

## CORPORATE GOVERNANCE CHARTER

*Lastly revised by the Board of Directors on 26 March 2020*

Sofina SA (the '**Company**') attaches great importance to good corporate governance and considers that good corporate governance is a decisive factor in the investment decisions of its shareholders.

The Company is subject to applicable laws and regulations (including the Belgian Code on Companies and Associations (the '**Companies' Code**') and Belgian financial legislation and regulation), to its Articles of Association (the '**Articles**'), to the 2020 Belgian Code on Corporate Governance (the '**2020 CG Code**'), and to this Corporate Governance Charter (the '**CG Charter**').

The board of directors of the Company (the '**Board of Directors**' or the '**Board**' and each member of the Board a '**Director**') adopted the 2020 CG Code as reference code and amended its CG Charter on 26 March 2020 to bring it line with the provisions of the 2020 CG Code.

All reservations and adaptations that the Company aims to explain in this respect, both in this CG Charter and, where applicable, in the corporate governance statement of the Company (the '**Corporate Governance Statement**'), which is included in the Company's Annual report, are based on the special characteristics of the Company. The Company's holding activities require a specific supervisory structure and approach for the follow-up of its investments. The special nature of the Company is also due to the fact that the majority of its share capital is held by a stable reference shareholder who is involved in the governance of the Company through its representation at the Board.

### 1. SHAREHOLDING AND LEGAL STRUCTURE

The Company is the ultimate parent of the Sofina group (the '**Group**'). For the purpose of this CG Charter, the term Group includes the Company and its subsidiaries.

The Company is controlled by a reference shareholder who holds more than 50% of its share capital. The shareholding of the controlling shareholder declared to the Company is set out in the governance section of the Company's website ([www.sofinagroup.com](http://www.sofinagroup.com)) and in the Company's Annual report.

The Board of Directors encourages the reference shareholder to clearly express its strategic objectives to the Board of Directors in a timely manner.

The Company's shares are admitted to trading on the regulated market of Euronext Brussels.

### 2. THE BOARD OF DIRECTORS

#### 2.1 CORPORATE GOVERNANCE STRUCTURE

The Company has opted for a "one-tier" governance structure.

The Board of Directors is the prime decision making body of the Company, with the exception of matters assigned by law to the Company's general meeting of shareholders (the '**General Meeting of Shareholders**').

The Board of Directors has delegated the daily management of the Company to the chief executive officer of the Company (the '**CEO**') who is assisted by a number of executives appointed by the Board of Directors upon proposal of the CEO (together the '**Executives**'). The CEO and the Executives form the executive committee of the Company (the '**Executive Committee**') ("*comité exécutif*" / "*uitvoerend comité*") which, for the avoidance of doubt, is not a management board ("*conseil de direction*" / "*directieraad*") within the meaning of Article 7:104 of the Companies' Code.

The missions and functions of the Executive Committee are described below.

At least once every five years, the Board of Directors reviews whether the chosen governance structure is still appropriate, and if not, should propose a new governance structure to the General Meeting of Shareholders.

## 2.2 ROLE AND FUNCTIONING

The Board of Directors is a collegial body which is organised under the leadership of the chair of the Board of Directors who is a non-Executive Director (the '**Chair**'). The Board of Directors operates in accordance with its Internal rules of procedure (see [Appendix 1](#)).

The Board of Directors pursues sustainable value creation by the Company, by developing an inclusive approach that balances the legitimate interests and expectations of shareholders and other stakeholders.

The Board of Directors acts within a long-term strategy and is organised in such a way that it is able to effectively support the running of the Company and supervise its management, more particularly by involving Specialised Committees.

On the basis of the proposals of the Executive Committee, the Board defines and periodically reviews the Company's medium and long-term objectives and strategy. For each project, it assesses the risk appetite that the Company is able to assume as part of a prudent line of conduct. The Board of Directors also assesses the Company's risk appetite in achieving its strategic objectives.

The Board reviews annually the performance of the CEO and of the Executives and, at regular intervals, the realisation of its strategy in compliance with the risk appetite and against agreed performance measures and targets. It also monitors the effectiveness of its Specialised Committees. It further sets the remuneration policy upon proposal of the Remuneration Committee.

The daily management of the Company is the responsibility of the CEO assisted by the Executives. The Board has opted for a flexible operating mode and a permanent dialogue between the Chair and the CEO.

As a general rule, executive responsibility for the running of the Company's business such as the management of the Company's resource, its staff and the daily follow-up of the portfolio are the responsibility of the CEO while those related to the organisation of the Board of Directors and the General Meetings of Shareholders, contacts with directors, communication on every matter that could affect the image of the Company are the responsibility of the Chair, taking into account, for all the decisions to be taken, a detailed and continuous dialogue between the Chair and the CEO.

Decisions that are submitted to the Board or concerning more decisive options, such as all investment or disinvestment decisions, modifications to the portfolio, main relationships between the Company and its investment partners, designation of its representatives and matters regarding its Executive Committee (nomination, remuneration and activities) are subject to the same dialogue between the Chair and the CEO.

The Chair and the CEO ensure that the Directors receive detailed and accurate information regarding the decisions to be taken by the Board of Directors and also ensure that, on their own initiative, or upon request of the Directors, Executives or other members of the personnel of the Company can be heard by the Directors to provide additional information. The Chair ensures that each Director is able to provide its views and opinions on the matters on the agenda whilst privileging collegial decision making.

Should the Board so request, it will have access to independent professional advice at the Company's expense. The usual deliberation procedure of the Board of Directors remains applicable.

The number of meetings of the Board and Specialised Committee is disclosed in the Corporate Governance Statement together with the aggregate attendance record of the Directors.

## 2.3 COMPOSITION

The Board is composed of at least six members. All members of the Board are non-Executive, with the exception of the CEO, unless otherwise proposed by the Board.

The Board of Directors is small enough for efficient decision-making and large enough for Directors to contribute experience and knowledge from their different fields and to manage changes to the Board's composition without undue disruption.

The composition of the Board of Directors is determined so as to gather sufficient expertise in the Company's areas of activity as well as sufficient diversity of skills, background, age and gender.

The composition of the Board of Directors reflects the presence of a reference shareholder in the Company's capital, balanced out by the presence of at least three directors fulfilling the definition of an independent director set out in Article 7:87, §1 of the Companies' Code and the criteria for independence defined in the 2020 CG Code. This independence is enhanced, above all, by the personality of the members with this status, whose professional or social position, experience, skills, reputation for commitment and integrity, together with the absence of any structural conflict of interest with the Company, represent the best guarantees. Its composition is subject to regular assessment by the Chair. Any Director who ceases to be independent must inform the Chair without delay. The independent Directors are identified in the Corporate Governance Statement and in the governance section of the Company's website.

## 2.4 CHAIR

The Board designates a Chair among its members, who assumes, amongst other, the following roles:

- lead the Board: create a climate of trust, allowing for open discussions and ensure that there is sufficient time for consideration and discussion before decision-making;
- in consultation with the CEO and the Company Secretary, convening Board meetings and setting the agenda for said meeting;
- together with the CEO, ensure that procedures relating to preparatory work, deliberations, the passing of resolutions by the Board of Directors and the implementation of decisions are properly followed;
- preparations for Board meetings;
- with the assistance of the Company Secretary, ensure that all Directors are provided with accurate, concise, timely and clear information before the meetings and, where necessary, between meetings so that they can make a knowledgeable and informed contribution to Board discussions;
- ensure that all Directors are provided with the same information;
- establish a close relationship with the CEO, providing support and advice, while respecting the executive responsibilities of the CEO;
- ensure effective interaction between the Board and the Executive Committee;
- ensure effective communication with the Company's shareholders;
- ensure that the Directors develop and maintain an understanding of the views of the shareholders and other significant stakeholders;
- introducing, informing and training new Directors with regard to the specific characteristics of the Company;
- chairing and leading General Meetings of Shareholders.

The Chair and the CEO cannot be the same individual.

The Board draws up a procedure on how to choose a replacement Chair for Board meetings in the absence of the Chair and for chairing discussions and decision-making by the Board on matters where the Chair has a conflict of interest.

## 2.5 DIRECTORS

The Directors are appointed by the General Meeting of Shareholders upon proposal of the Board of Directors. Shareholders who hold a minimum of 3% of the Company's capital may also request that items be added to the agenda of any General Meeting of Shareholders and submit resolution

proposals in relation to the appointment of Directors.

The Nomination Committee conducts the nomination process and makes recommendations to the Board of Directors on the basis of a profile for the vacant position established in consultation with the Chair and the CEO. The Board then makes proposal for the appointment or re-appointment of Directors to the General Meeting of Shareholders. The presence of director(s) representing the controlling shareholder in the Nomination Committee ensures that its voice is heard when deliberating items on it makes a recommendation to the Board. The Board of Directors ensures that there is a succession planning for Directors in place.

All Directors meet the highest standards of integrity and probity. The selection is based on the following criteria:

- professional skills in relation to the current and future needs of the Company, as well as knowledge and experience;
- the integrity, the probity and good overall reputation of the candidates;
- independence of judgement, particularly for Directors with independent status;
- collegial spirit;
- interest in the Company and its development;
- striking a balance between the Directors, which represent the reference shareholder of the Company and independent Directors, particularly in consideration of the sectors, in which they are professionally active and are likely to contribute their experience to the Company, and from a geographical point of view, in line with the international distribution of the Company's participations;
- at least one third of the Directors must be of the opposite gender as the majority gender of the other Directors.

The Chair and the chair of the Nomination Committee ensure that, before considering the candidate, the Board has received sufficient information such as the candidate's curriculum vitae, an assessment of the candidate based on the candidate's initial interview(s), a list of the positions currently held by the candidate and, if applicable, any necessary information about the candidate's independence. Any appointment proposal put to the General Meeting of Shareholders should include a recommendation from the Board. Any proposal specifies the proposed term of the mandate, the professional qualifications of the candidate and the list of positions that he holds. The Board also indicates which candidates satisfy the independence definition as set out in Article 7:87, §1 of the Companies' Code and the independence criteria as set out in the 2020 Code. The Chair ensures that each candidate is informed of the extent of his obligations, the availability required by the position and any other points that appear necessary, in order to grasp the key characteristics of the Company.

The Company has adopted a Dealing Code containing obligations of conduct and mandatory statements with respect to transactions involving the shares or other financial instruments of the Company and/or companies in which the Company has a stake. These rules of procedure apply to Directors, Executives and persons closely associated with them, as well as to other employees (see [Appendix 7](#)).

The nature of the Company's activities requires some of its Directors to hold director mandates in listed and non-listed companies. These Directors are assisted by teams supporting them in this task. The Company therefore does not consider it appropriate to impose a limit on the number of mandates held by its Directors in listed companies.

Changes to Directors' other relevant commitments and their new commitments outside the Company are reported to the Chair as they arise.

## 2.6 SPECIALISED COMMITTEES

The Board of Directors is entitled to set up specialised committees in order to advise the Board in respect of decisions to be taken, to give comfort to the Board that certain issues have been adequately addressed and, if necessary, to bring specific issues to the attention of the Board. In any case, the Board shall set up the committees required by law. The decision-making should remain the collegial responsibility of the Board.

The Board of Directors has set up three specialised committees (the '**Specialised Committees**')

which consist of members selected from its ranks: an audit committee (the '**Audit Committee**'), a nomination committee (the '**Nomination Committee**') and a remuneration committee (the '**Remuneration Committee**').

The way they operate is governed by their internal rules of procedure (see [Appendix 2](#), [Appendix 3](#) and [Appendix 4](#)).

Each of the Specialised Committees reports back to the Board of Directors on its conclusions, proposals and recommendations.

## 2.7 EVALUATION

Under the direction of the Chair, the Board of Directors regularly informally evaluates its size, composition, performance and those of its Specialised Committees, as well as its interaction with the Executives. In addition, the Board carries out such evaluation through a formal process at least every three years. When necessary, the Board acts on the results of the performance evaluation.

Similarly, periodically or in the event of re-election, the contribution and effectiveness of each Director is also evaluated by the Chair in order to adjust the composition of the Board of Directors and take account of changes of circumstances.

## 3. COMPANY SECRETARY

The Board appoints and dismisses the Company's company secretary (the '**Company Secretary**').

The Company Secretary has the necessary skills and knowledge of corporate governance matters. He/She is at the disposal of the Directors to inform them about the procedures, rules and regulations applicable to the Board of Directors as well as about their implementation.

The core responsibilities of the Company Secretary include:

- supporting the Board and its Specialised Committees on all governance matters;
- preparing the CG Charter and the Corporate Governance Statement;
- ensuring a good information flow within the Board and its Specialised Committees and between the Executive Committee and non-Executive Directors;
- ensuring that the essence of the discussions and decisions at Board meetings are accurately captured in the minutes;
- organising the General Meetings of Shareholders and the meetings of the Board of Directors; and
- facilitating induction and assisting with the professional development of the Directors.

The Company Secretary is bound by a secrecy obligation and has to ensure the confidentiality of the proceedings, decisions and documents of the Board and its Specialised Committees.

Directors can individually call upon the Company Secretary.

## 4. THE EXECUTIVE COMMITTEE

The Executive Committee consists of the CEO and the Executives.

The CEO exercises the powers assigned to him/her by the Board of Directors. In this respect, he/she has adequate leeway and the necessary resources to properly fulfil the tasks assigned to him/her, in compliance with the strategy defined by the Board of Directors and taking into account the level of risks that it agrees to accept, as well as its key policies. The CEO is assisted by Executives in performing these tasks.

The CEO and the Executives are appointed and dismissed by the Board of Directors. The Executives are appointed upon proposal of the CEO. The Board of Directors ensures that there is a succession plan in place for the CEO and the other Executives and reviews this plan periodically.

In principle, the Executive Committee meets on a weekly basis. It is a consultative committee intended to support the CEO with the fulfilment of his/her tasks. It discusses the general

management of the Company, but the final decisions remain the exclusive prerogative of the CEO. As a result, the Executives bear no legal or regulatory responsibility.

The Executive Committee:

- is entrusted with the running of the Company;
- without prejudice to the Board's monitoring role, puts internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other risks) based on the framework approved by the Board of Directors, particularly in compliance with the requests submitted by the Audit Committee;
- present to the Board of Directors complete, timely, reliable and accurate Company's financial statements, in accordance with the applicable accounting standards and policies of the Company;
- prepares the Company's required disclosure of the financial statements and other material financial and non-financial information;
- present the Board of Directors with a balanced and understandable assessment of the Company's financial situation;
- promptly provides the Board of Directors with all the information required for the fulfilment of its obligations, particularly by submitting for its consideration any proposals for major participations;
- reports back to the Board of Directors on the fulfilment of its obligations.

The strategy to be implemented by the Company is defined by the Executive Committee, in consultation with the Chair, and subsequently proposed to the Board of Directors.

More generally, the procedure adopted for submitting proposed decisions to the Board of Directors requires a definition of the proposal and the preparation of an ad hoc file by the Executives, a dialogue between the Chair and the CEO, and the inclusion on the agenda of the Board meeting set by the Chair.

The Board of Directors is then informed at each meeting of progress made in terms of the execution of its decisions and is provided with detailed reporting.

The Board of Directors continuously and informally evaluates the operation and performance of the Executive Committee at its meetings.

## **5. SHAREHOLDERS**

The Company ensures that all shareholders are treated equally, in particular by providing them with quality information and the necessary means to exercise their rights. In addition, the rules of the Companies' Code on related party transactions are followed.

The Company is controlled by a reference shareholder who holds more than 50% of its share capital.

The Company's shareholding structure reflecting all shareholders holding at least 3 % of shares in the Company's capital as well as any actions in concert or control notification of which the Company is informed by its shareholders is contained in the Company's Corporate Governance Statement and in the governance section of its website([www.sofinagroup.com](http://www.sofinagroup.com)).

Before the Annual General Meeting of Shareholders, the Company publishes its Annual report on its website.

The Company's website further includes a section devoted to informing the shareholders of their rights to participate and vote in General Meetings of Shareholders, together with a calendar of periodic information and General Meetings of Shareholders. It includes all information that is legally required in respect of General Meetings of Shareholders, such as the convening notice, the total number of shares and voting rights on the date of the convening notice, documents to be presented to the General Meetings of Shareholders, attendance and proxy forms. The minutes of the General Meetings of Shareholders including the voting results are also available on the Company's website.

At the General Meeting of Shareholders, any pertinent questions put forward by the shareholders will be answered. The shareholders are encouraged to submit their questions to the Company Secretary prior to the General Meeting of Shareholders, either by post, by mail or by fax, so that

any answers given at the meeting are as comprehensive and as accurate as possible.

## **6. PUBLICATIONS ON THE COMPANY'S WEBSITE**

The Company's CG Charter and its annexes are published in the governance section of the Company's website <http://www.sofinagroup.com>, which is updated at regular intervals.

The CG Charter can also be obtained in paper form by sending a request to the Company Secretary.

The Company's website also includes the Annual and half-year reports of the Company for the last ten years, the key financial figures of the Company, the Company's bi-annual newsletters, the Company's press releases and the CG Charter.

## **7. ANNEXES**

The following internal rules are annexed to this CG Charter:

- Appendix 1. [Internal rules of procedure of the Board of Directors](#)
- Appendix 2. [Internal rules of procedure of the Audit Committee](#)
- Appendix 3. [Internal rules of procedure of the Remuneration Committee](#)
- Appendix 4. [Internal rules of procedure of the Nomination Committee](#)
- Appendix 5. [Internal rules of Procedure of the Executive Committee](#)
- Appendix 6. [Code of conduct](#)
- Appendix 7. [Dealing Code](#)

\* \* \*