

# TERMS OF REFERENCE FOR THE APPOINTMENT AND REMUNERATION COMMITTEE OF BEFIMMO SA

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

## Article 1 - Introduction

The Board of Directors of Befimmo SA (the "Company") has decided to entrust missions related to appointments and remunerations with regards to the Company to one single Committee called the Appointment and Remuneration Committee (hereafter, the "Committee").

## Article 2 - Composition and remuneration

The Committee is made up of at least three Directors, appointed by the Board of Directors on a proposal of the Committee, from among the Non-Executive Directors, the majority of whom must be Independent Directors.

The Board of Directors appoints the Chairman of the Committee.

The Chairman of the Committee may also be the Chairman of the Board of Directors.

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 Directorship.

In the event that the Chairman of the Board of Directors of Befimmo SA is not a member of the Committee, he may, but is not obliged to, attend meetings of the Committee; he may not attend such meetings if the Committee so decides or is voting on the Chairman of the Board's remuneration or mandate renewal (in his capacity of Chairman or Director). He may take part in the discussion, but may not chair the Committee when it is voting on the appointment of his successor.

The Chief Executive Officer (CEO) takes part in meetings of the Committee when it has to discuss the appointment or remuneration of the other members of the Management Committee of the Company.

Committee members receive attendance tokens of a value per meeting determined by the General Meeting on a proposal by the Board of Directors, who has himself 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.

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.

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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.

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.

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

#### Article 4 - Duties

##### 4.1. Regarding appointments and renewals of mandates

The Committee assists the Board of Directors in drawing up:

- profiles for Directors, members of the committees of the Board of Directors, the CEO and the other members of the Management Committee;
- implementing procedures for appointments and renewals of mandates for Directors, members of the committees of the Board of Directors, the CEO and the other members of the Management Committee of the Company (selection criteria, profile, etc.); and
- implementing periodic assessment procedures for the Board of Directors, the Directors, the committees of the Board of Directors and their members, the CEO and the other Executive Officers.

The Committee may delegate the task of finding candidates for the function of members of the Management Committee who are not Directors - to the CEO. He will report to the Committee on the outcome of the search and the terms of employment and will send it the draft contract to be signed with the executive officer. The Committee then notifies the Board and makes a recommendation.

The Committee advises the Board on the number of Directors that it deems appropriate, subject to the legal minimum.

At any time (notably following the resignation or death of a Director or the forthcoming need to replace a Director whose directorship is about to expire), the Board of Directors may ask the Committee to initiate a procedure to find candidates for the post of Director or committee member. Where appropriate, the Board of Directors will specify the particular qualities and skills required for the vacant post.

Under the leadership of its Chairman, the Committee carries out the search for candidates for the post of Director or committee member, as appropriate, with the help of consultants, and examines the applications put forward by the Board of Directors, the CEO or any other interested person, and any unsolicited applications.

This examination takes place with regard to the latest assessment of the operation of the Board or committee concerned (stating in particular the skills, knowledge and experience available and needed within the Board or Committee concerned), general criteria for the selection of Directors, as laid down by the Board of Directors (mentioned in the corporate governance charter of the Company and in the Board of Directors' terms of reference) and any special criteria taken into account for finding one or more new Directors or one or more Committee members.

The Committee interviews the candidates, examines their curriculum vitae and references, assesses them, finds out what other duties they perform (in listed or other companies) and submits a list of acceptable candidates to the Board of Directors, along with a recommendation.

For the renewal of Directors mandates, the Committee is to refer to the latest assessment of the operation of the Board and ensure that the candidates are suitable for renewal in the light of the selection criteria adopted by the Board. The Committee then makes a recommendation to the Board.

After making a decision, the Board submits the appointment – or mandate renewal – of the Directors to the next Ordinary General Meeting of shareholders.

The Committee also manages the re-election or succession of the Chairman of the Board of Directors.

The Committee ensures that adequate plans are put in place for the succession of the Directors. It ensures that the appointment of Directors or renewals of directorships allow for the work of the Board and its committees to continue, and maintain a balance of skills and experience in the Board of Directors and the committees it sets up.

#### 4.2 Regarding remuneration

The Committee assists the Board of Directors in making proposals:

- on the remuneration policy for non-executive Directors, members of the Board's committees, the CEO and the other members of the Management Committee, and on any periodic revisions of that policy;
- on the individual remuneration of the non-executive Directors, members of the Board's committees, the CEO and the other members of the Management Committee, including variable remuneration, the various benefits and length-of-service bonuses, related to shares or otherwise, and severance grants and, if appropriate, on the resulting proposals which the Board has to submit to the shareholders;
- on the setting of performance objectives for the CEO and other members of the Management Committee, and the assessment of performance in relation to the objectives.

The Committee is kept informed of the terms and conditions of remuneration of the aforementioned persons.

The Committee prepares the annual report on remuneration which the Board includes in the annual corporate governance statement, and comments on it at the annual General Meeting of shareholders.

4.3 The Board of Directors has also charged the Committee with the following:

- delivery of an opinion on the proposals made by the CEO for the hiring and initial remuneration, and on any revision of the remuneration (in the broad sense) of certain other persons carrying out important duties in the Company and in charge of a team;
- delivering an opinion on the proposals made each year by the CEO on the overall budget for increasing (apart from indexing) the remuneration laid down for the Company's staff, and on the overall budget for the variable remuneration of the staff;
- interacting with the CEO on the subject, keeping the Board of Directors informed of the main decisions taken in a general rather than a particular manner.

#### 4.4 Approval of contracts

The Committee will make proposals to the Board of Directors regarding the approval of contracts signed with the CEO and other members of the Management Committee and the approval of any amendments to be made to such contracts.

The Committee is empowered to call upon the services of consultancy firms, at the expense of Befimmo SA, to assist it in the duties mentioned under this Article, after first informing the Chairman of the Board of Directors.

#### Article 5 – Training of Directors

The Committee devises a training procedure for new Directors in order to enable them to learn quickly about the Company, its activities and economic environment, so that they can immediately carry out their duties under ideal conditions. The procedure shall consist of:

- the provision of documents (articles of association, governance charter, terms of reference, latest Annual and Half-Yearly Reports and recent brochures);
- the organisation, at the start of the mandate, of one-to-one meetings with the Chairman of the Board of Directors, other Directors, the CEO and, on request, with one or more members of the Management Committee (either alone or accompanied by their co-workers), relating in particular to the Company's governance, strategy, risks and challenges, and its financial situation.

#### Article 6 – Meetings

The committee meets at least twice a year, and in any case:

- prior to the approval of the agenda for any General Meeting of Befimmo SA which has draft resolutions on board membership on the agenda;
- to draft the annual remuneration report.

It meets as needed at the request of its Chairman, one of its members, the Chairman of the Board of Directors or the CEO.

#### Article 7 – Quorum and voting majority

In order to pass valid resolutions, the majority of the members of the Committee must be present. Members of the Committee may not be represented. Opinions and recommendations are passed by a majority vote. The Chairman does not have a casting vote.

#### Article 8 – Minutes

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

The original copy is kept by the Company for its records.

The Chairman of the Committee is responsible for sending a copy to the Committee members.

#### Article 9 – Reporting

After each Committee meeting, the Chairman of the Committee (or, in his absence, a specially designated member of the Committee) reports on the opinions and recommendations of the Committee to the next meeting of the Board of Directors so that it can make decisions thereon.

#### Article 10 – 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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**Befimmo**