

# TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF BEFIMMO SA

*(Last update: 23 February 2017<sup>1</sup>)*

## Article 1 - Introduction

The Board of Directors (hereafter, the “Board of Directors”) of Befimmo SA (hereafter, the “Company”) has created an Audit Committee (hereafter, the “Committee”) amongst its members.

## Article 2 - Composition and remuneration

The Committee is composed of three members, appointed by the Board of Directors, on a proposal of the Appointment and Remuneration Committee, among the Non-Executive Directors of Befimmo SA, at least two of whom are independent.

On a proposal of the Appointment and Remuneration Committee, the Audit Committee appoints its Chairman among its members. The Chairman of the Audit Committee may not be the Chairman of the Board of Directors.

When making these appointments, the Board of Directors shall ensure that the composition of the Committee will enable it to have the skills needed to carry out its role effectively, notably in terms of accounting, auditing and finance.

The term of office of Committee members may not exceed that of their Directorship. Committee members’ terms of office may be renewed at the same time as their Directorships.

The Committee members receive attendance tokens of a value per meeting determined by the General Meeting on a proposal of the Board of Directors, who has previously consulted the Appointment and Remuneration Committee on this matter.

## Article 3 - Role of the Chairman

The Chairman of the Committee convenes the meetings of the Committee and sets the agenda after consulting the Chief Financial Officer.

He guides the Committee’s work and endeavours to ensure that its members reach a consensus by discussing the topics on the agenda in a critical and constructive manner.

The Chairman takes the necessary steps to develop a climate of trust within the Committee and strives to run it efficiently.

In this context, he ensures in particular that any new member of the Committee integrates well, through personal contacts and by the provision of useful information on the Committee’s operation (terms of reference of the Committee, minutes of previous meetings, etc.) to rapidly enable this new member to participate efficiently.

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<sup>1</sup> This document was drafted in French, in case of inconsistencies between the French version and its translations, the French version will prevail.

Finally, the Chairman is the main contact with the Board of Directors for any matters falling within the Committee's competence.

#### Article 4 - Duties

Without prejudice to other duties that may be required of it by law, the Audit Committee assists the Board of Directors and the Management Committee of Befimmo SA to ensure the accuracy and truthfulness of the accounts of Befimmo SCA as well as the quality of its internal and external controls and information provided to the shareholders of Befimmo SCA and the market. The Committee presents opinions and recommendations to the Board of Directors and the Management Committee on these matters.

Specifically, the Committee is in charge of the following aspects of:

- 1) monitoring the process of preparing financial information and financial reporting:
  - ensuring the accounting integrity of financial information published by Befimmo SA; checking the draft statutory annual accounts and quarterly consolidated accounts, quarterly financial data and important financial communications prior to publication;
  - checking and validating any changes to the application of accounting principles, reporting and valuation rules;
  - enquiring with the Chief Executive Officer or Chief Financial Officer into the methods used to account for significant or unusual transactions where several options are possible, including within the context of IFRS;
  - discussing important financial reporting issues with the Chief Executive Officer or Chief Financial Officer and the Auditor(s).
  
- 2) monitoring the effectiveness of the Company's internal control and risk management systems:
  - reviewing the internal control and risk management systems put in place within Befimmo SA and its subsidiaries to ensure that the main risks (including risks linked to compliance with current legislation and regulations) are properly identified, managed and disclosed;
  - reviewing the report to be provided by the Management Committee to the Board of Directors, the FSMA and the Auditor(s) on internal control assessments, and reviewing feedback related to internal control and risk management included in the Annual Report;
  - reviewing the description of the main features of the internal control and risk management systems to be included in the management report;
  - reviewing the specific arrangements, if any, by which employees or other persons working with the Company may, in confidence, raise any concerns about possible improprieties in financial reporting or other matters;
  - approving the terms of reference for the internal audit function and any amendments to them, monitoring the effectiveness of the internal audit function and carrying out its duties under its terms of reference.
  
- 3) monitoring the annual and half-yearly accounts:

- ensuring follow up of issues raised and recommendations made by the Auditors;
- carrying out a prior review and giving its opinion on the annual and half-yearly draft accounts prior to submission to the Board of Directors;
- meeting Auditor(s) of Befimmo SA, the Chief Financial Officer or the Chief Executive Officer, whenever deemed necessary.

#### 4) monitoring external controls:

- making recommendations to the Board of Directors regarding the appointment, renewal or removal of Auditor(s) of Befimmo SA and the level of remuneration to be paid for their work;
- monitoring the independence of the Auditor(s) of Befimmo SA;
- giving prior approval for any duties entrusted to the Auditor(s) of Befimmo SA that exceed their statutory duties; monitoring the nature and extent of non-audit services provided; and, if applicable, adopting and applying a formal policy specifying the type of non-audit services excluded, authorised after review by the Committee or automatically authorised, in all instances with particular regard to the evolution of the fees for authorized non-audit services and of the audit fees (70/100 ratio, calculated over a period of 3 fiscal years);
- being informed about the work programme of the Auditor(s) of Befimmo SA;
- reviewing the effectiveness of the external audit process.

In order to carry out its duties, the Committee shall discuss important issues with the Chief Executive Officer, the Chief Financial Officer, the Auditor(s) of Befimmo SCA and interview anyone within Befimmo SA at its discretion.

The Committee may, at the Company's expense, seek any legal, accounting or other advice and assistance it may deem necessary for the purpose of carrying out its duties, subject to prior notification of the Chairman of the Board of Directors.

#### Article 5 - Meetings

The Committee meets at least four times a year and whenever circumstances require, at the request of its Chairman, one of its members, the Chairman of the Board of Directors, the Chief Executive Officer or the Chief Financial Officer. It decides if and when the Chief Executive Officer, the Chief Financial Officer, auditor(s) or other people should attend its meetings.

It meets the Auditor(s) of Befimmo SA at least twice a year to exchange views on any issue relating to its duties and on any issue raised by the auditing process.

At least twice a year, the Committee meets the person(s) responsible for internal auditing of the Company.

#### Article 6 - Quorum and voting majority

The passing of valid resolutions requires attendance of two members of the Committee. Members of the Committee may not be represented. Opinions and recommendations are passed by a majority vote. The Chairman of the Committee does not have a casting vote.

#### Article 7 - Minutes

The minutes sum up the discussion, set out the opinions and recommendations and state any reservations voiced by Committee members. They are circulated in draft form to the three Committee members and are then formally approved and signed at a subsequent meeting of the Committee.

The Company keeps the original copy.

The minutes of the Committee meetings are sent to all members of the Board of Directors.

#### Article 8 - Reporting

8.1. After each Committee meeting, the Chairman of the Committee (or, in his absence, a specially designated member of the Committee) reports on its work to the next meeting of the Board of Directors, notably after the meetings on the preparation of the quarterly accounts and preparation of the financial statements for publication.

8.2. When reporting to the Board of Directors, the Audit Committee shall identify the issues on which it considers that action or improvement is necessary, and make recommendations on the measures to be taken.

#### Article 9 - Self-assessment

Every three years at least, the Committee assesses its own effectiveness, operation and interaction with the Board of Directors, reviews its terms of reference, and recommends any necessary amendments to the Board of Directors.

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