective external monitoring of the application of the X Principles by the company in question.

Information on corporate governance is disclosed in two different documents:

- the Corporate Governance Charter, which is published on the company's website, and
- the statement on corporate governance included in the annual report.

In the Corporate Governance Charter, the company describes the main aspects of its corporate governance policy, especially its structure, the internal regulations for the Board, its Committees, and the Executive Management, as well as other important points (e.g. the remuneration policy). The Charter must be updated on a regular basis.

The statement on corporate governance included in the annual report primarily includes factual information on the governance of the company and on the operation of the governing bodies during the year just ended, including any changes that have occurred, like the appointment of new directors, the appointment of committee members and the remuneration report.

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5 Monitoring and compliance

A monitoring system that involves the shareholders, the Board of Directors, the Luxembourg Stock Exchange, the Luxembourg Financial Sector Supervisory Commission ("CSSF") and the other stakeholders, must ensure close compliance with the corporate governance principles. Other mechanisms may be added to this monitoring system.

- **The Board of Directors**

In a single-tier structure, the Board of Directors plays a dual role: first, it manages and heads the company, and second, it ensures effective monitoring of its Executive Management. The Board of Directors must ensure that the Corporate Governance Charter and the statement on corporate governance in the annual report are accurate and complete. Although non-executive directors and directors who rank as independent directors, who ideally form a majority on the Board, have a particular duty to assume this responsibility, it is incumbent on all Directors, who must all demonstrate their independence of judgement, integrity, strength of character and objectivity in order to fulfil this role.

- **Shareholders**

Given the flexible "comply or explain" approach recommended by the X Principles, shareholders, and specifically institutional investors, have a paramount role to play in assessing the company's corporate governance.

Shareholders shall carefully examine the reasons provided by the company whenever it departs from the Recommendations or fails to comply with them, and make a reasoned judgment in each case. Where shareholders do not accept the positions adopted by the company, it is their duty to inform its management or Board of Directors of their position, and to enter into a dialogue with the company on this issue, where applicable.

- **The Luxembourg Stock Exchange**

The Luxembourg Stock Exchange contributes to the external monitoring of the application of the X Principles by listed companies through providing support and advice to those companies, in order to encourage implementation of the X Principles.

It shall draw the attention of any listed company to any omission from or exception to the X Principles that is or seems not justified, and invite it to provide an explanation on this point to the Stock Exchange, where applicable. Via these principles, the Luxembourg Stock Exchange receives the right to publish reports on the corporate governance practices of listed Luxembourg companies from time to time.

With regard to points where the laws or regulations in force require disclosure, regardless of whether or not those points are included in the X Principles, the powers of the CSSF, including its power to impose sanctions, shall take precedence.

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6 Follow-up

The definition of what constitutes good corporate governance may need to evolve in step with changes in the business environment, the requirements of financial markets, or even changes to company law.

It is therefore important for companies to ensure that they follow up on the X Principles on a regular basis, and review the Recommendations on an ongoing basis, in order to make any adjustments that may become necessary.

7 Scope and entry into effect

The X Principles apply to companies incorporated under Luxembourg law, where their shares are listed on a regulated market operated by the Luxembourg Stock Exchange, except for regulated SICAVs and Funds, to which specific regulations apply.

However, given their flexibility, the X Principles can easily be used as a reference framework for any company incorporated under Luxembourg law, or under the laws of another country, including any company incorporated under Luxembourg law that has asked for its shares to be admitted to a foreign regulated market. Where Luxembourg companies admitted for trading on various regulated markets in addition to the regulated market operated by the Luxembourg Stock Exchange are faced with several codes of conduct in terms of corporate governance, they are invited to apply the X Principles. Indeed, under most circumstances, the regulatory nature of the X Principles enables these companies to comply with the provisions of the governance codes in effect on other regulated markets as well.

The fifth version of the X Principles of Corporate Governance of the Luxembourg Stock Exchange enters into effect on 1 January 2024, and applies to annual reports for financial years as from that date.

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PRINCIPLE 1 – Corporate governance framework

The company shall adopt a clear and transparent corporate governance framework for which it shall provide adequate disclosure.

Recommendation 1.1 The corporate governance framework, deriving from the company's memorandum or articles of association, shall be defined in writing and published in an adequate manner. It shall set out the functions of the Board of Directors and of the Executive Management, together with their respective powers and obligations.

GUIDELINE The corporate governance framework shall take into account the nature and size of each company, together with the complexity of its business activities and its requirements.

Recommendation 1.2 The executive power within the company shall be entrusted to a management body, headed by an individual other than the Chair of the Board. The Board shall make a clear distinction between the duties and responsibilities of its Chair and of the Chief Executive Officer and set this out in writing.

Where the functions of the Chair of the Board of Directors and of the Chief Executive Officer are performed by one and the same person, the non-executive directors shall choose from amongst the independent directors a Senior Independent Director.

GUIDELINE The Senior Independent Director shall chair the Nomination and Remuneration Committees. The Senior Independent Director shall be specifically responsible for ensuring close compliance with the good governance rules, the information of independent directors and the strict application of the X Principles. He shall be the Chair of the Board's preferred contact person in these areas.

Recommendation 1.3 The company shall draw up a governance charter (CG Charter) describing the main aspects of its corporate governance, including the items referred to in Appendix B. The CG Charter shall be updated as often as necessary to reflect, at any given time, the company's corporate governance framework, and shall be published on the company's website.

GUIDELINE The date of the latest update of the CG Charter shall be indicated.

Recommendation 1.4 The CG Charter shall include the company's commitment to comply with the principles of corporate governance laid down by this text.

Recommendation 1.5 The company shall publish a corporate governance statement (hereinafter, the "CG Statement") in a specific section of its management report or in a separate chapter in the annual report published in the management report, describing all the relevant events connected with corporate governance that took place in the preceding financial year. This document shall include at least the items listed in Appendix C. If the company does not fully implement one or more of the recommendations, it shall submit every derogation and instance where it does not apply one or more recommendations to the Board of Directors with detailed explanations, for the Board's express approval. It shall explain these decisions in the CG Statement.

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PRINCIPLE 2 – The Board of Directors' remit

The Board shall be responsible for the management of the company. As a collective body, it shall act in the corporate interest, and shall serve all the shareholders by ensuring the long-term success of the company. It shall consider sustainability aspects and shall take into account the interests of all stakeholders in its deliberations.

The Board shall regularly evaluate the way in which it operates and its relations with the management.

Recommendation 2.1 The Board, and each of its members, shall be bound by a duty of loyalty towards the company and all of its shareholders.

Recommendation 2.2 The Board shall be organised in such a way that it is able to perform its tasks effectively, and shall meet as often as is necessary for the effective discharge of its obligations.

GUIDELINE It would be appropriate for the Board to meet at least once a quarter, in order to monitor the development of the company's activities.

Recommendation 2.3 The Board shall specifically decide on the values and objectives of the company, its strategy and the key policies to be implemented, as well as the level of risk acceptable to the company. It shall draw up the annual and periodic accounts. In defining the values of the company, the Board shall take into consideration all sustainability aspects of the business.

GUIDELINE 1 The Board shall ensure that the necessary financial and human resources are available, in order to enable the company to reach its objectives.

GUIDELINE 2 The Board shall establish the main categories of risk faced by the company, such as financial, strategic, operational, legal, environmental and regulatory, and reputational risks. The Board shall determine the risks that require particularly close monitoring.

GUIDELINE 3 The Board shall draw up a code of business ethics, and shall define the values of the company.

Recommendation 2.4 The Board shall appoint a Chair, who shall prepare the agenda for board meetings after consulting the Chief Executive Officer or the Senior Independent Director, as the case may be. The Chair shall ensure that the procedures relating to Board meetings, the preparation of meetings, deliberations, and for taking and implementing decisions, are correctly applied. The Chair shall take the necessary steps to create a climate of trust within the Board, contributing to open discussions, the constructive expression of the opinions of each of its members, and support for decisions taken by the Board.

GUIDELINE 1 The Chair shall see to the proper application of the rules of governance and shall establish a close relationship with the Executive Management, giving it advice and opinions, while respecting the executive responsibilities of the latter.

GUIDELINE 2 The Chair shall keep in regular contact with the Senior Independent Director and shall draw up the measures and initiatives relating to the company's governance issues with him.

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Recommendation 2.5 No single Director or group of Directors shall dominate the Board's decision-making process. The decision-making process shall allow each Director to express his point of view.

GUIDELINE All the Directors shall contribute to the development of the strategy and key policies via critical and constructive discussion of the proposals submitted.

Recommendation 2.6 The Board shall appoint a Board Secretary to ensure the implementation of the rules and procedures governing the operation of the Board, under the authority of the Chair. The Board Secretary shall prepare minutes summing up the Board Meeting deliberations and noting any decisions taken by the Board, in conjunction with the Chair of the Board. These minutes shall be submitted for the Board's approval.

GUIDELINE The minutes shall indicate the votes cast by the Directors.

Recommendation 2.7 Annually, the Board shall devote a point on the agenda of one of its meetings to a discussion regarding the way in which it operates, the effective fulfilment of its role and compliance with the applicable rules of good governance.

Recommendation 2.8 In the context of the assessment of the way in which it operates, the Board shall regularly examine, in particular, its composition, the way in which it is organised and its effectiveness as a collective body, as well as its relations with the Executive Management and other stakeholders.

It shall draw the requisite conclusions from this and shall take the appropriate measures to improve the way in which it operates.

A similar assessment shall be carried out by each of the Committees.

GUIDELINE 1 The Board may appoint an external expert to carry out the assessment.

GUIDELINE 2 In carrying out its assessment, the Board shall:
- take stock of the methods by which it operates;
- verify that the items on the agenda are sufficiently documented and prepared.

Recommendation 2.9 The Board shall publish in the CG Charter the methods by which it carries out its assessment and, as the case may be, any changes made to the way in which it operates.

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PRINCIPLE 3 – Composition of the Board of Directors and of the Board Committees

The Board shall be composed of competent, honourable, and qualified persons. The choice of those persons shall take into account the specific features of the company.

The Board shall establish the Board Committees necessary for the proper execution of its remit.

Recommendation 3.1 The Board shall include shareholders' representatives and must include an appropriate number of Independent Directors. The number of Independent Directors shall reflect the nature of the company's business activities and the structure of its shareholder base. They may not number fewer than two.

Recommendation 3.2 The members of the Board shall provide complementary experience and knowledge that is useful to the company through their diverse backgrounds. A list of the Board members shall be provided in the CG Statement, which shall contain information regarding each Board member's level of independence.

GUIDELINE In order to ensure a balanced composition of the Board, account shall be taken of the specific features of the company and its activities, and specifically of the company's various business lines and their geographical diversity.

Recommendation 3.3 The Board shall be of an appropriate size in order to facilitate effective decision-making. It shall be large enough for its members to contribute experience and knowledge from different fields and for changes in its composition not to create undue disruption. To ensure effective deliberation and decision-making, the number of Directors shall remain limited.

GUIDELINE A maximum of 16 Directors may be considered as a reasonable limit.

Recommendation 3.4 The Board shall be organised so that the Directors who are part of the Executive Management (hereinafter the "Executive Directors") and the Non-Executive Directors have equivalent access to the information and resources necessary for them to discharge their duties.

Recommendation 3.5 To be considered independent, a Director must not have any significant business relationship with the company, close family relationship with any member of the Executive Management, or any other relationship with the company, its controlling shareholders or members of the Executive Management which is liable to impair the independence of the Director's judgment.

The company shall draw up a detailed list of criteria for assessing independence on the basis of the above. The list of criteria shall be provided in the CG Statement. To this end, the company may make use of the independence criteria set out in Appendix D of this document.

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Recommendation 3.6 The company shall ensure that new Directors receive induction training on the way the company operates, enabling them to contribute in the best possible manner to the work of the Board.

The company shall allocate adequate resources to the induction and ongoing training of its Directors.

GUIDELINE 1 The company shall provide its new Directors with corporate governance training, which will be provided either internally or by specialist external institutions.

GUIDELINE 2 For Directors called upon to join a Board committee, this induction training programme shall cover the description of the committee's remit, and the skills required to fulfil its assignment.

GUIDELINE 3 For new members of the Audit Committee, this training programme shall include an overview of the company's organisation of internal control and of its risk management systems. In particular, they shall receive comprehensive information on the company's accounting, financial and operational features. This programme shall also involve contact with the Statutory Auditor and with the internal auditor. The Board shall specifically ensure that the Directors are able to acquire the necessary skills to manage the various risks that are considered to require specific monitoring.

Recommendation 3.7 Directors shall update their skills and improve their knowledge of the company with a view to fulfilling their role both on the Board and, where applicable, on Board Committees. Directors must acquire an excellent understanding of the company's business activities, and of the group's structure, where applicable.

GUIDELINE The Chair of the Board shall ensure that the necessary resources are available for improving and updating the knowledge and skills of the Directors.

Recommendation 3.8 All Directors shall be provided with the information necessary for the proper performance of their duties in good time.

GUIDELINE 1 The Chair of the Board shall ensure, with the assistance of the Board Secretary and the Executive Management, that the Directors receive timely and adequate information enabling them to perform their duties in an informed manner.

GUIDELINE 2 Directors shall review and assess the information received. Moreover, they may request additional information whenever they consider it to be appropriate, observing the applicable procedures.

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Recommendation 3.9 The Board shall ensure that Board Committees are set up in order to review specific issues determined by the Board, and to advise the Board on these issues. It shall choose each committee's Chair and members with due regard to the need to ensure that the membership of the committee is renewed to some degree, and to avoid undue reliance on particular individuals. Decision-making shall remain a collective responsibility of the Board, which shall remain fully answerable for decisions taken within its area of competence.

GUIDELINE Board Committees shall be composed of at least three members.

Recommendation 3.10 The Board Committees shall discharge their duties within the framework of the remit that they have been given, and shall ensure that they report on their activity and on the results of their work to the Board on a regular basis.

Recommendation 3.11 The Committees may seek expert assistance in obtaining the necessary information for the proper fulfilment of their duties. The company shall provide each committee with the financial resources it needs for this purpose.

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PRINCIPLE 4 – Appointment of members of the Board of Directors

The company shall establish a formal procedure for the appointment of members of the Board of Directors.

Recommendation 4.1 The Board shall establish the appointment criteria and procedures for Directors, and provide specific rules for Executive Directors, where applicable, subject to current legal provisions regarding the status of Directors representing the government or a public-law corporation within a public limited company and to the provisions regarding the representation of employees in public limited companies.

Among the criteria to select for the appointment or re-appointment of Directors, the company shall take account of diversity criteria, including criteria relating to professional experience, geographical origin and the appropriate representation of both genders, aside from overall skill-based criteria. The company shall elaborate a plan to set up ambitious and measurable targets relating to gender diversity.

GUIDELINE 1 A nomination procedure shall define to whom appointment proposals shall be sent, any deadlines to be complied with, and the arrangements for disclosure.

GUIDELINE 2 At least 40% of the underrepresented gender among non-executive directors or 33% among all directors should be represented in the Board;

Recommendation 4.2 The Board shall establish a Nomination Committee from amongst its members to assist in the selection of Directors. It shall define the committee's internal regulations.

Where the company does not have a Nomination Committee, the Board shall perform the duties of that committee and shall regularly assess the need to create one.

Recommendation 4.3 The Nomination Committee shall be composed of Non-Executive Directors. It shall include an appropriate number of Independent Directors.

The Board shall ensure that the Nomination Committee has the skills and resources required to perform its role effectively.

The Chair of the Nomination Committee shall see to it that minutes of its meetings are prepared.

Recommendation 4.4 The Nomination Committee shall assess its own effectiveness on a regular basis, and shall make recommendations to the Board regarding the necessary adjustments to its internal regulations.

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Recommendation 4.5 The Nomination Committee shall meet as often as it considers necessary.

Recommendation 4.6 After each meeting of the Nomination Committee, its Chair shall make a report to the Board.

Recommendation 4.7 An assessment shall be made by the Nomination Committee of the existing and required skills, knowledge and experience for any post to be filled. Based on this assessment, a description of the role, together with the skills, knowledge and experience required, shall be drawn up. Candidates to the Board will be judged against the defined criteria.

GUIDELINE 1 The Nomination Committee may seek assistance from external experts in the performance of its duties.

GUIDELINE 2 The Nomination Committee shall prepare plans for the succession of Directors. It shall ensure that a balance of skills and diversity is maintained within the Board at all times. It shall ensure that there is an appropriate number of Independent Directors.

GUIDELINE 3 When dealing with a new appointment, the Nomination Committee shall ensure that, prior to assessing the application, it has received sufficient information about the candidate, including his curriculum vitae, and, where relevant, the necessary information for evaluating the candidate's independence.

Recommendation 4.8 The Nomination Committee shall consider all proposals submitted by the shareholders, the Board, or the Executive Management. It shall also be entitled to suggest candidates for appointment to the Board.

GUIDELINE The Chief Executive Officer shall be consulted by the Nomination Committee and shall be authorised to submit proposals, especially when executive directors are under consideration.

Recommendation 4.9 The Board shall draw up the list of candidates to be submitted to the General Meeting.

Recommendation 4.10 If a Director is co-opted when a Director's directorship becomes vacant, the above recommendations shall remain applicable.

Recommendation 4.11 All proposals for the appointment of a Director submitted to the General Meeting shall be accompanied by a recommendation from the Board. The proposal shall specify the proposed term for the directorship. It shall be accompanied by relevant information on the professional qualifications of the candidate as well as a list of the positions and directorships held by the candidate. The Board shall indicate whether the candidate meets the independence criteria set by the company.

GUIDELINE Appointment proposals shall be disclosed within a reasonable timeframe before the General Meeting.

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PRINCIPLE 5 – Professional ethics

The Directors must exercise the mandate with integrity and commitment. Each shall represent the shareholders as a whole, and shall make decisions in the company's interest, and independently of any conflict of interest.

Recommendation 5.1 Each Director shall take care to avoid any direct or indirect conflict of interest with the company or any subsidiary controlled by the company. He shall inform the Board of conflicts of interest when they arise and shall refrain from deliberating or voting on the issue concerned in accordance with relevant legal provisions, except for everyday transactions entered into under normal conditions. Any abstention due to a conflict of interest shall be indicated in the minutes of the meeting and disclosed at the next General Meeting, in accordance with applicable legal provisions.

Recommendation 5.2 Every Director shall inform the Board of any other directorship, office or responsibility, including executive positions that he takes up outside the company during the term of his directorship.

A Director should not accept more than a limited number of directorships in other companies.

A full-time Executive Director should not accept more than two other directorships as a non-executive director in a listed company. No Executive Director should act as Chair of the board of more than one listed company.

Recommendation 5.3 Every Director shall consult the Chair of the Audit Committee or else the Chair of the Board in the event of uncertainty as to the nature of an operation or transaction likely to create a conflict of interest for him.

GUIDELINE Board members shall remain watchful regarding any conflicts of interest and should in any case refrain from:

- competing with the company;
- demanding or accepting from the company any substantial gifts, whether for themselves, their spouse, registered partner or other life companion, or a family member or relative by blood or marriage up to the second degree;
- affording any unjustified advantages to third parties at the expense of the company;
- profiting from business opportunities to which the company is entitled, whether for themselves, their spouse, registered partner or other life companion, or a family member or relative by blood or marriage up to the second degree.

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Recommendation 5.4 The Board shall adopt and disclose adequate rules concerning the handling of conflicts of interest. In the event of a declared conflict of interest, the operation or transaction concerned shall be submitted by the Director concerned to the Audit Committee or the Statutory Auditor, once the Chair of the Board has been informed, if possible, prior to the execution of that operation or transaction. The opinion of the Audit Committee or Statutory Auditor shall be communicated to the Board.

GUIDELINE 1 In the event of a declared conflict of interest, the operation or transaction concerned may be submitted to an external expert where the Board considers this necessary by reason of the technical characteristics of the operation or transaction in question and the director does not take part in the vote.

GUIDELINE 2 Any operation or transaction, or series of linked operations or transactions, entered into between the company and a Director, or a company in which that Director has a direct or indirect interest, must be notified to the Audit Committee, even if it involves current operations or transactions entered into under normal conditions, where the value of those operations or transactions represents a significant percentage of the company's turnover.

Recommendation 5.5 In the event of a transaction between the company or another entity forming part of the same group and a natural or legal person linked to a shareholder represented on the Board, save in the case of current operations, the Board shall ensure that the transaction in question is concluded in accordance with normal market conditions.

GUIDELINE 1 The Board may consult an expert in order to satisfy itself that the terms and conditions of the envisaged transaction are in accordance with normal market conditions.

GUIDELINE 2 Any operation or transaction, or series of linked operations or transactions, entered into between the company and a Director, or a company in which that Director has a direct or indirect interest, must be notified to the Audit Committee, even if it involves current operations or transactions entered into under normal conditions, where the value of those operations or transactions represents a significant percentage of the company's turnover.

Recommendation 5.6 Directors are required to keep the information received in their capacity as Directors confidential, and may not use it for any other purpose than for fulfilling their remit.

Recommendation 5.7 The Board shall adopt adequate rules to avoid its members and the company's employees becoming guilty of insider trading or of manipulating the market in its shares.

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Recommendation 5.8 The Board shall draw up a set of rules regarding transactions in the company's shares, covering actions and statements relating to transactions in the company's shares or other financial instruments (hereinafter the "company's securities") performed by Directors, by persons exercising management responsibilities within the company, by persons closely related to the latter, and by any other persons required to comply with the same obligations, on their own account. The rules relating to transactions in the company's securities shall specify which information regarding these securities must be disclosed to the market.

GUIDELINE 1 The rules regarding transactions in the company's securities shall set the limits for the execution of transactions in the company's securities during a determined period before the publication of its financial results ("closed periods") or any other periods considered as sensitive ("black-out periods").

GUIDELINE 2 The Board shall make sure to appoint a Compliance Officer, whose obligations and responsibilities shall be defined by the rules regarding transactions in the company's securities. The Compliance Officer's responsibilities shall include ensuring that the rules regarding transactions in the company's securities are complied with. The Compliance Officer shall have access to the Chair of the Board and of the Audit Committee at all times.

GUIDELINE 3 Any transaction in the company's securities performed by a person bound by the obligations mentioned in this Recommendation must be authorised by the Compliance Officer. The transaction shall be made public in accordance with the rules regarding transactions in the company's securities.

Recommendation 5.9 Every Director shall undertake to dedicate the time and attention required to his duties, and to limit the number of his other professional commitments (especially offices held at other companies) to the extent required for him to be able to fulfil his duties properly. The number of offices held shall depend on the nature, size, and complexity of the company's business.

GUIDELINE The company shall publish information on the Directors' appointments within other companies in its annual report and on its website every year.

The Director shall keep the Board Secretary informed of any subsequent change in his commitments.

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PRINCIPLE 6 – Executive Management

The Board shall set up a body responsible for the effective executive management of its business. It shall clearly define the assignments and duties of the Executive Management and shall delegate to it the powers required for the proper discharge thereof.

Recommendation 6.1 The Board shall determine the structure, organisation and operation of the Executive Management, and specifically its responsibilities, obligations and powers, and record them in the internal management regulations or another equivalent document. These principles shall be regularly revised and adapted.

The Board shall define the skills, knowledge, and experience required for the Executive Management to operate effectively.

GUIDELINE 1 The Executive Management structure may be based either on a collective delegation of powers to an executive committee, or on one or more delegations of power to individual executives.

GUIDELINE 2 When establishing the organisational and operating principles governing the Executive Management, the Board shall work closely with the Chief Executive Officer or the Managing Director.

GUIDELINE 3 The Executive Management shall propose to the Board internal management regulations, or another equivalent document, setting out the responsibilities, obligations, composition and operation of the Executive Management.

GUIDELINE 4 The Board shall ensure that the skills, knowledge and experience that are essential for the effective operation of a collective management process are assembled, thanks to a diversified Board composition.

Recommendation 6.2 The Board shall appoint the members of the Executive Management and its Chair. It shall ensure that the members of the Executive Management have the skills necessary to take on their responsibilities. A member of the Executive Management must be charged with supervising and monitoring the various risks that the Board has identified.

Recommendation 6.3 The Nomination Committee shall assist the Board in the procedure for appointing members of the Executive Management, applying Recommendations 4.1 and 4.7 above.

The Chief Executive Officer shall, in that procedure, be consulted as a matter of course, save where he is the subject of the procedure.

Recommendation 6.4 The Board shall grant the Executive Management, including any Executive Directors, where applicable, the necessary powers for them to fulfil their responsibilities and obligations.

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Recommendation 6.5 The members of the Executive Management shall:

- regularly submit proposals to the Board regarding strategy definition;
- be entrusted with the day-to-day running of the company;
- be responsible for preparing complete, timely, reliable and accurate financial statements in accordance with the accounting standards and policies of the company;
- submit an objective and understandable assessment of the company's financial situation to the Board;
- be responsible for preparing complete, timely, reliable and accurate sustainability reports and submit such reports to the Board on a regular basis;
- prepare the decisions to be taken by the Board;
- supply the Board with all the information necessary for the discharge of its obligations in a timely fashion;
- set up internal controls (systems for the identification, assessment, management and monitoring of financial and other risks), without prejudice to the Board's role in this matter;
- regularly report to the Board regarding the discharge of their responsibilities.

GUIDELINE The Executive Management, through its Chair, shall establish close relations with the Chair of the Board with a view to the organisation and coordination of the above duties.

Recommendation 6.6 The Board shall establish procedures for assessing and reviewing the operations and performance of the Executive Management as a whole and of each of its members.

The Non-Executive Directors shall meet without the Executive Directors once a year. An assessment of the performance of the Executive Directors and of the members of the Executive Management shall be performed during that meeting.

GUIDELINE 1 The Remuneration Committee shall assist the Board with this task.

GUIDELINE 2 The Senior Independent Director shall chair the regular meetings held without the Executive Directors, primarily in order to assess the performance of all the members of the Executive Management.

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PRINCIPLE 7 – Remuneration policy

The company shall establish a fair remuneration policy for its Directors and the members of its Executive Management that is consistent with the objectives of the company's business and risk management strategy, including sustainability related objectives, corporate culture and values, and risk culture, and compatible with the long-term interests of the company.

Recommendation 7.1 The remuneration must reflect the level of quality and skills required of members of the Board and of the Executive Management.

The remuneration must be structured in such a way as to protect the company against taking excessive risks.

Recommendation 7.2 In its CG Charter, the company shall describe the policy for remunerating members of the Board and the Executive Management. That description shall specify the balance sought between the fixed and variable parts of the remuneration and shall provide a comprehensive overview of the various factors entering directly or indirectly into the remuneration, regardless of whether they are awarded by the company, by its subsidiaries or by companies that belong to the same group.

Recommendation 7.3 Any significant change in the remuneration policy must be highlighted in the remuneration report, which must be drawn up by the company every year and included in the CG Statement. That report shall explain the relationship between the remuneration paid to its directors in a given year and the company's remuneration policy, specifying the criteria for assessing executives' performance in relation to the company's goals, the observation period for this assessment, and the methods for checking the assessment criteria. This information shall be provided in a way that does not disclose any confidential information on the company's strategy.

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Recommendation 7.4 The Board shall draw up simple, transparent and precise rules, in order to determine the remuneration of its members and of members of the Executive Management.

It shall lay down demanding and objective quantitative and qualitative performance criteria respecting the policy fixed by the company regarding the variable part of that remuneration, including bonuses and share allocations, share options or any other right to acquire shares.

These criteria shall be in line with the company's medium and long-term goals, and shall take account of its performance and effective and potential development, its results and the wealth created for the company and its shareholders, and of the performance of the Board or the Executive Management respectively. The criteria shall also take into consideration the appropriate level of risk defined by the Board.

GUIDELINE 1 The Board shall ensure that the rules for awarding bonuses to members of the Executive Management take account of their medium and long-term performance.

GUIDELINE 2 The Board shall ensure that it maintains an equitable relationship between changes in the average individual remuneration within the company and the remuneration of the Executive Management.

GUIDELINE 3 Redundancy compensation, or that for amicable termination of a contract of employment, of company executives together with any other benefit granted by virtue of redundancy or in relation to an amicable termination must correspond to actual performance over time and must be designed so as not to reward mediocre performance. The compensation shall in principle be limited to a maximum of two years' annual fixed remuneration. Any additional compensation must be a function of the company's results.

GUIDELINE 4 Remuneration policies shall be gender neutral. Companies may consider in a gender-neutral manner additional aspects when determining the remuneration of employees. Such aspects may include educational, professional and training requirements, skills, performance and responsibility level, scope of work and the nature of tasks involved.

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Recommendation 7.5 The criteria for Directors' remuneration, as well as the various factors entering directly or indirectly into the remuneration in favour of members of the Board and the Executive Management shall be subject to the approval of the Annual General Meeting of Shareholders.

GUIDELINE 1 The conditions of a scheme for the allocation of shares, share options or any other right to acquire shares shall not be liable to be re-valued after implementation.

Shares cannot vest any earlier than three years after the options or the rights to acquire shares were awarded, and only on condition that the beneficiary is still working for his employer at that date.

GUIDELINE 2 Companies shall ensure that a detailed explanation is given of the various factors entering directly or indirectly into the remuneration.

Recommendation 7.6 The remuneration of Non-Executive Directors shall be proportional to their responsibilities and the time devoted to their functions.

GUIDELINE Non-Executive Directors shall not receive any remuneration linked to their individual performance, or any bonuses, long-term incentive plans, benefits in kind or benefits linked to pension plans.

Recommendation 7.7 The Board shall establish a Remuneration Committee from among its members, which will assist it in drawing up a remuneration policy for Directors and members of the Executive Management. It shall define the Committee's internal regulations.

If the company does not have a Remuneration Committee, the need to create one shall be assessed at regular intervals. Until a Remuneration Committee has been set up, the Board shall assume the tasks and responsibilities thereof at least once a year.

Recommendation 7.8 The Remuneration Committee shall consist exclusively of Non-Executive Directors. It shall include an appropriate number of Independent Directors.

The Board shall ensure that the Remuneration Committee has access to the necessary skills and means to fulfil its role effectively.

The Chair of the Remuneration Committee shall arrange for minutes of its meetings to be drawn up.

GUIDELINE 1 The Remuneration Committee shall be chaired by an Independent Director or a Non-Executive Director.

GUIDELINE 2 The Remuneration Committee may seek assistance from external experts for the fulfilment of its duties.

GUIDELINE 3 The Remuneration Committee shall hear the Chief Executive Officer.

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Recommendation 7.9 The Remuneration Committee shall meet as often as it considers necessary, but at least once a year.

After each meeting of the Remuneration Committee, its Chair shall make a report to the Board.

Recommendation 7.10 The Remuneration Committee shall regularly assess its own effectiveness and make recommendations to the Board regarding the necessary adjustments to its internal regulations.

Recommendation 7.11 The Remuneration Committee, together with the Chief Executive Officer, shall assess the way in which the Executive Management operates and the performance of its members at least once a year, in accordance with Recommendation 7.4. The Chief Executive Officer shall not attend when his own assessment is being discussed. The quantitative and qualitative assessment criteria shall be clearly defined by the Remuneration Committee.

Recommendation 7.12 The Remuneration Committee shall submit proposals regarding the remuneration of the members of the Executive Management to the Board, ensuring that these proposals are in accordance with the remuneration policy adopted by the company and the evaluation carried out of the performance of the person concerned. To that end, the Committee shall be informed of the total remuneration paid to each member of the Executive Management by other companies affiliated to the group.

Recommendation 7.13 Individuals shall not be involved in the adoption of decisions regarding their own remuneration.

Recommendation 7.14 The overall direct and indirect remuneration amounts received due to their position for all Non-Executive Directors, on the one hand, and for all Executive Directors and members of the Executive Management, on the other, shall be disclosed in the remuneration report. A distinction shall be drawn between the fixed and variable portions of that remuneration. The company shall disclose the number of shares and options and the conditions of their exercise granted to those same groups of persons. It shall also disclose any other benefits granted, such as benefits in kind, contributions to pension schemes and severance payments.

GUIDELINE The company shall specify the number of members of the Executive Management concerned.

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Recommendation 7.15 When allocating the variable part of the remuneration amounts received due to their position by all Executive Directors and all members of the Executive Management, the Board shall satisfy itself that, on the basis of the recommendations made by the Remuneration Committee, the company's remuneration policy is appropriate to guarantee the creation of long-term value. That policy must be sufficiently transparent and comprehensible for any investor to be able to evaluate it and compare it with the remuneration policies of other companies.

GUIDELINE 1 The remuneration policy must be drawn up in such a way as to enable investors to properly understand its objective and scope and thus to permit an informed discussion regarding the objectives and the consequences of the remuneration policy.

GUIDELINE 2 The remuneration policy must clearly identify the qualitative and quantitative criteria in a manner sufficiently precise to help investors to better understand the company's remuneration policy and developments in relation to it, provided that those developments are not regarded as commercially sensitive. Where precise objectives are considered to be commercially sensitive, a qualitative explanation concerning the objectives aimed at must be provided.

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PRINCIPLE 8 – Financial and sustainability information reporting, internal control and risk management

The Board shall establish strict rules to protect the company's interests in the areas of financial and sustainability information reporting, internal control and risk management.

Recommendation 8.1 The Board shall establish an Audit Committee from among its members to assist in the discharge of its responsibilities in the areas of financial reporting, internal control and risk management. It shall define the committee's internal regulations.

Recommendation 8.2 The Audit Committee shall regularly examine the effectiveness of the financial and sustainability information reporting, internal control and risk management system adopted by the company. It shall make sure that the audits carried out and the subsequent audit reports comply with an audit plan approved by the Audit Committee.

Recommendation 8.3 The Audit Committee shall consist exclusively of Non-Executive Directors, of which at least half shall be Independent Directors.

The Audit Committee shall be chaired by an Independent Director. The Chair of the Board shall not chair the Audit Committee.

The Board shall ensure that the Audit Committee has access to the necessary skills and resources to fulfil its role effectively, especially with regard to financial, risk management, audit and accounting issues.

The Chair of the Audit Committee shall arrange for minutes of its meetings to be drawn up.

GUIDELINE One of the members of the Audit Committee shall have accounting experience, while another member shall have had auditing experience.

A training programme shall be organised for new members of the Audit Committee; the programme will specifically cover the internal auditing process, risk management, the accounting standards applicable to the company, and the presentation of the Statutory Auditors' report.

Recommendation 8.4 The Audit Committee may invite any other person whose collaboration it considers to be beneficial to assist it in its work and to attend its meetings. In addition, it shall be authorised to meet with any individual outside the presence of any executives. It shall meet with the internal auditor and with the Statutory Auditor at least once a year without the presence of any executives.

Recommendation 8.5 The Audit Committee shall regularly assess its own effectiveness, and shall make recommendations to the Board regarding the necessary adjustments to its internal regulations.

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Recommendation 8.6 The Audit Committee shall meet as often as it considers necessary, but at least three times a year. At its meetings, the Audit Committee shall consider at least the analysis of the annual and half-yearly results.

GUIDELINE The Audit Committee shall review the way in which the results are periodically disclosed to the shareholders and to the general public.

Recommendation 8.7 After each meeting of the Audit Committee, its Chair shall make a report to the Board, identifying the issues where he considers that action or improvement is called for, and making recommendations on the measures to be taken.

Recommendation 8.8 The Audit Committee shall assist the Board in monitoring the reliability and integrity of the financial information provided by the company, in particular by satisfying itself of the relevance and consistency of the accounting standards applied by the company (including the consolidation criteria).

Recommendation 8.9 The Audit Committee shall assist the Board in drawing up a description of the risks specific to the company and in putting in place a risk control system, so that the main risks to which the company is exposed are identified and managed correctly, and are disclosed to the Board.

GUIDELINE The Board may decide to set up a separate Risk Committee among its members, in order to discuss factors relating to the management and control of the risks to which the company is exposed.
In this case, the Audit Committee shall be relieved of these duties.
The member of the Executive Management who is responsible for risk shall be invited to all the meetings.

Recommendation 8.10 An internal audit function shall be set up.

Its resources and skills shall be appropriate to the nature, size and complexity of the company's business.

Recommendation 8.11 In addition to maintaining an effective working relationship with the Executive Management, the internal auditor, the Statutory Auditor and the Risk Manager, where applicable, shall have free access to the Board. To this end, the Audit Committee shall act as the principal contact point.

The internal auditor, the Statutory Auditor and the Compliance Officer may approach the Chair of the Audit Committee or the Chair of the Board directly at all times.

The Audit Committee shall receive timely information regarding any issue raised by the internal auditor or by the Statutory Auditor.

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Recommendation 8.12

The Audit Committee shall be informed of the internal auditor's work programme and shall receive periodic summaries of his work. The Committee may make recommendations regarding the internal auditor's work programme.

It shall monitor the effectiveness of the internal audit function and make sure that the internal audit function has adequate resources to perform the tasks entrusted to it.

The Audit Committee shall make recommendations regarding the selection, appointment and dismissal of the internal auditor.

In the event that the internal auditor resigns, the Committee shall investigate any issues that may have led to that resignation, and shall make recommendations regarding any measures that are needed.

Recommendation 8.13

The Audit Committee shall be informed of the Statutory Auditor's work programme and shall receive a report from the latter describing all existing relationships between the Statutory Auditor and the company and its group.

The Audit Committee shall make recommendations to the Board regarding the selection, appointment, reappointment and dismissal of the Statutory Auditor as well as the terms and conditions of his remuneration.

In the event of the resignation of the Statutory Auditor, it shall investigate any issues that may have led to that resignation and make recommendations concerning any measures that are needed.

The Audit Committee shall assess the work performed by the Statutory Auditor on a regular basis and shall review the length of the remit of the audit firm and/or of the partners responsible for certifying the financial statements.

GUIDELINE

It shall inform the Board of the proposals contained in the Statutory Auditor's work programme.

Recommendation 8.14

The Board shall review and assess the main risks to which the company is exposed in pursuing its corporate purpose, and the strategy implemented to control and manage these risks, at least once a year. This review shall include an assessment of the structure and operation of the risk control function, as well as of any major changes that have occurred at this level since the Board's last review. This work must be carried out in close collaboration with the members of the Audit Committee and the Statutory Auditor. The Board shall inform the shareholders of the conclusions of its review and assessment.

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PRINCIPLE 9 – Sustainability

The company shall deploy an appropriate sustainability policy. It shall set out the measures taken for its implementation and shall report transparently and in sufficient detail.

Recommendation 9.1 The company shall integrate the sustainability aspects in its strategy for the creation of long-term value and shall describe its performance against the material topics identified.

GUIDELINE The company shall conduct a materiality analysis and stakeholders' dialog in order to identify the areas, topics and goals that are the most relevant to its stakeholders as well as to ensure that the activation of sustainability throughout its business and reporting on sustainability are relevant, structured, coherent and transparent.

Recommendation 9.2 The company shall present the sustainability information within its management report. It shall analyse the sustainability of its activities and shall provide clear and transparent sustainability information in support.

GUIDELINE The company is encouraged to use applicable recognized international reporting frameworks and/or applicable legal frameworks. Using such a framework will support the company in aligning its business with the 17 UN Sustainable Development Goals.

Recommendation 9.3 The Board shall regularly consider the company's sustainability risks, including, in particular, the environmental, social and governance risks.

GUIDELINE 1 The Board shall set up a Board Committee to deal with sustainability aspects. It shall lay down the internal rules governing that committee. Following each meeting of the committee, its chair shall present a report thereon to the Board.

GUIDELINE 2 The company shall define, precisely and explicitly, the quantitative and qualitative criteria linked to the sustainability aspects when determining the variable part of the remuneration of members of the Executive Management.

Recommendation 9.4 The company shall prepare and publish transparently and in sufficient detail its methodology, relating to the way in which material factors have been identified and data have been established within its management report.

Guideline 1 The company shall publish its sustainability report on its website.

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Recommendation 9.5 The company shall prepare and publish the material sustainability performance indicators to its business activities. Where possible, it shall present relevant indicators in the form of a comparison over time.

These performance indicators shall include ambitious targets and commitments relative to the environment (such as climate-related disclosures), social (such as diversity and Human Rights) and governance.

GUIDELINE The company shall show, in the form of a scoreboard, the sustainability performance indicators applicable to its business activities. Where possible, it shall present indicators in the form of a comparison over time.

By way of illustration, the significant indicators could include the following:
- Ecosystem and biodiversity;
- energy consumption;
- water consumption;
- waste management;
- Green House Gases ("GHG") emissions;
- adaptation and mitigation to the consequences of climate change;
- human rights;
- own workforce and workers in the value chain;
- staff training;
- health and safety;
- absenteeism;
- inclusion and diversity;
- subcontracting and relations with suppliers;
- code of conduct;
- affected communities;
- supplier code of conduct;
- executive compensation;
- anti-money laundering;
- cyber security;
- data privacy and data management.

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PRINCIPLE 10 – Shareholders

The company shall respect the rights of its shareholders and shall ensure that they receive equal treatment.

The company shall define a policy of active communication with its shareholders and shall establish a related structured set of practices.

Recommendation 10.1 The company shall disclose its share ownership structure. Such disclosure shall expressly specify the number of shares issued, the number of shares with voting rights, the number of treasury shares held by the company, and the identity of shareholders who hold 5% or more of the voting rights, to the extent of the company's knowledge. Whilst fulfilling legal disclosure obligations, the company shall use the most appropriate means of communication to disseminate this information in the most effective way, and shall ensure that it is updated on a regular basis.

Recommendation 10.2 The company shall ensure that its shareholders receive equal treatment, and shall see to it that they are provided with useful and relevant information that enables them to exercise their rights. The Board shall make sure that the rights of both majority and minority shareholders are respected equally.

Recommendation 10.3 The company shall dedicate a specific section of its website to its shareholders, where all disclosures to shareholders and to the general public must be available. The shareholders shall be able to find there, inter alia, the financial timetable, including the forecast timetable for meetings and periodic information, notices calling General Meetings with the conditions for access thereto and voting procedures for shareholders, downloadable registration and proxy forms, and any relevant documentation for General Meetings of shareholders.

Recommendation 10.4 The company shall encourage the active participation of shareholders at meetings and take the necessary measures to facilitate that participation, taking account of the composition of its share ownership structure. Shareholders who cannot attend must be able to vote in absentia, whether by proxy, correspondence or remote participation via electronic means.

GUIDELINE The company shall also take into account the situation of shareholders who are not resident in the Grand Duchy of Luxembourg but who wish to exercise their rights. Subject to compliance with the existing legal framework, the company shall make use of modern technology to make it easier for shareholders to participate in General Meetings. The company shall draw up procedures in this regard, which specifically include the remote exercise of voting rights under conditions that are sufficiently similar to those of General Meetings. It shall also do its best to use the appropriate languages for its shareholders.

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Recommendation 10.5 When calling a General Meeting, the company shall communicate to all shareholders in good time the items on the agenda and the resolutions to be put to the vote, taking account of its shareholders' diverse geographical locations.

For complex issues, the company shall provide adequate explanations in advance.

Recommendation 10.6 The company shall acknowledge the right of any shareholder or group of shareholders holding at least 5% of the capital to ask for items to be included in the agenda for the General Meeting, and to lodge draft resolutions concerning the items on the agenda of the General Meeting.

Recommendation 10.7 The company shall guarantee its shareholders the power to play their role fully at meetings and to enter into dialogue with the Board and the Executive Management. The Chair of the Board shall ensure that relevant questions raised by shareholders before or during the General Meeting receive the appropriate answers, provided that they are not likely to cause serious harm to the company, its shareholders or staff.

GUIDELINE The company shall give shareholders the option to submit questions via the company's website.

Recommendation 10.8 Several decisions must not be grouped together in one resolution even if they are of the same nature, in order not to force shareholders to vote for or against all these decisions in one block. Likewise, the appointment of several members of the Board, or the renewal of their appointment, must not be presented in one single resolution, so that shareholders can vote separately on each candidacy.

Recommendation 10.9 The company shall post the details of the vote results and the minutes of the General Meeting on its website as soon as possible after the meeting has taken place.

Recommendation 10.10 General Meetings shall be privileged occasions when the Board accounts to the shareholders for the execution of its duties. The company shall ensure that the Board and the Executive Management are represented there in large numbers.

Recommendation 10.11 At the General Meeting, the Board shall report on the sustainability of the activities of the company.

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Appendix A:
Notion of control (Preamble)

Pursuant to Luxembourg Law, a shareholding is said to be "controlling" in the following situations,:

(a) in which a natural person or legal entity has a majority of the voting rights; or

(b) of which a natural person or legal entity has the right to appoint or remove a majority of the members of the administrative, management or supervisory body and is at the same time a shareholder in, or member of, the undertaking in question; or

(c) of which a natural person or legal entity is a shareholder or member and alone controls a majority of the shareholders' or members' voting rights, respectively, pursuant to an agreement entered into with other shareholders or members of the undertaking in question; or

(d) over which a natural person or legal entity has the power to exercise, or actually exercises, dominant influence or control.

For the purposes of (b), the holder's rights in relation to voting, appointment and removal shall include the rights of any other undertaking controlled by the shareholder and those of any natural person or legal entity acting, albeit in its own name, on behalf of the shareholder or of any other undertaking controlled by the shareholder.

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Appendix B: Transparency requirements

Corporate Governance Charter (the CG Charter) (Recommendation 1.3.)

The company shall describe and disclose all the main aspects of its corporate governance policy, including at least the items listed below, in its Corporate Governance Charter (CG Charter):

With regard to the Board of Directors, the company shall disclose:

- a description of the company's governance structure;
- the essential features of the corporate governance framework, as set out in the internal regulations of the Board;
- the policy established by the Board regarding transactions in the company's securities and other contractual relationships;
- a description of the risk management system.

With regard to committees, the company shall disclose the essential aspects of the internal regulations of each committee.

With regard to the Executive Management, the company shall disclose the essential aspects of the internal regulations of the Executive Management.

With regard to the remuneration policy for Board members and members of the Executive Management, the company shall disclose information relating to that policy, in compliance with the requirements of the X Principles.

With regard to the shareholders, the company shall disclose the information relating to the latter that has been disclosed to it pursuant to the law, in compliance with the requirements of the X Principles.

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Appendix C: Transparency requirements

Corporate Governance Statement (the CG Statement) (Recommendation 1.5.)

The company shall disclose in its annual report a Corporate Governance Statement (CG Statement) which describes all major aspects of its corporate governance that are of an annual nature, including at least the items listed below. The company shall declare that it follows the Principles of Corporate Governance of the Luxembourg Stock Exchange, or else shall indicate the principles that it applies.

Where applicable, it shall specify which Recommendations it has departed from during the financial year and provide reasons for these deviations. Where there has been a deviation, it shall explain how the solution it has adopted nevertheless allows it to reach the objective sought by the underlying principle.

With regard to the General Meeting of Shareholders, the company shall publish the information relating to its operating processes and to its main powers.

With regard to the shareholders, the company shall publish the information relating to the latter that has been disclosed to it pursuant to the law, and in compliance with the X Principles of Corporate Governance.

With regard to the Board of Directors, the company shall disclose:

- a list of the Board members, indicating which of them are Independent Directors;
- a presentation of each new Director, including supporting evidence if the Director in question is considered to be independent, even if that Director fails to meet one or more of the criteria appearing in Appendix D;
- information about Directors who no longer meet the conditions for independence;
- a list of other positions held by Directors in other listed companies;
- a summary curriculum vitae for each Director;
- a report on Board meetings, including the number of meetings and the average attendance by the Directors;
- how the Board has carried out its own assessment, and the assessment of the Committees, indicating to what extent the assessment has led to significant changes;
- a description of the diversity policy applied to the company's administrative, management or supervisory bodies, having regard to criteria such as, for example, age, gender or professional qualifications and experience, together with a description of the objectives of that diversity policy, of the methods used to implement it and of the results obtained during the course of the reference period;
- information on any significant additional remuneration paid by the company or a related company, apart from the fees usually received by a Non-Executive or Supervisory Director.

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Appendix C: Transparency requirements

With regard to committees, the company shall disclose:

- a list of members of Board Committees;
- a report on committee meetings, including the number of meetings and the average attendance by the Directors.

With regard to the Executive Management, the company shall disclose:

- a list of the members of the Executive Management;
- a summary curriculum vitae for each member of the Executive Management.

With regard to remuneration, the company shall disclose the related information, in compliance with the requirements of the X Principles.

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Appendix D: Independence criteria (Recommendation 3.5)

Annex II – Profile of independent non-executive or supervisory directors – from the European Commission Recommendation of 15 February 2005 on the role of non-executive directors (and members of the supervisory board) of listed companies and on Board (or supervisory board) Committees

"It is not possible to provide an exhaustive list of all threats to directors' independence; the relationships or circumstances that may appear relevant to its determination may vary to a certain extent across Member States and companies, and best practices in this respect may evolve over time. However, a number of situations are frequently recognised as relevant in helping the (supervisory) board to determine whether a non-executive or supervisory director is independent or not, even though it is widely understood that assessment of the independence of any particular director shall be based on substance rather than form. In this context, a number of criteria, to be used by the (supervisory) board, should be adopted at national level. Such criteria, which should be tailored to the national context, should be based on due consideration of at least the following situations:

(a) not to be an executive or managing director of the company or an associated company, and not having been in such a position for the previous five years;

(b) not to be an employee of the company or an associated company, and not having been in such a position for the previous three years […];

(c) not to receive, or have received, significant additional remuneration from the company or an associated company apart from a fee received as non-executive or supervisory director. Such additional remuneration covers in particular any participation in a share option or any other performance-related pay scheme; it does not cover the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the company (provided that such compensation is not contingent in any way on continued service);

(d) not to be or to represent in any way the controlling shareholder(s) [i.e. a strategic shareholder with a 10% or larger holding];*

(e) not to have, or have had within the last year, a significant business relationship with the company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body having such a relationship. Business relationships include the situation of a significant supplier of goods or services (including financial, legal, advisory or consulting services), of a significant customer, and of organisations that receive significant contributions from the company or its group;

(f) not to be, or have been within the last three years, partner or employee of the present or former external auditor of the company or an associated company;

(g) not to be executive or managing director in another company in which an executive or managing director of the company is non-executive or supervisory director, and not to have other significant links with executive directors of the company through involvement in other companies or bodies;

(h) not to have served on the (supervisory) board as a non-executive or supervisory director for […] more than 12 years […];

(i) not to be a close family member of an executive or managing director, or of persons in the situations referred to in points (a) to (h).

[1] ** Under Luxembourg Law, a shareholding is said to be "controlling" in a different definition as stated in Appendix A. The legal definition shall prevail.*

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Appendix D: Independence criteria (Recommendation 3.5)

The independent director undertakes:

(a) to maintain in all circumstances his independence of analysis, decision and action,

(b) not to seek or accept any unreasonable advantages that could be considered as compromising his independence, and

(c) to clearly express his opposition in the event that he finds that a decision of the (supervisory) board may harm the company. When the (supervisory) board has made decisions about which an independent non-executive or supervisory director has serious reservations, he should draw all the appropriate consequences from this. If he were to resign, he should explain his reasons in a letter to the board or the audit committee […]."

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