

**CHARTER OF THE APPOINTMENTS, REMUNERATION AND CORPORATE  
GOVERNANCE COMMITTEE**

**(Latest update: 10 December 2009)**

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## **Introduction**

The Appointments, Remuneration and Corporate Governance Committee is a consultative body of the Board of Directors.

The Appointments, Remuneration and Corporate Governance Committee reviews its Charter regularly and, where applicable, submits proposed modifications that it deems desirable for the approval of the Board of Directors.

The Charter of the Appointments, Remuneration and Corporate Governance Committee was adopted by the Board of Directors on March 24, 2005. A modified version was adopted by the Board of Directors on February 8, 2006 and a latest version on 10 December 2009. Furthermore, the Secretary General is authorised to make all formal changes to the text that he deems necessary at any time.

This charter complies with the Belgian Corporate Governance Code of 12 March 2009. If the company does not comply with one or more of the provisions of this code, it will explain the reasons in the Corporate Governance Declaration.

### **I. Role**

The role of the Appointments, Remuneration and Corporate Governance Committee is to assist and advise the Board of Directors in all matters relating to the composition of the Board of Directors and its Committees, as well as the Executive Committee, to the methods and criteria for appointing and recruiting Directors and members of the Executive Committee as well as in matters relating to Corporate Governance.

### **II. Responsibilities**

In carrying out its remit, the Appointments, Remuneration and Corporate Governance Committee has the following functions and responsibilities:

#### **1. Appointments**

- a. Evaluating the optimum size and composition of the Board of Directors and its Committees and of the Executive Committee. In its considerations and deliberations, the Appointments, Remuneration and Corporate Governance Committee regularly takes account of the desirable balance in the composition of the Board, having particular regard to changes in the company shareholding structure and whether or not it is opportune to renew directorships.

The Committee ensures that terms of office are staggered so as to ensure that they do not all end simultaneously and so promote a smooth process of renewing the Directors' terms of office. As far as possible, it undertakes at all times to be in a position to propose to the Board of Directors solutions for filling foreseeable vacancies.

- b. Managing the process of seeking persons with the qualifications required for appointment as a Director, conducting a proper assessment of all potential candidates and submitting a list of selected candidates to the Board of Directors, accompanied by an assessment. If the Board rejects a proposed candidate it returns the dossier to the Committee, which shall then propose new names.

The purpose of the Appointments, Remuneration and Corporate Governance Committee is to propose candidates presenting the greatest personal and professional integrity and ethics, having excellent professional competencies and best suited to serve the Company's collective long-term interests within the collective framework of the Board (see also Appendix I: "Procedure for the appointment of directors").

- c. Overseeing the process for the re-election or succession of the Chairman of the Board of Directors.
- d. Proposing to the Board of Directors the Directors to be appointed as members of the Board.
- e. Assessing potential candidates for posts in the Executive Committee and submitting recommendations to the Board of Directors for the appointment or removal of members of the Executive Committee. For the appointment or removal of the CEO, the Appointments, Remuneration and Corporate Governance Committee bases its recommendation on a proposal by the Chairman of the Board stating the full reasons; for the appointment or removal of the other members of the Executive Committee, its recommendations are based on a proposal stating the full reasons, prepared by the CEO in consultation with the Chairman of the Board
- f. Assessing the efficacy of the Board of Directors and its Committees.

## 2. **Emoluments and remunerations**

- a. Proposing the remunerations to be paid to the Directors. The Appointments, Remuneration and Corporate Governance Committee will submit its proposals to the Board of Directors which, if they meet with its approval, will take the decision to put them to the General Meeting of Shareholders.
- b. Proposing a remuneration policy for the CEO and other members of the Executive Committee to be referred to the Board of Directors.
- c. Determining the performance objectives of the CEO and the other members of the Executive Committee; assessing the performances of the CEO and the other members of the Executive Committee in relation to their targets. In order to determine the objectives and assessment of the CEO, the Appointments, Remuneration and Corporate Governance Committee bases its recommendations to the Board of Directors on a proposal by the Chairman of the Board stating the full reasons; in order to determine the objectives and assessment of the other members of the Executive Committee, it bases its recommendation on a proposal prepared by the CEO in consultation with the Chairman stating the full reasons.
- d. Evaluating and examining the remuneration, any benefits and any arrangements for severance pay for the CEO and other members of the Executive Committee. All components of the remuneration will be taken into account, and likewise the principles governing allocation of the fixed and variable portions, criteria governing the basis of assessment and allocation of variable portions, and rules on the allocation of stock options, where applicable. The Appointments, Remuneration and Corporate Governance Committee will submit a proposal to the Board of Directors for a decision concerning the remuneration to be paid to the CEO and other members

of the Executive Committee (See also Appendix II: “General conditions of the Company’s Stock Option Plan”).

### **3. Other responsibilities**

- a. Accomplishment of tasks and supervision of matters relating to the governance of Cofinimmo.
- b. In addition, the Appointments, Remuneration and Corporate Governance Committee will carry out all tasks assigned to it by the Board of Directors.

## **III. Composition**

The Appointments, Remuneration and Corporate Governance Committee shall comprise at least three non-executive Directors, of whom the majority are independent, appointed by the Board of Directors on the proposal of the Appointments, Remuneration and Corporate Governance Committee, for a three-year term of office. This term may be extended by a maximum of two further consecutive three-year periods, provided that the members continue to satisfy the independence criteria.

The Board of Directors guarantees sufficient continuity within the Appointments, Remuneration and Corporate Governance Committee by operating a policy of partial renewal of its members. To this end, it may appoint certain members for a shorter period. The Board may remove Committee members from office before their term of office expires.

The Chairman of the Appointments, Remuneration and Corporate Governance Committee is appointed by the Board.

Where a member of the Appointments, Remuneration and Corporate Governance Committee no longer holds the office of director, this automatically results in the termination of his term of office in the Committee.

## **IV. Functioning**

### **1. Planning, agenda and participation in meetings**

The Appointments, Remuneration and Corporate Governance Committee meets as often as necessary to perform its duties and in any case at least twice a year. Extraordinary meetings may be convened by its Chairman, where the need arises or at the request of one of its members. Members are supposed to attend all meetings of the Committee.

The Chairman of the Appointments, Remuneration and Corporate Governance Committee, in consultation with the Chairman of the Board of Directors, draws up the agenda for each meeting of the Appointments, Remuneration and Corporate Governance Committee. The Executive Committee or one of its members may ask the Chairman of the Appointments, Remuneration and Corporate Governance Committee to add an item to the Committee agenda.

The Chairman of the Appointments, Remuneration and Corporate Governance Committee ensures that free and open communications will be maintained with the Executive Committee. He may invite to its meetings any person whose presence he considers may be useful

## **2. Notice of meetings and prior transmission of documents**

In principle, members are notified at least seven calendar days before the Committee meeting. However, the notification period may be shorter where (i) the Chairman of the Committee thus decides, owing to unforeseen circumstances, or where (ii) all the members agree on a shorter notification period.

The notification states the date and venue of the meeting as well as the agenda.

At the request of the Chairman of the Appointments, Remuneration and Corporate Governance Committee, information and data of vital importance to the proper understanding of the matters to be discussed at the meeting are prepared by the Executive Committee or by any other person designated by the Chairman of the Appointments, Remuneration and Corporate Governance Committee and reviewed by the latter. This documentation and the draft minutes of the previous meeting are distributed in written form to each member before the end of the week preceding the meeting. The members are expected to have examined the documents before the meeting. In the case of matters which it would be too delicate to put in writing, these will be outlined at the meeting with disclosure of the circumstances.

The Chairman is responsible for ensuring that all information received by the members is precise, complete and clear. The Executive Committee has an obligation to provide all necessary information and the Appointments, Remuneration and Corporate Governance Committee can request any clarification that it wishes, should the need arise.

Between Committee meetings, only the Committee Chairman may communicate directly with the Executive Committee to request additional information. Other members submit their questions via the Chairman.

## **3. Deliberations**

The Appointments, Remuneration and Corporate Governance Committee may invite to its meetings, or to part of these meetings, the Human Resources Manager as well as members of the Executive Committee or of the company's staff.

The resolutions of the Appointments, Remuneration and Corporate Governance Committee are adopted by a majority of the votes. In the event of equality of votes, the Chairman has the deciding vote.

## **4. Minutes of meetings**

The Secretary General or a person designated by him by joint agreement with the Chairman of the Committee is responsible for the secretariat of the Appointments, Remuneration and Corporate Governance Committee and for preparing the minutes of its meetings. These minutes set out the different points of view expressed at the meeting as well as the final position adopted by the Committee.

The minutes are held at the disposal of all members of the Board of Directors at the general secretariat.

## **5. Activities report**

The Appointments, Remuneration and Corporate Governance Committee communicates its conclusions, recommendations and/or proposals to the Board of Directors after each meeting. Furthermore, under the direction of its Chairman, the Committee shall submit to the Board of Directors an annual report on its activities. This report shall comprise an assessment of the Committee's performances with respect to accomplishing its remit, whether it has operated satisfactorily and the contribution by each of its members.

## **V. Powers**

The Appointments, Remuneration and Corporate Governance Committee has unlimited access to all information relating to corporate matters, including the individual files of Directors and members of the Executive Committee and of the personnel in general. It may contact consultants and any other agencies instructed to recruit a member of the Management or to select a Board Candidate in order to obtain any relevant information. Every member of the Executive Committee and all company employees are bound to cooperate with the Appointments, Remuneration and Corporate Governance Committee.

The Appointments, Remuneration and Corporate Governance Committee has the broadest means that it considers necessary for the fulfilment of its task; that is why, on its own initiative, it may collect any useful information from the human resources manager, request the advice of outside specialists at the company's expenses and invite such specialists to meetings, insofar as it considers that such measures are required.

The Chairman of the Appointments, Remuneration and Corporate Governance Committee ensures that the Board of Directors is informed of the expected and actual cost of any external assignment decided on by the committee

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## **Appendix I: Procedure for the Appointment of Directors**

The following procedure is applied for the appointment of any Director:

### **Identification of the Board's expertise and knowledge**

The Appointments, Remuneration and Corporate Governance Committee determines, in consultation with the Chairman of the Board, the knowledge and expertise required by the Board itself and by its Committees in order to have a proper understanding of Cofinimmo's activities and satisfactorily to fulfil their respective mandates.

The Board as a whole must possess the characteristics outlined below:

- Broad experience and deep knowledge of the property market;
- Experience of corporate management gained in an executive committee or some other decision-making body of a large enterprise;
- Leadership ability and strategic vision as well as a capacity to implement this vision;
- Knowledge of accounting and financial standards, procedures and techniques and of their application in the real estate sector;
- Thorough knowledge of the legal and regulatory framework applicable to the property sector and to SICAFI in particular;
- Diversified socio-economic representation of the business world;
- Entrepreneurial spirit;
- Diversity in general and in the broad sense.

### **Skills grid**

The Chairman of the Board, in consultation with the Appointments, Remuneration and Corporate Governance Committee, will draw up a Skills Grid showing fields of knowledge and types of expertise on one axis and a list of Board members on the other.

### **Gap analysis**

- In the light of the most recent assessment of Directors both on the Board of Directors and on the Committees, the Appointments, Remuneration and Corporate Governance Committee, determines with the help of a skills grid the what improvements are necessary in Directors' expertise and knowledge.

### **Profile search**

- Depending on the necessary improvements identified by the Appointments, Remuneration and Corporate Governance Committee, and taking into account the admissibility criteria for the Board, the Appointments, Remuneration and Corporate Governance Committee shall seek candidates possessing the desired expertise. The Appointments, Remuneration and Corporate Governance Committee examines the curriculum vitae and references of the candidates proposed for election or re-election as a member of the Board.

- When the list of candidates is prepared, the relevance of their references is taken into account and, for those candidates who are already Directors, an evaluation of their performance is considered.

## **Interviews**

Once the candidates have been identified, the Chairman of the Board and all the members of the Appointments, Remuneration and Corporate Governance Committee will meet each candidate individually to conduct an assessment. The Appointments, Remuneration and Corporate Governance Committee discusses the results of these meetings.

Subsequent to the above process and in the light of the recommendations of the Appointments, Remuneration and Corporate Governance Committee, the Chairman of the Board shall submit to the Board, for examination and approval, a list of potential candidates for the position of Cofinimmo Director.

Following a decision by the Board of Directors, the names of the selected candidate or candidates shall be submitted to the next Ordinary General Meeting.

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## **Appendix II: General conditions for the company's stock options scheme**

The Board of Directors of Cofinimmo was convened on March 23, 2006 to deliberate on the presentation of a stock option plan on existing shares for approval by the General Meeting on April 28, 2006, which decided to adopt the basic principles of Cofinimmo's 2006 Stock Option Plan.

The following procedure is applied for the award of stock options to the Management:

### **Aim**

Cofinimmo's 2006 stock option plan is intended for the management of the company and has as principal aims to maximize the long-term value of Cofinimmo by aligning the interests of the management with those of the shareholders, to encourage a long-term business vision of activities within the Cofinimmo's management and to promote the recruitment and retention of top talent.

### **Frequency of the awards**

The Board of Directors may at its sole discretion decide on the time schedule of all stock options awards, as well as the amount of stock options available for each award

### **Award of stock options**

The award of stock options will take place on the basis of a resolution of the Board of Directors, which will base its decision on the recommendations of the Appointments, Remuneration and Corporate Governance Committee.

### **Option price**

Options are in principle awarded free of charge. Income tax owed by the participant because of his acceptance of the options is exclusively his own responsibility.

### **Exercise price**

The exercise price is in principle equal to the market value of the underlying share on the date of the offer. The Board of Directors may set a different exercise price in the offer letter that will apply to all the options offered

### **Exercise period for the options**

The exercise period runs up to ten (10) years, as from the offer date. The stock options of the participants may only be exercised after the end of the 3rd calendar year following the date on which the stock options were awarded. If the options are not exercised by the end of the exercise period, they will be considered void by operation of law.

On the recommendation of the Appointments, Remuneration and Corporate Governance Committee, the Board decided to extend the period for the exercise of options awarded in 2006, 2007 and 2008 by 5 years in pursuance of the law of 27 March 2009.

### **Vesting of options**

The options accepted can be vested only in accordance with the following vesting schedule (i) one third of the options on the first calendar day of the month following the first anniversary of the date of the offer; (ii) one third of the options on the first calendar day of the month following the second anniversary of the date of the offer (iii) one third of the options on the first calendar day of the month following the third anniversary of the date of the offer.

### **Transferability of the options**

The options awarded under the scheme may not be transferred or encumbered with any guarantee, any surety or any real right and neither may they be transferred to any third party.

### **Modification of the company's capital structure and change of control**

The Company explicitly reserves the right to undertake any transaction that may affect its capital and shares or to modify its articles of association or its management. In the event of a merger, splitting (partial) or division of the company's shares or other similar transactions, the number of options remaining in circulation on the date of this transaction and their respective exercise prices will be adapted in accordance with the rate of exchange applied to the company's existing shares. In this case, Cofinimmo's Board of Directors will determine the precise conditions relating to this adaptation. In the case of a change in control, the options accepted become immediately and fully vested and may be immediately exercised.

### **Rights of shareholders**

A participant is not a shareholder and until the date of delivery of the shares by the company in favour of the participant, the latter will not have the rights and privileges of a shareholder concerning the stocks covered by the plan

### **Definitive disability or retirement**

Options accepted are immediately and entirely vested at the ending of the employment or work contract due to retirement or definitive disability and may be exercised by the beneficiary in accordance with the terms of this plan.

### **Death**

Options awarded and accepted are immediately and entirely vested in case of death and are transferred to the participant's heirs. These options are exercisable only during the two defined exercise periods following the date of decease.

### **Termination of the employment contract on serious grounds**

Stock options accepted but not yet exercised will be cancelled.

**Termination of the employment or business contract (without serious grounds) by the company or the participant**

Options accepted but not yet vested are cancelled. Options accepted and vested can be exercised only within the exercise period following the date of the termination of the contract.

**Nature and characteristics of the shares**

The shares that can be acquired through the exercise of the options are those listed on Euronext Brussels and are of the same nature and benefit from the same rights as the ordinary shares of Cofinimmo existing on the offer date. The shares are registered shares. The Board of Directors will determine the date from which the shares that can be acquired through the exercise of the options will be eligible for a dividend declared by Cofinimmo

**Tax /or social security system concerning taxable benefits**

The current tax position in relation to stock options is that set out in the law of 26 March 1999 relating to the 1998 Belgian action plan for employment, which contained various provisions. The Royal Decree of 5 October 1999 specifies that benefits derived from options are exempt from social security contributions.

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