



**CORPORATE GOVERNANCE CHARTER**  
**2 April 2020**

Legal Department

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## I. Introduction

This Charter of Corporate Governance has been adopted by the board of directors (the **Board**) of Etex NV (**Etex** or the **Company**).

Etex is a public limited liability company (*naamloze vennootschap*) with registered office at PassPort Building, Luchthaven Brussel Nationaal, Gebouw 1K, 1930 Zaventem and registered in the crossroads bank of enterprises under number 0400.454.404 RPR (Brussels).

Etex is an international building material specialist and wants to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful.

This Corporate Governance Charter aims at providing an overview of the Company's governance and can be reviewed and updated from time to time. It should be read together with the articles of association of the Company (the **Articles**) as well as the consolidated annual report of the Company, both of which are made available by Etex on its website ([www.etexgroup.com](http://www.etexgroup.com)).

This Corporate Governance Charter, modified for the last time on 2 April 2020.

Copies of the Corporate Governance Charter are available on the Company's website and at no charge upon request at the Company's registered office.

## II. Shares and shareholders

### 1. CAPITAL

#### 1.1 Capital

The capital of the Company amounts to EUR 2,533,233.75 and is represented by 82,837,819 shares without nominal value. The shares are entirely paid-up. The shares are held in registered or dematerialised form.

#### 1.2 Changes in the share capital

##### 1.2.1 Capital Increases

Capital increases are decided by the shareholders' meeting of Etex (the **Shareholders' Meeting**). Such decision needs to satisfy the same quorum and majority requirements as the decision to amend the Articles (see below).

In the event of a capital increase by way of a contribution in cash with the issue of new shares, the existing shareholders have a preferential right to subscribe to the new shares pro rata to their holding immediately preceding the capital increase.

The Shareholders' Meeting may decide, if that is to the benefit of the Company and in accordance with article 7:191 of the Belgian Code on Companies and Associations (**BCCA**), to restrict or cancel the preferential subscription right. The Shareholders' Meeting will be requested to approve such restriction or cancellation of preferential subscription rights on the basis of a report by the Board and the auditor discussing the proposed issue price and the financial consequences for the shareholders of the Company. Additional requirements apply when the preferential right is restricted or cancelled in favour of one or several determined persons who are not employees of the Company or one of its subsidiaries, as set out in article 7:193 of the BCCA.

The Shareholders' Meeting may also authorise the Board, within certain limits, to increase the share capital of the Company without any further approval of shareholders by way of authorised capital. This authorisation needs to be limited in time (i.e., it can only be granted for a renewable period of a maximum of five years) and in scope (i.e., the increase by way of authorised capital may not exceed the amount of the share capital at the time of the

authorisation). When authorising the Board to increase the capital, the Shareholders' Meeting may also allow the Board to restrict or cancel the preferential subscription right. There is currently no authorised capital in place.

### 1.2.2 Capital decreases

Capital decreases are decided by the Shareholders' Meeting. Such decision needs to satisfy the same quorum and majority requirements as the decision to amend the Articles (see below). Shareholders must be treated equally.

In case of capital decrease with repayment to the shareholders, the creditors of the Company have – under the conditions set out in article 7:209 of the BCCA – the right to claim a security within two months after the date of publication in the Annexes to the Belgian Official Gazette of the resolution to decrease the capital. The Company can ward off this claim by paying it at its value, after deduction of a discount. In this case, the Company may not proceed to the reimbursement of its shareholders as long as the two-month waiting period has not expired and the creditors have not obtained satisfaction.

## 2. SHAREHOLDERS

### 2.1 Major shareholders

Etex is not subject to the law of 2 May 2007 regarding the disclosure of important participations in issuers whose shares are admitted to trading on a regulated market which law, amongst others, requires a notification by shareholders as soon as they own directly or indirectly 5% or more of the voting rights.

Etex's shareholders are, however, required pursuant to article 13 of the Articles to notify Etex of their participation if they would own directly or indirectly 10% or more of the voting rights attached to Etex's shares. The same notification is required if a shareholder ceases to own 10% or more of the voting rights attached to Etex's shares. Similar notifications are required when shareholders reach, exceed or fall below a threshold of 15%, 20% and so on at intervals of 5%.

To date, Etex has received two notifications of shareholders holding 10% or more of the voting rights attached to Etex' shares:

- **Jekbouw**, a Dutch holding company with the legal form of a *Stichting Administratiekantoor* holds 36,341,446 registered shares of Etex, representing 43.87% of its total share capital.
- **Abden AG**, a company existing under the laws of Liechtenstein holds 8,769,043 registered shares of Etex, representing 10.59% of its total share capital.

Etex also holds on this date 4,673,495 of its own shares via its subsidiaries Eternit NV and Etex Finance S.A., representing 5.64% of its total share capital.

Upon review of Etex's record of registered shares and based upon the notifications by its shareholders, Etex can confirm that, except for Jekbouw and Abden, none of the registered shareholders individually own 10% or more of Etex's shares.

The shareholders of the dematerialised shares are not known to Etex, unless they would own 10% or more of the voting rights in which case they have to notify Etex according to article 13 of the Articles. The identity of the holders of dematerialised shares is, however, known to the financial institutions that hold the relevant securities accounts. Etex has currently no knowledge of holders of dematerialized shares which own 10% or more of the voting rights.

### 2.2 Communication with shareholders

Etex recognises the importance of ongoing communication with its shareholders. The website of the Company ([www.etexgroup.com](http://www.etexgroup.com)) is a permanent tool of communication between the Company and its shareholders. It includes this Corporate Governance Charter, the Articles and the consolidated annual reports of the Company as well as notices of Shareholders' Meetings and supporting reports and documents. In addition, the Company publishes from time to time *ad hoc* press releases on its website.

The Company also encourages shareholders to engage in a dialogue with the Company's directors and statutory auditor by submitting questions prior to the annual Shareholders' Meeting. (See section III below.)

### **III. Shareholders' meetings**

#### **1. ROLE**

##### **1.1 General**

The Shareholders' Meeting represents all shareholders of the Company. Its decisions are binding upon all shareholders, including absentees or dissidents.

The Shareholders' Meeting has sole authority with respect to certain matters, including:

- the appointment of members of the Board (except the temporary filling-up of a vacancy) and statutory auditors and the determination of their remuneration;
- the approval of annual statutory accounts and the allocation of the profits (including any dividend distribution);
- any amendment to the Articles;
- any capital increase and capital decrease;
- any authorisation to be granted to the Board to increase the capital within the scope and in the circumstances as the Shareholders' Meeting may set (so-called "authorised capital"), or any renewal thereof;
- any authorisation to be granted to the Board to buy back shares within the scope and in the circumstances as the Shareholders' Meeting may set, or any renewal thereof;
- any merger, change of the legal form or dissolution of the Company; and
- the appointment of liquidators.

##### **1.2 Types of Shareholders' Meeting**

###### **1.2.1 Ordinary Shareholders' Meeting**

The ordinary Shareholders' Meeting meets annually on the fourth Wednesday of May at 3pm CET at the registered office of the Company or at the place designated in the convening notice. Its agenda includes the review of the annual report of the Board and the report of the auditor in respect thereof, the approval of the statutory annual accounts, the approval of any dividend, the granting of discharge to the directors and auditor and, as the case may be, the appointment of directors and auditor.

The annual Shareholders' Meeting will also acknowledge the consolidated accounts that the Company prepares in accordance with IFRS.

###### **1.2.2 Extraordinary Shareholders' Meetings**

Extraordinary Shareholders' Meetings meet for the purposes of amending the Articles. This includes, without limitation, the following decisions:

- approving a change to the Company's corporate purpose;
- authorising the Board to buy back shares within the scope and in the circumstances as the Extraordinary Shareholders' Meeting may set, or any renewal thereof;
- authorising the Board to increase the capital within the scope and in the circumstances as the Extraordinary Shareholders' Meeting may set, or any renewal thereof; and
- approving a merger or a split of the Company.

### 1.2.3 Ad hoc Shareholders' Meetings

The Board, shareholders holding at least 10% of Etex' shares, or the auditor of the Company may convene a Shareholders' Meeting at any time if the interest of the Company so requires.

## 2. PARTICIPATION

### 2.1 Convening

In accordance with the BCCA, Etex sends written notice of the Shareholders' Meeting by mail to all holders of registered shares at least fifteen (15) days prior to the meeting. Etex also publishes at least fifteen (15) days prior to the meeting a notice of the meeting in the Belgian State Gazette (*Belgisch Staatsblad*), and, with respect to Extraordinary Shareholders' Meetings, ad hoc meetings or ordinary Shareholders' Meetings that cover items in addition to the review of the annual report and the report of the auditor, the review of the annual accounts and the granting of a discharge to the directors and auditor, in a Dutch language newspaper. Convening notices are also published on the website of the Company ([www.etexgroup.com](http://www.etexgroup.com)).

Convening notices include the agenda and, although this is not required for the Company pursuant to the BCCA, a proposed resolution for each item on the agenda.

### 2.2 Admission

To be admitted or represented at a Shareholders' Meeting:

- holders of registered shares must inform Etex of their intention to participate to the Shareholders' Meeting or be represented, seven (7) days before the date of the Shareholders' Meeting in the manner set out in the convening notice; and
- holders of dematerialised shares must provide seven (7) days before the date of the Shareholders' Meeting, a certificate issued by an authorised account holder or a clearing organisation certifying the non-transferability of their shares until the date of the Shareholders' Meeting.

Any shareholder may attend a Shareholders' Meeting in person or be represented by a proxy, who need not be a shareholder. The Company will prepare proxy forms and make them available at its registered office and on the website of the Company ([www.etexgroup.com](http://www.etexgroup.com)). Shareholders who want to participate to a Shareholders' Meeting by proxy will provide such proxy to the Company at least seven (7) days before the date of the meeting by regular mail (to the registered office of the Company) or by email (to the email address mentioned in the convening notice).

Shareholders may ask questions to the directors or the auditor regarding their respective reports. Such questions must be sent by regular mail (to the registered office of the Company) or by email (to the email address mentioned in the convening notice) at least seven (7) days before the date of the meeting.

## 3. MEETINGS

Shareholders' Meetings are chaired by the Chairman of the Board. If the Chairman is absent, the meeting is chaired by a director nominated by the other directors.

The chair of the meeting appoints a secretary and the meeting chooses two scrutineers among the shareholders. The chair, the secretary, the scrutineers and the other members of the Board constitute together the bureau.

The chair of the meeting directs the discussions on the basis of the practices applicable to Belgian deliberative assemblies. Directors answer the questions of the shareholders with respect to the items on the agenda or the report of the Board. Likewise, the auditor will be present at the Shareholders' Meeting to answer the questions of the shareholders with respect to its report.

Minutes of the Shareholders' Meetings are drawn up in Dutch and signed by the members of the bureau and by shareholders who request so.

## 4. VOTES AND QUORUMS

Each share entitles its owner to one vote.

Generally, there is no quorum requirement for a Shareholders' Meeting and decisions will be taken by a simple majority vote cast by the shareholders present or represented.

Certain matters require a larger majority and/or a quorum. These include, without limitation, the following:

- Any amendment to the Articles (except the amendments to the corporate purpose or the transformation of the legal form of the Company), which includes changes in the share capital (except for capital increases decided by the Board pursuant to the authorised capital), requires the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital, and the approval of a qualified majority of at least 75% of the votes cast at the meeting;
- Similarly, any resolution relating to a merger or a split of the Company requires the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital, and the approval of a qualified majority of at least 75% of the votes cast at the meeting;
- Any modification of the corporate purpose or transformation of the corporate form of the Company requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the meeting;
- Similarly, any authorisation to buy back shares requires a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 75% of the votes cast at the meeting.

If the quorum requirement is not met, a second meeting must be convened. At the second meeting, the quorum requirement no longer applies, but the qualified majority requirement of 75% or 80%, as the case may be, continues to apply.

## IV. Board

### 1. ROLE

The Board has the power to perform any actions which are necessary or useful to achieve the Company's purpose, with the exception of those powers expressly reserved to the Shareholders' Meeting by the BCCA.

In particular, the Board is vested amongst others with the following responsibilities:

- a) determine and calibrate the strategy of the Company and its subsidiaries from time to time (the **Group**), upon advice of the strategy committee of the Company and in consultation with the chief executive officer (the **CEO**) and the other members of the executive committee of the Company (the **Executive Committee** or the **ExCom**);
- b) create, amongst its members, a strategy committee (the **Strategy Committee**), a remuneration and nomination committee (the **Remuneration and Nomination Committee**), a risk and audit committee (the **Risk and Audit Committee**) and a sustainability and corporate social responsibility committee (the **Sustainability and Corporate Social Responsibility Committee**), of which the missions and composition are described in sections V to VIII below;
- c) supervise the activities, business and trading of the Company and the Group, and, in consultation with the Risk and Audit Committee and as an overall matter, monitor its risks in terms of diversification of business segments, product portfolio, customer base, geographical presence and its overall leverage and exposure;
- d) review the statutory financial statements of the Company, and to approve the consolidated financial statements of the Group;
- e) upon recommendation of the Strategy Committee, approve major transactions (such as acquisition of companies, creating presence in a new country or diversification into a new business) presented by the CEO and the Executive Committee to the Board;

- f) upon recommendations of the Remuneration and Nomination Committee:
- appoint, and, as the case may be, revoke the mandate of, the CEO, and review his or her performance;
  - determine the short-term and long-term fixed remuneration, variable remuneration and benefits of the CEO and the other members of the Executive Committee, and monitor the overall benefit levels for all Group employees;
  - appoint, and, as the case may be, revoke the mandate of the Chairman of the Board;
  - assess and nominate director candidates (other than the directors proposed by Jekbouw) and their proposed remuneration, for approval by the shareholders;
  - monitor and review the effectiveness of the Board and its committees;
- g) upon recommendation of the Risk and Audit Committee and, where appropriate, upon proposal by the Executive Committee:
- approve the framework for internal control and risk management and to monitor and regularly assess the implementation of this framework;
  - supervise the performance of the external auditor and internal audit function;
- h) upon recommendation of the Sustainability and Corporate Social Responsibility Committee approve any initiatives in relation to sustainability and corporate social responsibility questions, including:
- promote a culture that emphasises and sets high standards for sustainability and corporate social responsibility and review corporate performance against those standards;
  - consider the impact of the Group's activities and operations from a social responsibility perspective, taking into account the legal framework and the interests of employees, customers, suppliers, shareholders, communities and regulators;
  - monitor and review the Group's policies in terms of sustainability and corporate social responsibility; and
- i) convene the Shareholders' Meetings, and determine the agenda and proposed resolutions for such meetings.

## 2. COMPOSITION

### 2.1 Size

The Articles require the Board to have a minimum of at least three (3) directors, but, without compromising on effectivity, the Company seeks a larger size to allow both a representation of its large long-term family shareholders, independent directors and industry experts.

The Board appoints one of its members as chairman in consultation with the Remuneration and Nomination Committee (the **Chairman of the Board**).

The CEO is the executive director of the Board. The CEO has been entrusted with the daily management of the Company (*dagelijks bestuur*) and specific powers which have been published in the Belgian State Gazette (*Belgisch Staatsblad*).

The Board may invite members of the Executive Committee or other Etex employees, external experts or any other individuals they consider useful in the context of a particular topic to attend wholly or partly any Board meeting.

### 2.2 Profile of directors

Next to allowing a representation on the Board of its large long-term family shareholders, the Group seeks to attract directors of diverse backgrounds and expertise, based on the following key criteria: specific skills, knowledge of the sector in which the Group is active, experience and availability to devote time to the Company. The Group seeks to



make sure that each candidate director has specific skills, knowledge and/or experience to complement the skills, knowledge and/or experience already present in the Board, such that the Board as a whole has the necessary skills to fulfil its duties properly.

The Company seeks to promote diversity in general within the Board, amongst which gender diversity.

### **2.3 Duration of directors' mandate**

According to the BCCA, directors may not be appointed by the Shareholders' Meeting for a term that exceeds six (6) years. In consultation with the Remuneration and Nomination Committee, the Board does not propose to the Shareholders' Meeting to appoint directors for terms exceeding three (3) years. The mandate of directors is renewable.

When a position on the Board becomes vacant, the remaining directors shall have the right to temporarily fill the vacancy in consultation with the Remuneration and Nomination Committee, until the next Shareholders' Meeting takes place, which may then confirm the appointment or, as the case may be, refuse to confirm the mandate and appoint a new director.

The age limit for acting as a director is set at seventy (70). The term of office automatically ends at the end of the ordinary Shareholders' Meeting following the date of reaching the age limit.

### **2.4 Independent directors**

The Board is composed of a minimum of three (3) independent directors. A director shall be considered independent to the extent that he/she does not maintain any relationship with the Company or an important shareholder that jeopardizes his/her independence. Unless otherwise explained, such director shall satisfy the requirements set forth in Article 7:87 of the BCCA with reference to the criteria listed in Principle 3.5 of the Belgian Corporate Governance Code 2020:

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

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

Independent directors proposed for nomination to the Shareholders' Meeting (or, as the case may be, to fill a vacancy) will be so proposed upon recommendation by the Remuneration and Nomination Committee.

## **2.5 Directors representing Jekbouw**

The Board is composed of a minimum of five (5) directors appointed upon proposal of Jekbouw.

## **3. CHAIRMAN OF THE BOARD**

### **3.1 Appointment**

The Chairman of the Board is appointed by the Board by a simple majority amongst the directors, upon recommendation of the Remuneration and Nomination Committee.

The Chairman of the Board is appointed for a three-year term, which is renewable. Any renewal of the appointment as the Chairman of the Board for a term which would in aggregate exceed six years, must be approved by a two-thirds majority of the Board.

### **3.2 Role**

The Chairman of the Board, when carrying out his/her role, shall guard the cultural identity of the Group.

#### **3.2.1 Role in relation to the Board**

The Chairman of the Board, assisted by the Corporate Secretary, is responsible for the effective organisation of the Board. To this end, the Chairman of the Board:

- draws up the agenda for Board meetings, in consultation with the CEO, and ensures, in addition to the missions of the Board set forth in section IV, 1 above, that all the priorities of the Group are reviewed by the Board;
- ensures that directors are informed within the eight-day (or as the case may be, two-day) notice period set forth below and are provided with appropriate documents and information to prepare for the decision proposed on the agenda;
- informs the Board, as necessary, about any problems encountered by the Board's Committees.

#### **3.2.2 Role in relation to the Board's Committees**

The Chairman of the Board, assisted by the Corporate Secretary, is responsible for the effective organisation of the Board's Committees. To this end, the Chairman of the Board:

- chairs the Strategy Committee;
- proposes, in consultation with the CEO, the members of the various Committees for appointment by the Board; and
- ensures that the Committee Chairmen report to the Board on the performance of the Committees' duties.

### 3.2.3 Role in relation to the CEO

The Chairman of the Board shall maintain close contact with the CEO, without undue interference in day-to-day operations by the Board.

### 3.2.4 Role in relation to the operational companies and the staff of the Group

Upon proposal by the CEO, the Chairman of the Board can be appointed as director in the Group's operating companies.

## 4. TERMS OF REFERENCE OF THE BOARD

### 4.1 Calendar

The Board meets at least four (4) times a year and each time the corporate benefit of the Company so requires or a specific material transaction requires approval. The Board also meets each time two directors so request.

Meetings take place at the location mentioned in the convening notice. Meetings may also be held via videoconference, conference call or any other means of communication.

### 4.2 Agenda

Directors are convened by the Chairman at its own request or at the request of any of its members and are given eight (8) days prior notice and two (2) days in case of emergency.

The Chairman, in consultation with the CEO, sets the agenda of each meeting of the Board, it being understood that all directors are invited to propose items for the agenda.

The agenda and invitation (with clear indications of time and venue) are, except in case of emergency, made available one week prior to the meeting on the Company's secured Board platform. The agenda indicates which topics are for decision, discussion or information with a clear indication of guests and guest speakers and timings. Documents and relevant information for topics listed on the agenda are shared with all members, except in case of emergency, at least seventy-two (72) hours before the meeting via the Company's secured Board platform.

### 4.3 Meetings

#### 4.3.1 Quorum and majority

Except in case of force majeure, the Board may only deliberate if at least half of its members are present or represented, it being understood that three directors must be present. Directors may be represented by another director.

The Board aims at taking its decision by alignment of all members. If this is not possible, decisions shall be taken by simple majority. In case of tie, the Chairman has a casting vote.

#### 4.3.2 Confidentiality

All participants commit to full confidentiality on agreed confidential matters. At the end of each meeting, the communications to be released within the Group are clearly defined. All discussions and decisions related to individual people are strictly confidential and can only be used after explicit release and in concert with Corporate HR.

#### 4.3.3 Minutes and supporting documents

Each meeting of the Board shall take place in the presence of the corporate secretary, which the Board is entitled to appoint, outside of its members, among Group employees (the **Corporate Secretary**). The Corporate Secretary shall prepare minutes of each meeting of the Board, which will be submitted for approval to the Board at the next meeting of the Board and signed by the majority of the directors present.

The minutes shall be recorded in a minute book and held at the Company's registered office.

#### **4.4 Review**

The Board proceeds to a review of its size, composition, performance and those of its committees at least every three (3) years.

## **V. Strategy Committee**

### **1. COMPOSITION**

The Strategy Committee is composed of at least five (5) members. The members of the Strategy Committee may or may not be members of the Board and do not need to have any functional or operational role within the Company. The CEO is a member of the Strategy Committee. The Chairman of the Board is also a member of the Strategy Committee and chairs it.

The Committee members are nominated by the Board, based upon joint proposal of the Chairman and the CEO.

The Committee members who are also directors are appointed for a term equal to the term of their directorship and can be reappointed. Re-appointment takes place at the Board meeting following the Company's ordinary Shareholders' Meeting.

Any member of the Executive Committee or other Group employee may be invited by the Chairman of the Committee to take part in the Committee's meetings relating to a specific project.

### **2. ROLE**

The Strategy Committee's mission is to offer an opinion to the Board on the Group strategy and business plan proposed and defined by the Executive Committee. The Strategy Committee will in this respect focus in particular on the Group's sense of purpose, strategic priorities and values as a key driver for innovation, growth and leadership.

The Strategy Committee's mission also includes preparing the Board for the strategic aspects of operations presented to it. To this end, the Strategy Committee prepares opinions of major transactions (such as acquisition of companies, creating presence in a new country and diversification into a new business) presented by the CEO and the Executive Committee to the Board.

### **3. TERMS OF REFERENCE**

#### **3.1 Meetings and notice**

The Committee normally meets one week prior to any meeting of the Board regarding strategic decisions or projects and at least four (4) times a year.

The Committee is convened by the Chairman at its own request or at the request of any of its members. Members are given eight (8) days prior notice and two (2) days in case of emergency. Supporting papers shall be sent to Committee members and to other attendees at the same time.

Meetings are held at the registered office of the Company or at the place indicated in the invitation. Meetings may be also held by video conference, conference call or any other means of communication. Except in case of force majeure, the Committee can only validly deliberate if at least half of its members attend the meeting in person or by video conference, conference call or any other means of communication. Decisions are made at a simple majority of the votes cast. In case of tie, the Chairman has a casting vote.

The Chairman of the Committee reports to the Board on the Committee's activities.

#### **3.2 Minutes**

The Corporate Secretary will attend the Committee's meetings as secretary and will write the minutes.

The minutes shall be recorded in a minute book and held at the Company's registered office.

### **3.3 Review**

The Committee proceeds to a review of its terms of reference and effectiveness at least every three (3) years to ensure it is operating at maximum effectiveness.

## **VI. Remuneration and Nomination Committee**

### **1. COMPOSITION**

The Remuneration and Nomination Committee is composed of at least five (5) members.

The members of the Remuneration and Nomination Committee are appointed by the Board, based upon joint proposal of the Chairman and the CEO. The members of the Committee select among themselves a Chairman.

The Committee members are appointed for a term equal to the term of their directorship and can be reappointed. Re-appointment takes place at the Board meeting following the Company's ordinary Shareholders' Meeting.

### **2. ROLE**

The task of the Remuneration and Nomination Committee is to assist the Board in:

- proposing to the Shareholders' Meeting the appointment of new directors (other than the directors proposed by Jekbouw) or renew their appointments and provide recommendations on director candidates proposed by the shareholders;
- co-opting directors, especially in the event of death or resignation;
- discussing succession planning at the level of the Board;
- selecting and appointing the CEO;
- drafting appointment procedures for the Board and the ExCom;
- periodically assessing the composition and size of the Board;
- making proposals regarding directors' remuneration;
- approving the salary and remuneration policy for the members of the Executive Committee; and
- creating and supervising share option plans for Group employees.

### **3. TERMS OF REFERENCE**

#### **3.1 Meetings and notice**

The Committee meets at least two (2) times per year. The Committee is convened by the Chairman of the Committee any time there is a need to provide a replacement, to renew an appointment or to change the membership of the Board. Members are given eight (8) days prior notice and two (2) days in case of emergency. Supporting papers shall be sent to Committee members and to other attendees at the same time.

Meetings are held at the registered office of the Company or at the place indicated in the invitation. Meetings may be also held by video conference, conference call or any other means of communication. Except in case of force majeure, the Committee can only validly deliberate if at least half of its members attend the meeting in person or by video conference, conference call or any other means of communication. Decisions are made at a simple majority of the votes cast. In case of tie, the Chairman has a casting vote.

The Chairman of the Committee reports to the Board on the Committee's activities.

### **3.2 Minutes**

The Chief HR Officer attends the Committee meetings and takes the minutes. Minutes of the Committee shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

The minutes shall be recorded in a minute book and held at the Company's registered office.

### **3.3 Review**

The Committee proceeds to a review of its terms of reference and effectiveness at least every three (3) years to ensure it is operating at maximum effectiveness.

## **VII. Risk and Audit Committee**

### **1. COMPOSITION**

The Risk and Audit Committee is composed of at least three (3) members.

All members are non-executive directors.

The Committee members are appointed by the Board, based upon joint proposal of the Chairman and the CEO. The members of the Committee select among themselves a Chairman, it being provided that the Chairman of the Board may not be the Chairman of the Committee.

The Committee members are appointed for a term equal to the term of their directorship and can be reappointed. Re-appointment takes place at the Board meeting following the Company's ordinary Shareholders' Meeting.

Any member of the Executive Committee or other Group employee may be invited by the Chairman of the Committee. Additionally, the external auditors will be invited to attend meetings of the Committee on a regular basis.

### **2. ROLE**

The Risk and Audit Committee's role is to assist the Board in its task of supervision, especially by:

- monitoring the financial reporting process and the consistency and reliability of the financial information;
- monitoring the effectiveness and quality of the internal audit system set up by management;
- monitoring the mapping of risks and the measures to minimise these risks;
- monitoring the external audit and its performance as well as the independence of the external auditor, including regarding the provision of additional services;
- informing the Board of the outcome of the external audit and explain how it contributed to the integrity of financial reporting and what the role of the Risk and Audit Committee was in that process;
- being responsible for the procedure for the selection of the external auditor and present recommendations to the Board with respect to the appointment of the external auditor.

The audit review and reporting covers the Group as a whole.

Next to this supervision role, the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where it deems action or improvement is needed.

In order to carry out its duties, the Committee is authorized to:

- seek any information it requires from any employee of the Company;
- obtain outside legal or other professional advice on any matter within its terms of reference;

- pre-approve all auditing and non-audit services; and
- meet with Company officers, external auditors, or outside counsel, as necessary.

### **3. TERMS OF REFERENCE**

#### **3.1 Meetings and notice**

The Committee meets at least three (3) times per year.

The Committee is convened by the Chairman of the Committee at its own request, at the request of any of its members or at the request of external or internal auditors if they consider it necessary. Members are given eight (8) days prior notice and two (2) days in case of emergency. Supporting papers shall be sent to Committee members and to other attendees at the same time.

Meetings are held at the registered office of the Company or at the place indicated in the invitation. Meetings may be also held by video conference, conference call or any other means of communication. Except in case of force majeure, the Committee can validly deliberate if at least half of its members attend the meeting in person or by video conference, conference call or any other means of communication. Decisions are made at a simple majority of the votes cast. In case of tie, the Chairman has a casting vote, except if only two members are present.

At least twice a year, the Committee meets the internal and external auditors to discuss matters relating to its terms of reference and its own effectiveness and recommend any changes to the Board.

The Chairman of the Committee reports to the Board on the Committee's activities.

#### **3.2 Minutes**

The Corporate Secretary attends the Committee meetings and takes the minutes. Minutes of the Committee shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

The minutes shall be recorded in a minute book and held at the Company's registered office.

#### **3.3 Review**

The Committee proceeds to a review of its terms of reference and effectiveness at least every three (3) years to ensure it is operating at maximum effectiveness.

## **VIII. Sustainability and Corporate Social Responsibility Committee**

### **1. COMPOSITION**

The Sustainability and Corporate Social Responsibility Committee is composed of at least four (4) members. The Chairman and the CEO are members of the Committee. The other members of the Committee are selected from amongst the directors, including at least one (1) independent director.

The Committee members are appointed by the Board based on a joint proposal from the Chairman and the CEO. The members of the Committee select among the independent members a Chairman.

The Committee members are appointed for a term equal to the term of their directorship and can be reappointed. Re-appointment takes place at the Board meeting following the Company's ordinary Shareholders' Meeting.

The Committee may decide to invite from time to time members of the Executive Committee or other Group employees (e.g. the director of Corporate Social Responsibility or project managers) to attend the meetings.

## 2. ROLE

The Committee is entrusted by the Board to study and prepare the Board's deliberations regarding sustainability and corporate social responsibility. It issues proposals, opinions and recommendations as an advisory capacity to the Board with respect to policies and strategies that affect the Company's role as a socially responsible organization.

The main duty of the Committee, within the remit of the Board, is to ensure that the Group is even more effective at addressing the economic and societal challenges associated with its mission to "*contribute to a better world, producing affordable and sustainable construction solutions*". The Committee will consider the impact of the Group's businesses, operations and programs from a social responsibility perspective, taking into account the legal framework and the interests of shareholders, clients, employees, communities and regulators.

While the Committee has the responsibilities set forth in this Corporate Governance Charter, it is the duty of the Executive Committee to plan and implement the Group's programs with respect to corporate responsibility and to determine whether the Group's corporate responsibility policies and practices constitute the most appropriate policies and practices for the Group.

In carrying out this mission, the Group focuses on two objectives:

- economic goals related to profitability and creating economic value;
- community-focused goals related to creating social value.

This two-fold approach, through the development of social initiatives, must be an innovative way to differentiate on the market.

In this context and in regard to the Group's voluntary sustainability and corporate social responsibility process, the Committee shall provide oversight relating to corporate responsibility, including social, employment, environmental and other matters of significance to the Group's reputation as a global corporate citizen. The Committee's duties include:

a) Review and recommend to the Board for approval:

- The Committee's annual mandate and subsequent revisions;
- Fundamental sustainability and corporate social responsibility policies having the potential to impact activities and strategies;
- The Group's long-term development, including its economic development, through its sustainability and corporate social responsibility initiatives;
- Appropriate recommendations with regards to the Group's business activities in a manner which acknowledges and reflects a commitment to social and financial responsibilities;
- Actions and initiatives regarding the Group's communication on its sustainability and corporate social responsibility policies and initiatives;

b) Review and report to the Board on:

- Sustainability and corporate social responsibility performance, including investment economic impact and performance, monitoring from time to time compliance with sustainability and corporate social responsibility policies and the integration of sustainability and corporate social responsibility processes within the Group's risk management and approval processes;
- Main issues, trends and events that could impact Etex, and its people, stakeholders or programs, main opportunities and risks related to sustainability and corporate social responsibility, significant lawsuits, investigations by governmental entities and other significant legal matters involving the Group that could affect the Group's performance, business activities or reputation as a global corporate citizen;
- Actions and initiatives undertaken to mitigate corporate responsibility risks and/or matters having the potential to affect Etex's activities, plans, strategies or reputation;



- The operation of the Committee.

The Committee shall have access to any internal information necessary to fulfil its role. The Committee shall also have authority to obtain advice and assistance from internal or external advisors.

The Chairman of the Committee reports on its work at the next meeting of the Board.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

### **3. TERMS OF REFERENCE**

#### **3.1 Meetings and notice**

The Committee meets at least three (3) times per year. The Committee is convened by the Chairman at its own request or at the request of any of its members. Members are given eight (8) days prior notice and two (2) days in case of emergency. Supporting papers shall be sent to Committee members and to other attendees at the same time.

Meetings are held at the registered office of the Company or at the place indicated in the invitation. Meetings may be also held by video conference, conference call or any other means of communication. Except in case of force majeure, the Committee can validly deliberate if at least half of its members attend the meeting in person or by video conference, conference call or any other means of communication. Decisions are made at a simple majority of the votes cast. In case of tie, the Chairman has a casting vote.

#### **3.2 Minutes**

The Corporate Secretary attends the Committee meetings and takes the minutes. Minutes of the Committee shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

The minutes shall be recorded in a minute book and held at the Company's registered office.

#### **3.3 Review**

The Committee proceeds to a review of its terms of reference and effectiveness at least every three (3) years to ensure it is operating at maximum effectiveness.

## **IX. Executive Committee**

### **1. COMPOSITION**

The composition of the Executive Committee is balanced to reflect the various divisions, the geographic spread of the Group and the global support functions.

The Executive Committee is composed of the CEO and at least four other members.

The CEO is appointed by the Board upon recommendation of the Remuneration and Nomination Committee. The other members of the Executive Committee are appointed by the CEO, upon prior notification to the Remuneration and Nomination Committee.

The CEO may invite other persons to attend wholly or partly an Executive Committee meeting. The Executive Committee may also invite Group employees, external experts or any other individuals they consider useful in the context of a particular topic.

### **2. ROLE**

The Board entrusts the daily management of the Group to the CEO and the Executive Committee. The CEO is the chairman of the Executive Committee and the prime interface between the Board and the Executive Committee.

The CEO is the executive director of the Board. The CEO has been entrusted with the daily management of the Company (*dagelijks bestuur*) and specific powers which have been published in the Belgian State Gazette (*Belgisch Staatsblad*).

The other members of the Executive Committee have also been entrusted with specific powers published in the Belgian State Gazette (*Belgisch Staatsblad*).

The Executive Committee is an informal management committee that has not been organised as a dual-tier board (*directieraad*) under article 7:110 of the BCCA.

The Executive Committee, under the leadership of the CEO, has among others the following role:

- to develop and propose for approval by the Board the overall strategy of the Group and to ensure its implementation;
- to implement and monitor the Board's decisions;
- to approve strategies of the individual business units and to monitor their implementation;
- to carry out the operational management of the Group;
- to oversee the proper organisation and functioning of the Group, including the introduction of proper processes and the financial management and accounting;
- to implement internal controls based on the internal control and risk management framework approved by the Board;
- to prepare and follow-up on major investment and divestment files (capex and M&A files) and financing transactions;
- to prepare the financial reporting, including the annual accounts, monthly management accounts and semi-annual accounts;
- to define the key Group policies; and
- to appoint senior executives, including succession planning and talent management.

### **3. THE CEO**

The CEO acts as Chairman of the Executive Committee. In his absence for a specific meeting he shall designate another ExCom member to replace him. If no such designation occurred, the CFO will act as Chairman.

The CEO (or appointed ExCom member) takes care that:

- the objectives and strategy are sufficiently addressed in the ExCom meetings;
- the agenda and timing are respected;
- the decisions are clearly formulated;
- the actions, timing and topic owners to execute the actions are well defined and listed in the minutes; and
- the communication plan and timing are well defined.

### **4. TERMS OF REFERENCE**

#### **4.1 Meetings**

The CEO convenes regular meetings of the Executive Committee, in principle every month (with a target of 11 meetings a year). Additional meetings may be called by the CEO at his discretion or at the request of any ExCom member, as agreed by the CEO. The CEO determines the agenda.

## **4.2 Minutes**

The Executive Committee may appoint a secretary among Group employees who does not have to be a member of the ExCom. The secretary can be the same person as the Corporate Secretary. The secretary drafts the minutes and shall ensure that all minutes are recorded in a minute book kept at the registered seat of the Company.

## **4.3 Review**

The Executive Committee shall arrange for periodic reviews of its own performance and, at least, annually, review its composition and operating principles to ensure it is operating at maximum effectiveness.

# **X. Remuneration of Directors and Committee Members**

## **1. REMUNERATION OF DIRECTORS**

The remuneration of directors is decided by the Shareholders' Meeting and is comprised of a fixed annual fee per director. The Chairman of the Board receives six times this annual fee. This annual fee does not increase if extraordinary Board meetings are held.

## **2. REMUNERATION OF COMMITTEE MEMBERS**

The Committee members' remuneration is decided by the Board, based on a proposal from the Remuneration and Nomination Committee.

The members of the Committees receive each a fixed attendance fee per meeting. The Chairmen of the Committees receive double this amount, unless his/she is also the Chairman of the Board.

The CEO, other members of the Executive Committee and Group staff members are not paid for attending the meetings of the Committees of which they are members or which they are invited to attend.

## **3. GENERAL**

The above remunerations (in points 1 and 2) are calculated and paid from one ordinary Shareholders' Meeting to the next. The attendance fees for Committees are paid in December.

The Company will reimburse, on presentation of receipts, the travel and hospitality costs incurred for Board and Committee meetings by members who live abroad.

# **XI. Governance Secretary**

Etex has appointed a governance secretary. The governance secretary is responsible for advising the Board and the directors with respect to governance questions.

# **XII. Market Abuse Regulation**

Etex' shares are listed on the Euronext Expert Market without Etex approval or request. As a consequence, Etex is not required to comply with the preventive measures imposed by Regulation (EU) No 596/2014 of 16 April 2014 on market abuse (**MAR**) with respect to public disclosure of inside information, insider lists and trading by persons discharging managerial responsibilities. The prohibitions of insider dealing, market manipulation and unlawful disclosure of inside information however apply to Etex.

Etex has adopted a dealing code in order to ensure that directors, members of the Executive Committee and employees are informed of and comply with the requirements of MAR and do not use inside information.

### **XIII. Conflicts of interests**

Directors and members of the Executive Committee will at all time keep their independence of judgment and shall always act in the interest of the Company. Directors and members of the Executive Committee shall to the extent possible ensure that they are free from any conflict of interests. If a director or a member of the Executive Committee has a direct or indirect conflicting pecuniary interest on any matter before the Board or Executive Committee within the meaning of the BCCA, the relevant director or member of the Executive Committee shall respectively inform the Chairman of the Board or the CEO and shall abstain from participating in discussions of the Board or the Executive Committee and voting.

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