



Corporate Governance Charter

KINEPOLIS GROUP NV

CORPORATE GOVERNANCE CHARTER

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Free translation

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Corporate Governance Charter

TABLE OF CONTENTS

1.	STATEMENT REGARDING CORPORATE GOVERNANCE	5
1.1	BELGIAN CORPORATE GOVERNANCE CODE	5
1.2	STATEMENT ON CORPORATE GOVERNANCE.....	5
2.	DEFINITIONS	7
3.	BRIEF INTRODUCTION TO THE COMPANY	8
4.	MANAGEMENT STRUCTURE	9
4.1	THE BOARD OF DIRECTORS.....	9
4.2	EXECUTIVE MANAGEMENT	9
5.	INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS	10
5.1	RESPONSIBILITIES	10
5.2	COMPOSITION AND APPOINTMENT	11
5.2.1	Composition.....	11
5.2.2	Directors' profiles	11
5.2.3	Nominating and co-opting new directors.....	12
5.2.4	Mandate term	14
5.3	PRESIDENT AND SECRETARY	14
5.3.1	President.....	14
5.3.2	Secretary	15
5.4	HOW THE BOARD OF DIRECTORS FUNCTIONS.....	16
5.4.1	Convocation of the Board of Directors	16
5.4.3	Preparation and information	17
5.4.4	Meetings of the Board of Directors.....	18
5.4.5	Decision-making.....	18
5.4.6	Minutes of the meeting	19
5.5	ADVISING COMMITTEES	19
5.6	EVALUATION OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND MEMBERS	20
5.6.1	General periodic evaluation	20
5.6.2	Individual evaluation	20
5.6.3	Evaluation of the Executive Management	21
5.7	REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	21
5.7.1	Procedure	21
5.7.2	Remuneration policy and level	21
5.7.3	Remuneration report	23
6.	THE NOMINATION AND REMUNERATION COMMITTEE'S INTERNAL REGULATIONS	25
6.1	AIM.....	25
6.2	COMPOSITION	25



Corporate Governance Charter

6.3	APPOINTMENT, TRAINING AND DISMISSAL	25
6.4	OPERATION	26
6.5	REPORTING	26
6.6	EVALUATION.....	26
6.7	RESPONSIBILITIES	27
7.	THE AUDIT COMMITTEE’S INTERNAL REGULATIONS	29
7.1	AIM.....	29
7.2	COMPOSITION	29
7.3	APPOINTMENT, TRAINING AND DISMISSAL	29
7.4	OPERATION	30
7.5	REPORTING	31
7.6	EVALUATION.....	31
7.7	RESPONSIBILITIES	31
7.7.1	Monitoring financial reporting.....	31
7.7.2	Internal inspection and risk management.....	32
7.7.3	INTERNAL AUDIT	32
7.7.4	AUDITOR AND THE EXTERNAL AUDITING PROCESS	32
7.7.5	GENERAL	34
8.	THE EXECUTIVE MANAGEMENT’S INTERNAL REGULATIONS	35
8.1	INTRODUCTION	35
8.2	APPOINTMENT	35
8.3	EVALUATION.....	35
8.4	REMUNERATION.....	36
8.5	AUTHORITY	36
8.6	EXTERNAL REPRESENTATION.....	36
8.7	RESPONSIBILITIES	37
8.7.1	Profit plan	37
8.7.2	Strategic plan	37
8.7.3	Daily management	37
8.7.4	Furnishing the Board of Directors with information.....	38
8.7.5	Inspection, risk management, reporting and financial information	38
9.	CONFLICT OF INTERESTS	39
9.1	CONFLICT OF INTEREST OF A PROPRIETARY NATURE.....	39
9.2	FUNCTIONAL CONFLICT OF INTEREST.....	39
9.2.1	Furnishing information on allied parties.....	40
9.2.2	Provision of information on transactions	40
9.2.3	Gifts and entertainment.....	41
10.	REGULATIONS TO AVOID MARKET ABUSE.....	42
11.	CODE OF ETHICAL CONDUCT	42
12.	SHAREHOLDER STRUCTURE.....	43
12.1	CAPITAL AND SHAREHOLDERS.....	43
12.1.1	Authorized capital.....	43



Corporate Governance Charter

12.1.2	Major shareholders.....	43
12.1.3	Transparency notification	43
12.2	GENERAL MEETING	43
12.2.1	Date, invitation and agenda.....	43
12.2.3	Participation	46
12.2.4	Course of the meeting	50
12.2.5	Minutes	50
13.	SHAREHOLDERS RELATIONSHIP.....	51



Corporate Governance Charter

1. STATEMENT REGARDING CORPORATE GOVERNANCE

1.1 Belgian Corporate Governance Code

Kinepolis Group NV considers Corporate Governance of paramount importance and therefore makes every effort to organise as efficiently possible the balance of power and interests within the Company and, more particularly, the structures and channels within which this is managed and controlled, the stakeholders' interests are protected, and to do this as much as possible in accordance with the Belgian Code on Corporate Governance that was published on 12 March 2009 and the relevant provisions of the Companies Code relating to corporate governance.

In implementation of these regulations, the Company has approved its Corporate Governance Charter on 17 December 2009 and this document has been since updated on a regular basis.

1.2 Statement on Corporate Governance

Important practical derogations from the Charter will be explained in the Statement on Corporate Governance which will form a chapter of the annual report.

The Board of Directors will also do the following in the Statement on Corporate Governance:

- refer to the fact that it has accepted the Code as reference and specify the place where this Code may be consulted;
- describe and publish the major characteristics of the Company's internal control and risk management systems in connection with the financial reporting process;
- include the remuneration report (see Chapter 5.7.3);
- provide information on the major properties of the evaluation process of the Board of Directors, its committees and its individual directors;
- accommodate the major properties in the form of shares, share options or any other right to acquire shares approved by or submitted to the General Meeting;
- provide an explanation when applying the policy developed by the Board of Directors on transactions and other contractual ties between the Company, its directors and members of the Executive Management who do not fall under the conflict of interest arrangement;



Corporate Governance Charter

- explain the composition of the Board of Directors and its committees, which will consist of at least the following:
 - a list of the members of the Board of Directors, stating which directors are independent;
 - information on the directors who no longer satisfy the independence requirements;
 - a report on the work done at the meetings of the Board of Directors and its committees, including the number of meetings of the Board of Directors and its committees and the directors' attendance list;
 - if applicable, the reasons why the previous Managing Director's appointment as the President of the Board of Directors is in the Company's best interests; and
 - a list of Executive Management members;

- explain:
 - the shareholder structure on the balance sheet date, as appears from the notices received;
 - the holders of securities to which special rights of control are attached, and a description of these rights;
 - any legal or statutory restriction on the exercise of voting rights;
 - the rules for appointing and replacing members of the Board of Directors and for amending the Articles of Association; and
 - the authority of the Board of Directors, particularly regarding the possibility of issuing shares or buying own shares.



Corporate Governance Charter

2. DEFINITIONS

- **“General Meeting”**: the general meeting of the Company’s shareholders;
- **“Charter”**: this Corporate Governance Charter of the Company;
- **“Code”**: the Belgian Code on Corporate Governance of 12 March 2009;
- **“Kinohold bis S.A.”**: Kinohold bis S.A., a public limited company under Luxembourg law, which has its registered office in L-2453 Luxembourg, Rue Eugène Huppert 6, being the reference shareholder of the Company or its possible legal successors;
- **“Kinopolis Group”**: the company and the companies associated with it in the sense of Article 11 of the Companies Code;
- **“Company”**: Kinopolis Group NV, which has its registered office in Eeuwfeestlaan 20, 1020 Brussels;
- **“CG Statement”**: the Statement on Corporate Governance, which is a special chapter in the annual account.



Corporate Governance Charter

3. BRIEF INTRODUCTION TO THE COMPANY

The organisational structure of Kinepolis is tailored to the geographical markets in which it is active. The main countries are Belgium, France, The Netherlands, Luxemburg, Spain and Canada. The Kinepolis Group is characterized by its flat structure with short decision-making lines and a clear separation of responsibilities and objectives.

The Kinepolis Group is structured around five operational entities:

Cinema is responsible for running the cinema and related activities, ticket sales, food and beverages, business-to-business events and media and other media-related activities.

Real Estate is responsible for project development, site, building and facility management and leasing and commercial lease space management.

Kinepolis Film Distribution (KFD) acts as an independent film distributor.

Brightfish is an advertising agency that acts for the Belgian cinema sector.

The *Shared Services Center (SSC)* is responsible for providing the other departments with financial, administrative, IT, HR and legal services and provides technical image and sound support for cinema activities.



Corporate Governance Charter

4. MANAGEMENT STRUCTURE

4.1 The Board of Directors

The Board of Directors is the Company's highest decision-making body and has all the authority that the law has not reserved for the General Meeting. The internal regulations for the Board of Directors are described in Chapter 5.

The Board of Directors has established a Nomination and Remuneration Committee, as well as an Audit Committee, under its auspices to advise and assist it in executing certain responsibilities. The internal regulations of the Nomination and Remuneration Committee and those of the Audit Committee have been included in Chapters 6 and 7.

4.2 Executive Management

The Managing Director is entrusted with the Company's day-to-day management. He therefore bears the executive responsibility for managing the entrepreneurial work.

Where necessary, the Managing Director, together with other executive directors, forms the Executive Management.

The Executive Management's regulations have been included in Chapter 8.



Corporate Governance Charter

5. INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

5.1 Responsibilities

Besides its normal tasks, the Board of Directors takes the necessary decisions regarding the strategies and general policy lines to be followed to secure the Company's long-term success, while taking into account the risks that the Board of Directors is prepared to take and based on "the socially justified entrepreneurship", including (gender) diversity. The Board of Directors makes decisions in the interests of the Company.

More specifically, the Board of Directors decides on the following at the Executive Management's suggestion:

1. values of the short and long-term strategy, risk profile and main policy lines of the Company and any adjustments these may require;
2. profit plans and plans relating to capex;
3. expansion and takeover projects ; and
4. making available the leadership, financial resources and manpower needed to achieve the Company's objectives.

The Board of Directors also has the task of supervising the Company by doing the following:

1. taking the required measures to guarantee the integrity and timely publication of the annual accounts and other substantive financial and non-financial information of which the shareholders and potential shareholders are informed;
2. approving a framework of internal control and risk management compiled by Executive Management;
3. evaluating the implementation of this internal control and risk management framework, while taking the Audit Committee's judgement into account;
4. supervising the external and internal auditors' work, while taking the Audit Committee's evaluation into account;
5. evaluating the Executive Management and the implementation of strategic decisions, business plans and profit plans;
6. monitoring the efficacy of the Audit Committee and the Nomination and Remuneration Committee; and
7. supervising the appropriation of the financial and human resources that have been made available.

Finally, the Board of Directors makes the required proposals to the General Meeting on the overall remuneration of its members, determines the structure and appoints and dismisses the members of the

Executive Management, determines the Executive Management's powers and obligations, determines the remuneration policy for the members of the Executive Management and issues guidelines on wages policy in general.



Corporate Governance Charter

The Executive Management's regulations have been included in Chapter 8.

5.2 Composition and appointment

5.2.1 Composition

In accordance with the Company's Articles of Association, the Board of Directors has at least ten (10) members, who do not have to be shareholders.

At least half of the Board of Directors consists of non-executive directors, and it strives to have at least three (3) independent directors among them.

5.2.2 Directors' profiles

Competence and diversity

The Board of Directors is responsible for determining the properties and skills which the Company's directors must meet. These can differ, depending on whether they apply to the executive or non-executive directors. In general, skills, knowledge, professional experience in leisure and/or retail sectors, financial and/or real estate sectors, integrity and the possibility of spending time on the director's mandate, play a decisive role.

Before the Board of Directors makes a new appointment to it, it has to make an evaluation of the skills, knowledge and experience already present on the Board and of those required. The profile needed for the new director is developed in the light of such an evaluation. In addition, if an independent director is appointed, he or she will have to meet the criteria as stipulated in this Chapter..

When compiling the required profiles, the Board of Directors ensures that its members are sufficiently (gender) diverse and that they complement one another as regards skills, experience and knowledge.

Non-executive directors

Non-executive directors, being directors who have no executive positions in the Company, may not have more than five (5) director's mandates in listed companies, including the director's mandate with the Company. Together with their candidature, all non-executive directors submit to the President of the Nomination and Remuneration Committee a comprehensive overview of the positions they hold. The President of the Board of Directors has to be notified immediately if this is changed in any way..

Independent directors

The Board of Directors aims to have at least three independent non-executive directors. These independent directors play a crucial role in the objectivity of the Board's decision making.

When assessing the directors' independence, the Board of Directors shall rely on the criteria included in Article 526ter of the Companies Code (to which the Code (Annex A) refers).



Corporate Governance Charter

If an independent director no longer meets the criteria stipulated in Article 526^{ter} of the Companies Code, he or she shall notify the Board of Directors of this without delay. If the number of independent directors were consequently to drop to below the minimum number, the Board of Directors shall take the necessary measures to appoint a new independent director as quickly as possible.

5.2.3 Nominating and co-opting new directors

Authority of the Board of Directors

At the General Meeting the Board of Directors is responsible for the introduction of new candidate directors to be appointed or current directors to be reappointed.

If a director's position becomes vacant, the Board of Directors has the authority to provisionally fill the vacancy. In the case of such a co-option the General Meeting shall, at the proposal of the Board of Directors, decide on the permanent appointment at its following meeting. The director appointed by co-option (which is then confirmed by the General Meeting) shall serve the time of the director he or she replaces. The period for which the director is appointed by co-option shall not be taken into account when determining the term for which the director can function as an independent director.

Nomination procedure

When making its proposals or co-opting directors, the Board of Directors relies on the advice of the Nomination and Remuneration Committee which assists the Board in identifying, screening and recommending candidate directors.

Before considering the candidature of the new directors, the President of the Board of Directors ensures that the latter has sufficient information on the candidate, such as curriculum vitae, assessment of the candidate based on the first interview conducted by the Nomination and Remuneration Committee, a list of positions that the candidate holds and perhaps also information required to evaluate the candidate's independence. Where a director's reappointment is concerned, the Board of Directors must have at its disposal the evaluation of the candidate's commitment to and efficacy on the Board. The Nomination and Remuneration Committee is responsible for furnishing the Board of Directors with the abovementioned data.

All proposals to the General Meeting to appoint a director are accompanied by the recommendation by the Board of Directors, based on the Nomination and Remuneration Committee's advice, which shall be attached to the recommendation. The proposal states the term of the proposed mandate, information on the candidate's professional qualifications, a list of the positions that the candidate already holds, and, where necessary, whether he or she meets the independence criteria.

Without prejudice to the legal stipulations, proposals for directors' appointments are announced at least 24 days before the General Meeting, together with the other points on the agenda.



Corporate Governance Charter

Kinohold bis S.A.'s right of nomination

Article 14 of the Company's Articles of Association stipulates that as long as Kinohold bis S.A. and all entities directly or indirectly controlled by it or by (one of) its legal successors (in the sense of Article 11 of the Companies Code) own(s), alone or jointly, at least 35% of the Company's shares at the point in time when the candidate director is nominated and at the moment that the General Meeting appoints him or her, at least 8 directors shall be appointed by the candidates proposed by Kinohold bis S.A., on the understanding that if their shareholders' percentage were to amount to less than 35%, Kinohold bis S.A. shall only have the right to nominate candidates per bracket of shares representing 5% of the Company's capital.

If Kinohold bis S.A. wishes to invoke its right to nominate directors, which it has in accordance with the Articles of Association, it must submit its appointment proposal(s) to the President of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall provide the Board of Directors with advice on the proposal. The nomination procedure as stipulated in Chapter 5.2.3 shall then be followed.



Corporate Governance Charter

5.2.4 Mandate term

It is provided in the Articles of Association that directors can be appointed for a maximum term of six (6) years and that they can be reappointed.

The General Meeting can dismiss them at all times.

However, the Company has ensured for some time that directors are not appointed for a term exceeding four (4) years.

The Articles of Association do not stipulate any age limit at which directors can be appointed. In practice, however, the Board of Directors will use a maximum age of 70 as a guideline when submitting proposals for the appointment of directors to the General Meeting.

5.2.5 Professional development

The President provides new directors with the information and documentation required to enable them to be well informed and gain insight into the Company's fundamental properties, so that they can take up their mandate as director as quickly and efficiently as possible.

The Nomination and Remuneration Committee shall also develop a programme through which the directors shall be provided with the necessary resources to improve their skills and knowledge of the Company.

5.3 President and Secretary

5.3.1 President

Election of the President

The Board of Directors elects a President from among its directors, who may not be a Managing Director.

He is appointed and elected on the basis of his or her knowledge, professional competence, experience and ability to negotiate.

If the Board of Directors considers appointing the previous Managing Director as President, the advantages and disadvantages of such a decision must be weighed up carefully against one another and the reason why this appointment is in the Company's best interests must be stated in the Statement on Corporate Governance.



Corporate Governance Charter

President's and Vice-President's responsibilities

The President, assisted by the Vice-President ensures that the Board of Directors operates efficiently and that there is clear communication and cooperation with the Managing Director and he or she also does the following:

- supports and advises the Managing Director, with due respect for their executive responsibilities;
- in cooperation with the Managing Director, prepares the agenda for the meeting of the Board of Directors, stating for each subject on the agenda whether this is submitted as a source of information, to be discussed, decided upon or approved;
- ensures that accurate and clear documentation is distributed in good time for and, if necessary, between the meetings, so that the members of the Board of Directors can prepare as well as possible;
- prepares the meetings of the Board of Directors and presides over them, thus ensuring that there is a climate of confidence and contributing to open and constructive deliberation;
- ensures that the new members of the Board of Directors are given the necessary introduction;
- leads, in concert with the Nomination and Remuneration Committee, the evaluations of the members of the Board of Directors; and
- presides over the General Meeting and ensures that it is run efficiently.

The Vice-President replaces the President in his absence and assumes his tasks and responsibilities.

The Board of Directors may entrust the President and the Vice-President with other specific matters.

5.3.2 Secretary

Secretary's appointment

The Board of Directors has not formally appointed a Secretary, since it is of the opinion that, given the limited size of the company, these tasks can be performed by the President assisted by the in-house legal counsel.

Secretary's role

The Secretary advises the Board of Directors on all management matters. Under the guidance of the President, he or she regularly reports to the Board of Directors on the manner in which the procedures, rules and regulations of the Board of Directors are implemented and observed. He may be assisted by the in-house legal counsel in this regard. All directors have individual access to the Secretary.

The Secretary ensures that there is a good flow of information within the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee, and between non-executive and executive directors.



Corporate Governance Charter

The Secretary assists the President and the Nomination and Remuneration Committee in performing their tasks within the scope of professional development as stipulated in Chapter 5.2.5.

If feasible, the Secretary attends all the meetings of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee if these committees request this. The Secretary shall draw up the minutes of those meetings.

5.4 How the Board of Directors functions

5.4.1 Convocation of the Board of Directors

In accordance with the Company's Articles of Association, the Board of Directors is convened by the President, Vice-President, two directors or a Managing Director as often as the Company's interests so require.

However, in practice, the President, assisted by the Vice-President, is responsible for convening the Board of Directors. Only if the President were not capable or refused to convene the Board of Directors could this task be performed by one of the above-mentioned persons.

5.4.2 Agenda, notice and frequency of the meetings of the Board of Directors

In general, the Board of Directors is convened whenever the Company's interests require it. In particular, the President must ensure that the Board of Directors meets often enough so that it can fulfil its assignments efficiently.

The President draws up the agenda for the meetings after he or she has consulted the Managing Director. It is specified for every point on the agenda whether it is submitted as a source of information, to be discussed, decided or approved. All directors can make suggestions to the President on the points to be put on the agenda.

The directors are informed of the agenda, time and place of the meeting and of the documents, by fax, letter, e-mail or any other written manner, at least five (5) days before the meeting, except in the event of extreme urgency, which must be justified in the minutes.

Points that are not stated on the agenda can only be validly deliberated if all directors are present at that meeting and if the entire Board of Directors agrees.

In any event, in principle, the Board of Directors holds bimonthly meetings and those meetings must deal with at least the following:

- monthly visitor numbers and management reporting of the various cinema complexes and financial results of Kinopolis Group;
- newly proposed projects;
- the evolution of current projects;
- the major strategic and other decisions which have to be taken (see Chapter 8.7.3);
- the updated treasury situation and cash flow forecast; and



Corporate Governance Charter

- the reports of the Audit Committee and the Nomination and Remuneration Committee.

Extraordinary meetings of the Board of Directors are held to discuss and approve the following:

- short-term and long-term strategies;
- profit / investment plans for the coming financial year;
- individual and consolidated annual accounts and reports;
- takeovers, mergers, demergers and the transactions to finance them;
- strategic alliances.

5.4.3 Preparation and information

The President must ensure that the directors receive prior accurate and clear information within good time of the meetings (e.g. presentations that will be made) and, if necessary, between meetings. All directors must receive the same information.

The directors ensure that they study the information that they have received thoroughly to prepare for the meeting and gain and maintain good insight into the main aspects of the Company's operations.

In any event, the President is responsible for ensuring that, before the meeting every month, members of the Board of Directors receive up-to-date data on the group's various cinema complexes and companies and, more particularly, on the monthly visitors and core figures per cinema complex, as well as financial reporting on the group, including detailed reporting on any significant deviations from the budget. The uniformity of this reporting must make it possible to compare the various complexes as well as to make comparisons over time.

If they deem it essential to fulfil their tasks as management members and after deliberation with the President, all management members, individually, have the opportunity to obtain external professional advice at the Company's expense.



Corporate Governance Charter

5.4.4 Meetings of the Board of Directors

Except in the case of justified exceptions, all directors are deemed to be present at all the meetings of the Board of Directors.

Meetings take place under the presidency of the President or, if he or she is unable to attend, of the Vice-President or, if he or she is also unable to attend, of a director appointed as such by his or her colleagues.

Meetings are held at the Company's registered office or at any other place stated in the convocation. Meetings can take place by teleconference, videoconference or any other means which enables interactive deliberation. The meeting is then regarded as having been held at the Company's registered office.

Directors can always participate in the meeting by telephone, videoconference or any other means of telecommunication. They shall be regarded as attending the meeting personally.

5.4.5 Decision-making

The Board of Directors can only deliberate and decide validly if at least half of its members are present or validly represented at the meeting. The Articles of Association stipulate that if there is no quorum, a new Board of Directors can be convened with the same agenda, which shall deliberate and decide validly if at least two directors are present or represented. In practice, however, the aim shall always be to have at least half of the members present or represented.

Any director who cannot attend the meeting of the Board of Directors, can, by letter, fax or in another written manner, give another director a mandate to represent him or her at the meeting.

The Articles of Association provide that decisions are made by a majority of the votes cast, yet, in practice; the aim is reach a decision by consensus. Blank and invalid votes are not counted as votes cast.

In the event of a conflict of interests, the directors shall observe the applicable legal stipulations. If there is the required quorum at the meeting of the Board of Directors and one or more directors must abstain in accordance with the legal stipulations regarding a conflict of interests, then the decisions are validly taken by the majority of the other directors present or represented.

If all directors have to abstain in accordance with the legal stipulations regarding a conflict of interests, then the Board of Directors must, without delay, convene the General Meeting which will take the relevant decision itself or appoint an ad hoc director who shall be entrusted with taking the decision.

In exceptional cases, if urgent necessity and the Company's interests require it, the decisions of the Board of Directors are taken by unanimous written agreement. However, this procedure cannot be followed to adopt annual accounts, appropriate authorized capital or in any other case excluded by the Articles of Association.



Corporate Governance Charter

5.4.6 Minutes of the meeting

The Secretary draws up the minutes of the meetings. These are submitted for approval to the members present at the following meeting and are signed once they have been approved.

The minutes of the meeting identify the directors present or represented at the meeting, contain a summary of the discussions, specify the decisions taken and state any reservation of certain directors. Any mandates are attached to the minutes.

5.5 Advising Committees

In accordance with the Code and, if applicable, the Companies Code, the Board of Directors has established two specialized advising committees in its midst, notably an Audit Committee and a Nomination and Remuneration Committee.

The Board of Directors has the authority to establish additional committees to make recommendations regarding particular subjects.

As regards the particular fields in which they make recommendations to the Board of Directors, the Committees have an advisory role towards the Board of Directors, which retains the authority to make decisions.

After every meeting, the committees report to the Board of Directors on their work, conclusions and recommendations. The President of the respective committee sends the report through to the President of the Board of Directors, who in turn makes these available to the other directors at the next Board meeting.

The operations, composition and responsibilities of all the committee are determined by the Board of Directors as based on the Code and Companies Code, if applicable. The internal regulations of the Audit Committee and the Nomination and Remuneration Committee have been included in Chapters 7 and 6, respectively.

The Board of Directors appoints the members and President of every committee from members of the Board of Directors and at the Nomination and Remuneration Committee's proposal. Every committee, except for the audit committee which will consist of at least three members, consists of at least three members. At least half of the committee members are independent.

The term of the mandate as member of the committee may not exceed the term of membership on the Board of Directors. In appointing the members, the Board of Directors expertise required and the directors' individual preferences into account.

All committees regularly (at least every two (2) to three (3) years) evaluate their internal regulations and own efficacy and submit proposals regarding the necessary changes to the Board of Directors.



Corporate Governance Charter

5.6 Evaluation of the Board of Directors, its committees and members

5.6.1 General periodic evaluation

Under the leadership of the President and assisted by the Nomination and Remuneration Committee and perhaps external experts, the Board of Directors regularly (at least every two (2) to three (3) years) evaluates its size, composition, achievements, those of its committees, the interaction with the Executive Management, and individual directors' contributions.

The advising committees ensure that they have simultaneously made their own evaluation (as stipulated in Chapter 5.5) so that they always make their recommendations on their own operations to the Board of Directors within the scope of the latter's evaluation.

The purpose of this evaluation is to improve the efficacy of the Board of Directors as a whole and to tackle its weaknesses. Where applicable, this can mean that new members to be appointed must be introduced, that there are proposals not to reappoint current members or that measures that are deemed to facilitate the efficient operations of the Board of Directors are taken.

5.6.2 Individual evaluation

The Nomination and Remuneration Committee shall always evaluate individual directors' achievements, commitment and efficacy when the reappointment of these directors is considered or, in particular, when the committee deems this necessary. Special attention must be paid to the evaluation of the President of the Board of Directors and the Committee Presidents.

If the Board of Directors were to establish that an individual director no longer meets the established standards of achievement and qualification guidelines or that his or her acts cast a bad light on the Board of Directors and/or the Company, the Board of Directors can apply to the General Meeting for the dismissal of the director whose achievements are not up to standard.



Corporate Governance Charter

5.6.3 Evaluation of the Executive Management

The non-executive directors evaluate their interaction with the Executive Management at least once (1 time) per year. For this purpose they meet once a year without the presence of the Executive Management.

5.7 Remuneration of the members of the Board of Directors and Executive Management

5.7.1 Procedure

Members of the Board of Directors

The annual overall remuneration and policy on this for the members of the Board of Directors is determined by the General Meeting as based on a proposal by the Board of Directors, which is advised on this by the Nomination and Remuneration Committee.

At the proposal of the Nomination and Remuneration Committee, the Board of Directors decides on the concrete allocation of the overall portfolios to the individual members.

Executive Management

At the proposal of the Nomination and Remuneration Committee, the Board of Directors decides on remuneration and lays down the remuneration policy for the Executive Management.

5.7.2 Remuneration policy and level

The Nomination and Remuneration Committee makes proposals to the Board of Directors regarding (i) the remuneration policy for the directors of the Executive Management and, where necessary, regarding the proposals pursuant to the General Meeting; and (ii) the overall remuneration for the Board of Directors, remuneration for the individual directors and Executive Management and, where necessary, regarding the proposals pursuant to the General Meeting.



Corporate Governance Charter

In general, the following principles are taken into account:

1. the remuneration is sufficient to attract, retain and motivate directors and members of the Executive Management who meet the profile determined by the Board of Directors;
2. to fulfil their position as members of the Board of Directors, the non-executive directors receive a fixed amount according to how many times they participate in meetings of the Board of Directors;
3. the President and the Vice-President of the Board of Directors and the Managing Director are granted an annual fixed amount. The fixed amount granted to the President also includes the fee for chairing and participating in the Nomination and Remuneration Committee;
4. members of the committees are allocated a fixed amount each time they actually attend a committee meeting, with a further fixed amount for the President of the Audit Committee and of the Nomination and Remuneration Committee;
5. non-executive directors receive no variable remuneration, bonuses, long-term share-related incentive programmes, benefits in kind or pension-plan benefits, with the exception of the Chairman of the Board of Directors who is, as the representative of the reference shareholder, closely involved in implementing the Company's long-term value creation strategy and who is in this regard eligible to receive share options under a share option plan;
6. besides a fixed remuneration, the Executive Management receives a variable remuneration that is dependent on the achievement of quantitative objectives that are fixed and measured over one-year periods on the basis of the improvement in the financial results of the Company over the previous fiscal year, as well as on the achievement of qualitative objectives, defined as goals to be achieved over a number of years with yearly milestones. This variable remuneration ensures that the interests of the Executive Management correspond to those of the shareholders of the Company and offers them the necessary encouragement to realize the short as well as long-term value creation goals of the Company. 30 % of the variable remuneration is linked to the achievement of the qualitative objectives and 70% to the achievement of the quantitative objectives unless the Board of Directors, on proposal of the Nomination and Remuneration Committee, judges that there are motivated reasons to deviate hereof; the payment of the variable remuneration may only take place if the criteria are met over the designated period; Executive Management members can also be allocated long-term incentives in the form of warrants or other financial instruments of the Company or its subsidiaries; from 1 January 2012, the prior approval of the General Meeting must be requested for bonus or remuneration schemes for the benefit of the Executive Management based on which shares, share options or another right to acquire shares is offered; for the first three (3) year following their allocation, the allocated shares may not be viewed as acquired and the options or other rights may not be exercised, except where the Articles of Association state otherwise or with the express approval of the General Meeting;
7. at least one quarter of the variable remuneration of an Executive Management member must be based on predetermined and objectively measurable performance criteria over a period of at least two years and one quarter over a period of at least three years; this only applies if the variable remuneration forms more than one quarter of the total annual remuneration and if the General Meeting does not decide otherwise or the Articles of Association state otherwise; on 11



Corporate Governance Charter

May 2016, the General Meeting renewed its consent to base the entire annual variable remuneration of the Managing Directors for the financial years from 2016 to 2020, inclusive, on predetermined objective and measurable performance criteria, each to be measured over a period of one year (see minutes of the relevant General Meeting, available on the Company's website);

8. where the contract with an Executive Management member (concluded after 1 July 2009) has been terminated prematurely, severance payment shall not amount to more than twelve (12) months' basic and variable remuneration; in specifically justified circumstances it can, at the recommendation of the Nomination and Remuneration Committee and if contractually so specified, amount to more but with a maximum of eighteen (18) months' basic and variable payment; in that case, the contract with the Executive Management member must first be approved by the next General Meeting and then be submitted for advice to the Works Council or, failing this, to the employee representative on the Committee for Prevention and Protection at the Workplace or, failing this, the trade union delegation, at least 30 days prior to publication of the invitation to the next General Meeting; severance payment may, in any event, not exceed twelve (12) months' basic and variable payment and the variable remuneration may not be taken into account when the person leaving has not met the performance criteria referred to in the contract.

5.7.3 Remuneration report

The Statement of Corporate Governance includes a remuneration report drawn up by the Board of Directors and based on a recommendation by the Nomination and Remuneration Committee.

This remuneration report shall contain the following in accordance with the Code and the applicable legal stipulations:

1. a description of the internal procedure employed to develop a remuneration policy and to determine the remuneration for the directors and Executive Management;
2. statement on the remuneration policy employed for the directors and the Executive Management (including the principles on which the remuneration was based, stating the relationship between remuneration and performance; the relative importance of the different components of the payment; the properties of the performance premiums in shares, options or other rights to acquire shares; information on the remuneration policy for the coming two financial years); if the remuneration policy has been drastically adjusted in comparison with the reported financial year, this must be specifically stated;
3. individually, the amounts of remuneration and other benefits allocated directly or indirectly to the directors (both non-executive and executive) by the Company or its subsidiaries;
4. if members of the Executive Management qualify for payments based on the performance of the Company or a company belonging to the scope of the Company's consolidation, (the performance of) an operation unit or the person concerned him- or herself, the evaluation



Corporate Governance Charter

criteria for such performance in relation to the objectives, the period evaluated and a description of the methods applied to check whether these performance criteria have been met; this information is stated in such a manner that it does not disclose any confidential information on the Company's strategy;

5. individually, the amounts of remuneration and other benefits allocated directly or indirectly to the Managing Director and, on an overall basis, the amounts of the remuneration and other benefits allocated directly or indirectly to the other executive managers (if applicable), in which there is a split between (i) basic salary; (ii) variable remuneration stating the form in which it was paid; (iii) amounts paid during the financial year covered by the annual report or the costs of the services provided during that year according to the type of pension plan, with an explanation of the applicable pension scheme; (iv) other remuneration components, such as costs or value of insurance policies and benefits in kind (including an explanation of the details on the major components); if this remuneration is drastically adjusted in comparison to the reported financial year and/or if the Company derogated substantially from its remuneration policy, this must be stated explicitly;
6. individually, the number and major properties of the shares, share options or all other rights to acquire shares, which were allocated to the Executive Management or exercised or expired during the past financial year;
7. individually, the provisions concerning severance pay for the Executive Management (and in particular, the circumstances in which this can be paid and the justification for so doing if this is more than 12 months' basic and variable remuneration), and also, if a member of the Executive Management departs, the justification and decision of the Board of Directors, proposed by the Nomination and Remuneration Committee, as to whether the person concerned is eligible for severance pay and the basis on which this is calculated;
8. for the Executive Management, the degree to which the Company provides for a right to recover the variable remuneration awarded on incorrect financial data.

The remuneration report is also passed on by the Board of Directors to the Works Council or, failing this, to the employee representative on the Committee for Prevention and Protection at the Workplace or, failing this, the trade union delegation.

The Nomination and Remuneration Committee explains the remuneration report to the General Meeting. The General Meeting must approve or reject the remuneration report by separate vote.



Corporate Governance Charter

6. THE NOMINATION AND REMUNERATION COMMITTEE'S INTERNAL REGULATIONS

6.1 Aim

The Nomination and Remuneration Committee is a committee established on the Company's Board of Directors to give advice on all the decisions of the Board of Directors regarding the appointment or proposal to appoint directors and members to the Executive Management and the remuneration policy, remuneration of the directors and members of the Executive Management and a payment policy for the Company in general.

The Nomination and Remuneration Committee is established in accordance with Article 526^{quater} of the Companies Code as well as in accordance with the Code.

6.2 Composition

The Nomination and Remuneration Committee must be composed of non-executive directors. The Nomination and Remuneration Committee consists of at least three members, of whom at least half must be independent.

The Nomination and Remuneration Committee is presided over by the President of the Board of Directors, or if he or she is an executive director, by another non-executive director.

The Nomination and Remuneration Committee must avail itself of the required expertise in the field of remuneration policy.

6.3 Appointment, training and dismissal

The President and members of the Nomination and Remuneration Committee are appointed by the Board of Directors at the Nomination and Remuneration Committee's proposal.

New members receive initial training where they are made conscious of these internal regulations, informed of the particular role and tasks of this committee and of all other information related to the committee's particular role.

The Board of Directors determines the duration of the mandates of the Nomination and Remuneration Committee members. The duration of the mandate of the Nomination and Remuneration Committee members may not exceed the duration of membership of the Board of Directors. The mandate is renewable.

The Board of Directors can discontinue a director's mandate as member of the Nomination and Remuneration Committee at any point in time. When a director's mandate as director of the Company is discontinued, his or her mandate as member of the Nomination and Remuneration Committee is likewise automatically discontinued.



Corporate Governance Charter

6.4 Operation

The Nomination and Remuneration Committee itself determines how frequently it holds meetings, which is at least twice (2 times) a year and also whenever it deems this necessary to fulfil its obligations.

The President of the Nomination and Remuneration Committee convenes the committee in writing (by letter, fax, e-mail or any other written means) at least five (5) working days before the meeting.

The President or, if he or she is absent, the most senior member of the committee, presides over the Nomination and Remuneration Committee. The President of the Board of Directors does in any event not preside over the Nomination and Remuneration Committee when the election of his or her successor is discussed.

The committee can invite non-members to attend the meeting if it so wishes.

This committee can only deliberate validly if the majority of its members attend or are represented. Decisions are taken by a majority of votes. In the event of an equality of votes, the President has the casting vote.

Meetings can be held or members can participate in meetings by telephone or video conference or by any other technique allowing members to hear one another and deliberate with one another.

In exceptional cases decisions can also be made by unanimous written vote.

The Nomination and Remuneration Committee can obtain professional external advice at the Company's expense after the President of the Board of Directors has been informed of this.

6.5 Reporting

After each meeting, the President of the Nomination and Remuneration Committee presents a report on its activities, conclusions and recommendations to the President of the Board of Directors. The President of the Board of Directors in his turn makes this available to the other directors at the Board's next meeting. If necessary, the President of the Nomination and Remuneration Committee provides additional explanation of the report at the next meeting of the Board of Directors.

6.6 Evaluation

The Nomination and Remuneration Committee regularly (at least every two (2) to three (3) years) evaluates its internal regulations and own efficacy and submits proposals regarding any necessary changes to the Board of Directors for its approval. The committee ensures that its evaluation is at least ready at the moment that the Board of Directors evaluates itself in accordance with Chapter 5.6.1.



Corporate Governance Charter

6.7 Responsibilities

The Nomination and Remuneration Committee shall have the responsibilities stated below. For this purpose, the committee complies with the provisions of the internal regulations of the Board of Directors.

1. to develop and recommend to the Board of Directors appointment procedures and criteria to select new directors and members to the Executive Management, annually review and evaluate those procedures and, where necessary, make recommendations to the Board of Directors as regards changes;
2. to identify and screen Executive Management candidate directors and members in accordance with the established election procedure and criteria; for re-election the committee evaluates the individual director or member of the Executive Management in accordance with the stipulations in Chapters 5.6.2 and 8.3;
3. to advise the Board of Directors on proposals for candidate directors as submitted by the Executive Management or shareholders;
4. when necessary, to propose the candidate directors to be co-opted or appointed by the General Meeting to the Board of Directors (in this regard it duly takes into account the nomination procedure as stipulated in Chapter 5.2.3), to propose candidate members and Presidents for the committees and to propose members for the Executive Management;
5. to advise the Board of Directors on the evaluation of its scope and composition and make any recommendations regarding changes to it;
6. to advise the Board of Directors on follow-up issues on the Board of Directors and the Executive Management, and to provide solutions for this;
7. to provide advice regarding the possible dismissal of directors and members of the Executive Management after an evaluation was performed or due to any other reason;
8. to evaluate individual directors and members of the Executive Management in accordance with the stipulations in Chapters 5.6.2 and 8.3 and, if necessary, suitably advise the Board of Directors;
9. to provide an introduction programme for new directors and members of the Nomination and Remuneration Committee and to provide a permanent training programme for all directors and members of the Nomination and Remuneration Committee (see Chapter 5.2.5);
10. to advise the Board of Directors regarding remuneration policy, remuneration for the directors and relative proposals which the Board of Directors must submit to the General Meeting;
11. to advise the Board of Directors on remuneration policy and remuneration for the members of the Executive Management, including variable remuneration (and allied criteria), long-term performance bonuses, whether or not these are linked to shares, (are) in the form of share options or other financial instruments and the major contractual stipulations in labour or management agreements (including regulations regarding premature termination of the contract and severance pay) and proposals in this respect which the Board of Directors must submit to the General Meeting;



Corporate Governance Charter

12. to advise the Board of Directors on an overall remuneration policy, including wage systems which stimulate employees at all levels to perform their tasks with a view to creating maximum value for the Company;
13. to advise the Board of Directors on allocating long-term incentives in the form of warrants or other financial instruments to employees of the Company or its subsidiaries;
14. to prepare the remuneration report and submit this to the Board of Directors for approval before it is included in the CG Statement that forms part of the annual report; and
15. to explain the remuneration report at the Annual General Meeting.



Corporate Governance Charter

7. THE AUDIT COMMITTEE'S INTERNAL REGULATIONS

7.1 Aim

The Audit Committee is a committee established within the Company's Board of Directors and assists the Board in fulfilling its responsibilities as regards monitoring the Company with a view to inspecting it in the broadest sense of the word.

The Audit Committee is organized in accordance with the Code and Article 526*bis* of the Companies Code.

The function of the Audit Committee is to act as point of contact between the Board of Directors and the auditor and head of internal auditing. The Auditor and head of internal auditing always have limitless access to the Presidents of the Audit Committee and the Board of Directors.

The Audit Committee must maintain good relations with the Executive Management.

7.2 Composition

The Audit Committee must be composed of at least three non-executive directors, of whom at least half must be independent. At least one member must be experienced in accounting and auditing.

The Audit Committee is presided over by a President who is appointed by the Board of Directors. This President may not be the President of the Board of Directors.

The Audit Committee must have the necessary expertise in the fields of bookkeeping, auditing and financial matters.

7.3 Appointment, training and dismissal

The President and members of the Audit Committee are appointed by the Board of Directors at the Nomination and Remuneration Committee's proposal.

New members receive initial training where they are made conscious of internal regulations, given an overview of the organisation of the internal inspection and systems to manage the Company's risks and informed of the particular role and assignments of this Committee and of all other information connected to the particular role.

In particular, they must receive full information on the Company's distinguishing operational, financial, bookkeeping and auditing features. There is also a meeting with the Company's auditor and relevant staff.

The Board of Directors determines the duration of the mandate of the Audit Committee members. The duration of the Audit Committee members' mandates may not exceed the duration of membership of the Board of Directors. The mandate is renewable.



Corporate Governance Charter

The Board of Directors can discontinue a director's mandate as member of the Audit Committee at any point in time. When a director's mandate as director of the Company is terminated, his or her mandate as Audit Committee member is also automatically terminated.

7.4 Operation

The Audit Committee itself determines how frequently it holds meetings, which is at least four (4) times a year and whenever it deems this necessary to fulfil its obligations.

The Audit Committee has a meeting with the auditor and internal auditor at least twice a year to deliberate with them on subjects regarding its internal regulations, all matters arising from the auditing process and, in particular, the important weaknesses of internal inspection, if any.

The Audit Committee President convenes the committee in writing (by letter, fax, e-mail or any other written means) at least five (5) working days before the meeting.

The President or, if he or she is absent, the most senior member of the committee, presides over the Audit Committee.

The Audit Committee decides whether and, if so, when the financial director, Managing Director, internal auditor and auditor will attend its meetings. The representatives of the reference shareholders can also be invited and attend the meeting. Furthermore, the committee can invite non-members to attend the meeting if it so wishes. All of them only have an advisory vote.

The deliberations of this committee are only valid if the majority of its members are present or represented. Decisions are taken by a majority of votes. If there is an equality of votes, the President has the casting vote.

Meetings can be held or members can participate in the meetings by telephone or video conference or by any other technique allowing members to hear one another.

In exceptional cases decisions can also be made by unanimous written vote.

The Audit Committee can obtain professional external advice at the Company's expense after the President of the Board of Directors has been informed of this.



Corporate Governance Charter

7.5 Reporting

The President of the Committee reports to the President of the Board of Directors after every meeting and, in particular, when the Board of Directors draws up the annual accounts, the consolidated annual accounts and, where applicable, the abridged financial overviews intended for publication. In general, the Audit Committee includes all matters on which it is of the opinion that something must be done or that improvement is necessary. In each case, it makes recommendations on the steps to be taken.

The President of the Board of Directors in turn makes this available to the other directors at the Board's next meeting. If necessary, the President of the Nomination and Remuneration Committee provides additional explanation of the report at the next meeting of the Board of Directors.

7.6 Evaluation

The Audit Committee regularly evaluates (at least every two (2) to three (3) years) its internal regulations and its own efficacy, and it submits proposals regarding any necessary changes to the Board of Directors for its approval. The committee ensures that its evaluation is ready at least at the moment that the Board of Directors will evaluate itself in accordance with the stipulations in Chapter 5.6.1.

7.7 Responsibilities

7.7.1 Monitoring financial reporting

The Audit Committee, together with the Executive Management and auditor, shall check the drafts of the revised annual financial statements and interim financial statements before the meeting of the Board of Directors, which has to approve the statements.

By monitoring financial reporting, the Audit Committee shall evaluate, in particular, the relevance and coherence of the group of norms that the Company applied to the annual accounts. By doing so the accuracy, comprehensiveness and consistent nature of the financial information are evaluated. This evaluation is performed as based on an audit programme chosen by the Audit Committee.

The Executive Management informs the Audit Committee on the methods used to enter significant and unusual transactions of which the accounting processing can be subject to various approaches. In this respect, particular attention is paid to both the existence of and justification for any activity that the Company develops in offshore centres and/or so-called special-purpose vehicles.



Corporate Governance Charter

7.7.2 Internal inspection and risk management

The Audit Committee evaluates the efficacy of the Company's internal inspection and risk management system as instituted by the Executive Management at least once (1 time) a year. The aim of this is to ensure that the major risks (including risks regarding fraud and compliance with current legislation and regulations) are efficiently identified, managed and published in accordance with the framework approved by the Board of Directors.

The Audit Committee evaluates the statements regarding internal inspection and risk management that have to be included in the Statement of Corporate Governance.

Yearly the risk-assessment effectuated by the Internal Audit is also analysed.

The Audit Committee also lays down and evaluates specific regulations which the Company staff can use and trust to express their concern in respect of possible irregularities regarding financial reporting or other matters. If it is deemed necessary, an independent inspection and appropriate follow-up of these matters in relation to the alleged severity are arranged. Arrangements are also made according to which staff members can inform the President of the Audit Committee directly.

7.7.3 Internal audit

At the Audit Committee's proposal, the Board of Directors ensures that a position is instituted for an independent internal auditor who has at his or her disposal the resources and know-how that are tailored to the Company's nature, magnitude and complexity. A report is made to the Audit Committee on the work programme and findings.

The Audit Committee evaluates the internal auditor's work programme, taking into consideration the extent to which the internal and external audit positions complement one another. The Audit Committee ensures that the internal auditor receives reports or, in any event, periodic summaries of them.

The Audit Committee makes recommendations to the Board of Directors on selecting, appointing, reappointing and dismissing the head of internal auditing and on the budget allocated to internal auditing.

The Audit Committee also checks on the extent to which the Executive Management compromises its recommendations and findings.

7.7.4 Auditor and the External Auditing Process

The Audit Committee makes recommendations to the Board of Directors on selecting, appointing, reappointing and dismissing the auditor, and on the terms and conditions of his or her appointment. The Board of Directors submits a proposal to the General Meeting for approval. The Proposal of the Audit Committee concerning the (re-)appointment of the auditor is also placed on the agenda of the General Meeting. In accordance with the Companies Code, the auditor is appointed for a renewable



Corporate Governance Charter

term of three years. The Audit Committee examines the issues leading to the resignation of the external auditor and makes recommendations regarding all actions required in this respect.

The Audit Committee supervises the auditor. The auditor reports direct to the Audit Committee. Without prejudicing the legal stipulations that lay down that the auditor address warnings or reports to the Company's bodies, the auditor reports to the Audit Committee on important matters which have come to light when he or she performed his or her legal inspection and, more particularly, on grave failures in the internal inspection of financial reporting.

The Audit Committee annually receives a report from the auditor in which all the latter's ties with the Company and its group are described and in which he or she also confirms his or her independence. The auditor also deliberates with the Audit Committee on the threats of his or her independence and the safety measures that have been taken to limit these, as underpinned by them.

The auditor also annually states all additional services performed for the Company. The Audit Committee monitors the nature and extent of those services. The Audit Committee draws up and submits to the Board of Directors an official policy plan which stipulates the additional services that are absolutely excluded, those that are allowed but only after the Audit Committee has evaluated them and those that are allowed without having to refer them to the Audit Committee.

The Audit Committee monitors the efficacy of the external audit process and checks to what extent the Executive Management adopts the recommendations that the auditor makes in his or her management letter.



Corporate Governance Charter

7.7.5 General

The Board of Directors can allocate further tasks to the Audit Committee regarding the Company's inspection.

The inspection function of the Audit Committee by no means discharges the Board of Directors from the responsibility for the financial management of the Company, nor of the responsibility for the Executive Management, the auditor or independent auditors and internal financial staff in their aim to achieve comprehensive and correct financial reporting.



Corporate Governance Charter

8. THE EXECUTIVE MANAGEMENT'S INTERNAL REGULATIONS

8.1 Introduction

The Company's daily management and executive responsibility to manage entrepreneurial operations with due regard to the policy lines laid down by the Board of Directors, the Company's values and established risk policy is assumed by the Managing Director.

The Managing Director, together with the other executive directors if necessary, forms the Executive Management.

8.2 Appointment

The members of the Executive Committee are appointed and dismissed by the Board of Directors at the Nomination and Remuneration Committee's proposal.

Where members of the Executive Management, other than the Managing Director, are concerned, the Managing Director shall advise the Nomination and Remuneration Committee on the candidate members of the Executive Management and the required expertise or particular properties.

The Managing Director is a member of the Board of Directors just as any other executive managers.

The Managing Director is entrusted with the daily management of the Company in the sense of Article 525 of the Companies Code and in accordance with Article 20 of the Company's Articles of Association.

8.3 Evaluation

The Nomination and Remuneration Committee, which reports to the Board of Directors, annually evaluates the achievements, commitment and efficacy of the Executive Management members in the light of objectives set for the Company and (members') own objectives.

If the Board of Directors were to establish that a member of the Executive Management no longer meets the established standards of achievement and qualification guidelines or that his or her acts cast a bad light on the Board of Directors and/or the Company, the Board of Directors can decide to dismiss the member of the Executive Management.

If members of the Executive Management, other than the Managing Director, are assessed such assessments are discussed with the Managing Director.



Corporate Governance Charter

8.4 Remuneration

The remuneration policy and Executive Management members' remuneration is laid down by the Board of Directors within the scope of achieving corporate objectives and at the Nomination and Remuneration Committee's proposal. For these purposes, the general principles as defined in Chapter 5.7.2 are followed.

No member of the Executive Management is present at the (meeting of the) Nomination and Remuneration Committee or the Board of Directors when his or her remuneration is discussed.

8.5 Authority

The Board of Directors entrusts the Company's daily management and representation in that respect to the Managing Director acting individually. In addition, the Board of Directors can also allocate certain and exceptional authority to the Managing Director.

The Managing Director is accountable to the Board of Directors for handling matters and performing tasks entrusted to them.

The Managing Director can be assisted by other executive managers, if these are appointed by the Board of Directors. The Managing Director can allocate a part of its authority to (one of) these executive managers to the extent that the latter need this to perform their tasks and responsibilities in exceptional and specific matters.

The Managing Director can also allocate a part of its authority for special and particular matters to other management or senior staff members as far as the latter need this to perform their tasks and responsibilities.

The persons to whom the Managing Director has delegated its authority are responsible to the Managing Director. The Managing Director is accountable to the Board of Directors for this.

8.6 External representation

In all its acts, including de jure representation, the Company is lawfully represented by two jointly acting managers or by one Managing Director acting individually, who do (does) not have to submit proof of a prior decision by the Board of Directors.

Two directors can entrust a mandatary with the representation of the Company for special and specific matters (including representation in a court of law).

For daily management purposes the Company is lawfully represented by the Managing Director acting on his or her own.

The Managing Director can entrust a mandatary with the representation of the Company for special and specific matters for the purposes of daily management (including representation in a court of law).



Corporate Governance Charter

8.7 Responsibilities

The Managing Director bears the following responsibilities:

8.7.1 Profit plan

Once a year the Managing Director proposes a profit and capex-plan for the following year to the Board of Directors, who can approve, reject or adjust this plan.

The Managing Director is responsible for executing and implementing the profit plan approved by the Board of Directors.

If, during the course of the year, it appears that important points of the profit and capex-plan approved by the Board of Directors cannot be realized, the Managing Director shall inform the Board of Directors of this and propose the necessary corrective actions.

8.7.2 Strategic plan

Once a year the Managing Director proposes an update of the long-term strategic plan for the following 3 to 5 years to the Board of Directors, who can approve, reject or adjust this plan.

The Managing Director is responsible for executing and implementing the strategic plan approved by the Board of Directors.

8.7.3 Daily management

The Managing Director assumes the daily management of the Company within the scope of the profit and strategic plans approved by the Board of Directors. They ensure that daily management matters are efficiently managed by establishing the correct organisation to implement the strategy and by ensuring compliance with the applicable laws, rules and policy lines. He bears the responsibility for managing entrepreneurial work, conducting staff policy, having internal and external communication and managing relationships with investors.

The following decisions must first be approved by the Board of Directors, regardless of whether they are taken direct by the Company or indirectly by way of a group partnership:

- to acquire real estate for an amount exceeding EUR 500,000;
- to sell real estate for an amount exceeding EUR 500,000;
- to acquire/sell real estate for an amount higher than EUR 250,000, to the extent that these expenses are not provided for in the approved profit and capex-plan;
- to take over or sell shares in companies, trade funds and company branches;
- to conclude loans for amounts exceeding EUR 1,000,000;
- to grant loans to companies not belonging to the Company's scope of consolidation;
- to grant business securities;
- to grant guarantees for amounts exceeding EUR 1,000,000;
- to terminate business activities;



Corporate Governance Charter

- to conclude agreements with terms exceeding one year and/or entailing financial obligations for amounts exceeding EUR 100,000 per year, in so far as that they do not fall within the normal business activities and are not provided for in the profit and capex-plan; and
- to make decisions not provided for in the approved profit and capex-plan and of which the financial impact exceeds EUR 100,000.

8.7.4 Furnishing the Board of Directors with information

The Managing Director reports to the Board of Directors bi-monthly per business entity and on a consolidated basis for the various departments per individual profit centre, on the following:

- figures achieved;
- comparison with the budgeted figures; and
- forecast for the end of the year.

These figures are discussed in detail at the meeting of the Board of Directors. A balanced and comprehensible assessment of the Company's financial situation must be proposed.

The Managing Director also furnishes the Board of Directors with an overview of the major decisions taken by the Executive Management.

In general, the Executive Management furnishes the Board of Directors with all the information necessary to perform its tasks.

8.7.5 Inspection, risk management, reporting and financial information

Executive Management must ensure that the Company's internal inspections and risk management systems are instituted within the context approved by the Board of Directors.

Executive Management must propose to the Board of Directors a comprehensive, timely, reliable and accurate preparation of the Company's annual accounts in accordance with the norms applicable to annual accounts and the Company's relevant policy. Executive Management also prepares the mandatory publication of the annual accounts and other relevant financial and non-financial information.



Corporate Governance Charter

9. CONFLICT OF INTERESTS

9.1 Conflict of interest of a proprietary nature

The Companies Code provides for the procedure to be followed where there are conflicts of interest of a proprietary nature concerning a director when the Board of Directors makes a decision.

The arrangement stipulated in the Companies Code applies to decisions and transactions that fall under the authority of the Board of Directors and of which it is in the interests of the director that:

- they are, in nature, allied to property, because the interest has a direct or indirect financial implication for the director; and
- they conflict with a decision or transactions that belong to the authority of the Board of Directors; in this sense “conflicts” means that the position of the respective director can be different, depending on whether or not the decision is taken or the transaction concluded.

This regulation implies that the respective directors:

- must notify the Board of Directors and the auditor of their conflicting right of property interests before a decision is taken;
- must leave the meetings while this point of the agenda is being discussed; and
- may not participate in the deliberations and decision-making on the relevant point of the agenda.

9.2 Functional conflict of interest

In the light of corporate governance and of the Code of the International Finance Reporting Standards (hereinafter referred to as IFRS) in particular, the Board of Directors developed an abstract and objective arrangement regarding conflicts of interests. This means that this arrangement applies as soon as an objective conflict of interest can arise.

In other words, there is an assessment based on an objectivized pattern of interest, abstracting the intentions of the person concerned, the contents of the legal act, etc.

With this, the Board of Directors wishes to create sufficient guarantees that interests be protected objectively and serenely, in which case the following three components are of crucial importance: (1) sufficient, relevant and correct information; (2) a procedure that guarantees that interests shall be weighed up honestly and objectively; and (3) guarantees regarding correctness and fairness of the contents of the transaction.

Besides the arrangement provided by the Companies Code regarding the conflicts of interest that occur within the scope of management mandates, all acts, points of view or interests that are in conflict or can create the impression of being in conflict with the interests of the Company, must be avoided and the Company must be informed of the parties allied to the members of the Board of Directors, their



Corporate Governance Charter

fixed representatives, the members of the Executive Management and any possible transactions in the manner stipulated below.

This arrangement applies to the members of the Board of Directors, any fixed representatives of those members and the members of the Executive Management.

9.2.1 Furnishing information on allied parties

Members of the Board of Directors, their fixed representatives and members of the Executive Management must inform the President of the Board of Directors of parties allied to them.

Exclusively for the purposes of the application of this Article, the following are regarded as “allied party”:

- an entity where the person concerned is in a position to influence financial and/or operational policy due to the presence of authority, joint authority or significant influence;
- an entity where the person concerned holds more than 20% of the shares;
- an entity where the person concerned holds a director’s mandate;
- an entity where the person concerned belongs to the managers who hold key positions and the subsidiaries of that entity; and
- entities where close relations of the person concerned, being the partner and children, exercise the above-mentioned authority or hold the above-mentioned key positions.

When weighing up whether or not there is a relationship between allied parties, the economic reality of the relationship, not just the legal form of the relationship, must be taken into account.

Members of the Board of Directors, their fixed representatives and members of the Executive Management must always inform the President of the Board of Directors of intended important participations in companies that are strategic to the Company. The President subsequently submits this to the Board of Directors.

9.2.2 Provision of information on transactions

A transaction must be regarded as a transfer of resources, provisions of service or obligations between parties, regardless of whether a price has been considered for this.

Example:

- purchasing or selling goods;
- purchasing or selling fixed assets;
- performing or receiving of services;
- concluding lease contracts;
- concluding financing contracts;
- furnishing guarantees or securities.



Corporate Governance Charter

Directors, their fixed representatives and members of the Executive Management must avoid all possible conflicts of interests and inform the President of the Board of Directors immediately regarding the presupposed transactions between the Company and the party allied to him or her.

Even if they fall under daily management, the following transactions can, in addition, only be concluded after the Board of Directors has approved them:

- transactions which are not standard transactions for the Company;
- transactions exceeding a one-off or annual amount of EUR 50,000; and
- transactions binding the Company for a term longer than one year.

If such a transaction is proposed:

- the director or member of the Executive Management must leave the meeting of the Board of Directors while this point on the agenda is being discussed or if there is a conflict of interest in respect of a member of the Executive Management, the decision has to be taken by another authorized member of the Executive Management or the Board of Directors (which he or she must leave if he or she has access to it); and
- the director or member of the Executive Management may not participate in deliberating and deciding on the relevant point on the agenda.

9.2.3 Gifts and entertainment

The directors and members of the Executive Management are only allowed to accept gifts or benefits in kind from customers or suppliers if acceptance of such gifts or benefits in kind is compatible with normal and accepted trade ethics.



Corporate Governance Charter

10. REGULATIONS TO AVOID MARKET ABUSE

The detailed dealing code approved by the Board of Directors of the Company of 20 December 2016 , can be found in Annex1 of the Charter.

11. CODE OF ETHICAL CONDUCT

At the meeting on 14 February 2012, the Board of Directors approved a Code of Ethical Conduct – relating to the values and principles Kinopolis wishes to apply in its business operations. The Code applies to Kinopolis, as well as to all its subsidiaries and employees, at home and abroad.

Kinopolis believes that only corporate responsibility can lead to long-term success. It is therefore making every effort to organise its activities to create a balance between the interests of the society within which Kinopolis operates and its shareholders, employees, customers and relations. As well as the applicable laws and regulations, Kinopolis therefore wishes also to respect current standards and values, and therefore expects its directors and employees to observe this Code of Ethical Conduct as adopted by the Board of Directors. The Code of Ethical Conduct sets out the minimum standards that must be respected, with due regard for local laws and customs.



Corporate Governance Charter

12. SHAREHOLDER STRUCTURE

12.1 Capital and shareholders

12.1.1 Authorized capital

The authorized capital as on the date of this Charter amounts to EUR 18,952,288.41 and is represented by 27,365,197 shares.

12.1.2 Major shareholders

The reference shareholders of the Company are Kinohold bis S.A. and Mr Joost Bert. Kinohold Bis SA is controlled by Kinohold, a Stichting Administratiekantoor (Foundation, Administrative Office) under Dutch law, which, lastly, in its turn is the subject of joint inspection by the following natural persons (in their capacity as directors of the Stichting Administratiekantoor: Joost Bert, Koenraad Bert, Geert Bert and Peter Bert. Kinohold bis S.A. and Mr Joost Bert act in mutual deliberation.

Kinohold bis S.A. has a right to nominate directors as stipulated in Chapter 5.2.3..

The reference shareholders apply their influence to ensure that the strategy of the Company is aimed at creating maximum shareholders' value in the long term by, among others, the following:

- ongoing management professionalization;
- applying the principles of corporate governance;
- focusing on the Company's core business; and
- conducting a consistent dividend policy where, annually, a third of the net profit is paid.

12.1.3 Transparency notification

Shareholders who acquire 3% or more of the Company's shares, must make themselves known in accordance with Article 8 of the Articles of Association and the applicable legislation on transparency statements. They must also do so if they exceed the threshold of 5% and multiples of 5% of the shares.

The notifications received by the Company in this respect can be consulted at www.kinepolis.com under "Investor Relations, Corporate Governance, Transparency Statements".

12.2 General Meeting

12.2.1 Date, invitation and agenda

Date

The Annual General Meeting is held at the Company's registered office (Eeuwfeestlaan 20, 1020 Brussels) at 10 a.m. on the second Wednesday of the month of May.



Corporate Governance Charter

In accordance with Article 532 of the Companies Code, shareholders who represent more than 1/5 of the authorized capital can request that an Extraordinary General Meeting be convened.

Convocation

The invitations to the General Meeting are published in the Belgian Official Gazette and in the Belgian newspapers¹ thirty (30) days before the General Meeting and can also be consulted on the Company's website. The Company shall also issue a press release that is publicly available in the EEA. Registered shareholders, directors and the auditor are invited by ordinary mail to participate in the General Meeting, at the latest, thirty (30) days prior to the meeting (unless they have agreed, individually, expressly and in writing, to receive the invitation by other means of communication).

If a new invitation is required because the first one failed to obtain the required quorum, and provided the date of the second meeting is specified in the first invitation and no new items have been placed on the agenda, the deadline for issuing invitation is reduced to seventeen (17) days before the General Meeting.

The invitations mentions what is prescribed by the applicable statutory provisions (including the place, date and time of the meeting, the agenda and proposed resolutions, the formalities for admission to the meeting, information on the right to submit proposals for resolutions or topics for the agenda, the right to ask questions, the procedure for voting by proxy or by post (if allowed), the place where a free copy of the documents can be obtained, the Company's website, etc.).

All relevant information and documentation associated with the General Meeting as prescribed by the applicable statutory provisions shall be placed on the Company's website at the latest on the day the invitation to the General Meeting is published. On presentation of his proof that his or her securities are registered in his or her name with a recognized account holder or clearing institution, every securities holder may also obtain a free copy of these documents from the Company registered offices as soon as the invitation is published. The documents required by law to be made available are also sent to holders of registered securities, the directors and the auditor together with the invitation.

Agenda

One or more shareholders, who together hold at least 3% of the Company's authorized capital may have items for discussion placed on the agenda and submit proposals for resolutions relating to items for discussion placed or to be placed on the agenda. This does not apply for a second invitation of a General Meeting in accordance with Article 533 § 2, paragraph 2 of the Companies Code. The procedure for asking questions is subject to the applicable statutory provisions.

To be able to place an item on the agenda and/or submit proposals for resolutions, the shareholders in question must be able to prove that on the date on which they submit a proposal and/or item, they hold the required proportion of 3% of the capital. However, the proposed items and/or proposals for

¹ Except in the case of the Ordinary General Meeting, which only addresses the points referred to in Article 533 § 2, b) of the Companies Code.



Corporate Governance Charter

resolutions will only be discussed at the General Meeting in question if, on the registration date, the relevant shareholders still hold 3% of the capital and this was registered in accordance with Article 536 § 2 of the Companies Code on the registration date (being midnight (Belgian time) of the fourteenth day before the General Meeting).

Shareholders who wish to place an item on the agenda and/or submit a proposal for a resolution must send the following documents to the e-mail address specified in the invitation or to the Company's fax number as specified in the invitation:

- the written request to place an item on the agenda and the proposal for a resolution or to place an additional proposal for a resolution on the agenda; and
- the written text of the items to be discussed and the associated resolution proposals and/or the text of the resolution proposals;
- the e-mail or postal address to which the Company must send acknowledgement of receipt within 48 hours of receiving the request; and
- proof that the shareholders concerned hold 3% of the capital on the date of the request by means of: (i) a certificate of registration of the registered shares in question in the Company's register of shareholders, or (ii) a statement from a recognized account holder or clearing institution showing that the relevant number of dematerialized shares are entered in their account in their name.

The Company must receive the above documents no later than on the 22nd day before the date of the General Meeting. The company shall confirm receipt of the request within 48 hours of receipt to the e-mail or postal address indicated in the request.

If the Company has received additional items and/or resolution proposals, it shall publish the new agenda with the resolution proposals in accordance with the statutory provisions, no later than on the 15th day before the date of the planned General Meeting. In that case, a supplemented proxy form shall be made available on the Company's website, together with the supplemented agenda.

12.2.2 Right to ask questions

All shareholders have the right to ask questions, either verbally or in writing, relating to reports of the Board of Directors and the auditor or other items on the agenda of the General Meeting, in accordance with the following procedures.

As soon as the invitation to the General Meeting has been published, shareholders may put their questions in writing by sending these by e-mail to the Company's e-mail address as published in the invitation, or via the Company's fax number as published in the invitation. The Company must receive the questions no later than the 6th day before the General Meeting. Questions will only be answered if the shareholder who put them has satisfied the formalities for admission to the General Meeting in question as set out below.



Corporate Governance Charter

Shareholders who are present at the General Meeting may also put their questions to the Board of Directors and/or the auditor verbally.

12.2.3 Participation

Registration

The right to take part in and exercise voting rights at the General Meeting is only granted on the basis of the registration in the accounts of the registered shares of the shareholder at midnight (Belgian time) on the 14th day before the General Meeting in question, being the registration date, either by their registration in the Company's register of shareholders, their registration in the accounts of a recognized account holder or clearing institution regardless of the number of shares held by the shareholder on the day of the General Meeting.

No later than the 6th day before the General Meeting, the shareholder must inform the Company or a person appointed by the Board of Directors of his or her wish to participate in the General Meeting, in accordance with the procedure laid down by the Board of Directors.

If he or she dematerialized shares, the shareholder sends the Company or a person appointed by the Board of Directors, also within the same time limit and in accordance with the procedure laid down by the Board of Directors, a statement from the financial intermediary or recognized account holder or clearing institution showing with dematerialized shares that are entered in his or her accounts in the shareholder's name on the registration date the shareholder has indicated he or she wishes to participate in the General Meeting.

Warrant and/or bond holders may attend the General Meeting provided they satisfy the above conditions for admittance as provided for shareholders, which must then be applied *mutatis mutandis*.

Voting by proxy

Principle

In accordance with Article 30 of the Company's Articles of Association, each shareholder may have him- or herself represented at the General Meeting by a third party, who may or may not be a shareholder, but who holds a special proxy, which may be granted in writing.

Procedure

For each General Meeting, the Company will put a form on its website that can be used to grant proxy and will specify in the invitation the formalities for voting by proxy, namely the time limit within which the right to vote by proxy must be exercised and the conditions under which the Company is prepared to accept electronic notifications of the appointment of the proxy holder.

The shareholder must appoint the proxy holder in writing or via an electronic form, and this must be signed by the shareholder (where applicable by means of an advanced electronic signature within the meaning of Article 4, § 4 of the Law of 9 July 2001 laying down certain rules in connection with the legal framework for electronic signatures and certification services or with an electronic signature that



Corporate Governance Charter

satisfies the conditions of Article 1322 of the Civil Code). The shareholder must send the proxy to the Company by fax or by e-mail to the e-mail address given in the invitation to the General Meeting, no later than on the 6th day before the General Meeting. If sent by e-mail, this must be electronically signed as specified above.

If the proxy is withdrawn, this must also be indicated and brought to the Company's attention in writing or via an electronic form before the General Meeting in accordance with the above paragraph.

The proxy can only be taken into consideration when calculating the quorum and majority if the shareholder who granted the proxy has satisfied the formalities for admission to the General Meeting.

Duration of proxy

The proxy can be granted for one or more specific meetings or for meetings held over a particular period (except in the case of a public request to grant proxies that can only be made for one General Meeting).

Proxies granted for a specific meeting apply to subsequent meetings convened with the same agenda.

Appointing the proxy holder

A shareholder in the Company may appoint one person as proxy (who may, if necessary, be replaced if the right of subrogation was granted by the shareholder).

By way of derogation, however, the shareholder may appoint a separate proxy for each form of shares held by him or her (e.g. registered or dematerialized, as well as for each of his or her securities accounts if he or she has shares in more than one securities account. Also by way of derogation, a person qualified as a shareholder who acts professionally for the account of other natural or legal persons (i.e. a nominee) can also grant proxy to each of these other natural or legal persons or to a third party appointed by them.

Rights of the proxy holder

A person who acts as proxy holder may hold proxies from various shareholders; if necessary, he or she can vote differently for each shareholder.

The proxy holder enjoys the same rights as the shareholder thus represented, in particular the right to speak, to put questions during the General Meeting and to exercise the right to vote at that meeting.

The proxy must state whether the proxy holder is authorized to vote on any new items for discussion that have been placed on the agenda as a result of the right of shareholders who hold 3% of the capital to introduce new items or whether he or she must abstain.



Corporate Governance Charter

Duties of the proxy holder

The proxy holder must cast his or her vote in accordance with any instructions from the shareholder who granted him or her the proxy; it is not compulsory to provide voting instructions (except in the case of a request to grant a proxy and a potential conflict of interests - see below). However, the Company advises always providing voting instructions to avoid discussions at a later date.

The proxy holder must keep a record for at least one year of any voting instructions provided by the shareholder and confirm at the latter's request that he or she has followed these voting instructions.

Potential conflict of interests

If a potential conflict of interests arises between the shareholder and the proxy holder, the latter must notify the shareholder of the precise facts that are of importance to assessing whether there is a danger of the proxy holder having any interest other than that of the shareholder, and the proxy holder may only vote on behalf of the shareholder provided he or she has specific voting instructions for each item on the agenda.

If the proxy holder:

- (i) is the Company itself (i.e. Kinepolis Group NV) or an entity controlled by it, or a shareholder who controls the Company, or some other entity controlled by such a shareholder;
- (i) is a member of the Board of Directors or of the administrative bodies of the Company, of a shareholder who controls the Company, or of a controlled entity as referred to in (i);
- (ii) is an employee or an auditor of the Company, of the shareholder who controls the Company, or of a controlled entity as referred to in (i); or
- (iii) has a parental tie with a natural person as referred to in (i) to (iii), or is the spouse or legally cohabiting partner of such a person or of a relative of such a person, then such a potential conflict of interests definitely exists.



Corporate Governance Charter

Modified agenda

Pursuant to the right of shareholders who hold at least 3% of the Company's capital, it is possible that a modified agenda of the General Meeting will have to be circulated no later than on the 15th day before the General Meeting.

Proxies that are brought to the attention of the Company before the supplemented agenda is made public remain valid for the items for discussion placed on the agenda to which they pertain.

For items for which new *resolution proposals* were submitted, the proxy holder may depart from any instructions provided by the shareholder if carrying out these instructions could harm the shareholder's interests. The proxy holder must inform the shareholder of this.

It is recalled that the proxy must specify whether the proxy holder is authorized to vote on any new *items* for discussion that are placed on the agenda or whether he or she must abstain.



Corporate Governance Charter

12.2.4 Course of the meeting

The General Meetings are led by the President of the Board of Directors. During the General Meeting the directors and the auditor answer the questions put to them, provided such communication of information or facts is not likely to damage the commercial interests of the Company or the confidentiality that binds the Company, its directors or the auditor.

If different questions address the same item, the directors and the auditor may give a single answer.

Subject to legal or bylaw stipulations to the contrary, decisions are made by ordinary majority of votes cast, regardless of the number of shares represented at the meeting. Blank or invalid votes are not counted with the votes cast.

12.2.5 Minutes

The minutes of the General Meeting indicate the following for each resolution: (i) the number of shares for which valid votes were cast, (ii) the percentage of the Company's authorized capital represented by these shares, (iii) the total number of validly cast votes, and (iv) the number of votes cast for or against each resolution, together with any abstentions.

These minutes are published on the Company website and a press release is also spread within 15 days of the General Meeting in question.



Corporate Governance Charter

13. SHAREHOLDERS RELATIONSHIP

The Board of Directors encourages shareholders to attend the General Meeting.

It ensures that all shareholders' rights are treated equally.

In particular, it encourages reference shareholders to observe the stipulations of the Code and this Charter and to respect minority shareholders' rights.

Annex 1

REGULATIONS TO AVOID MARKET ABUSE