

# Transics

**Transics International NV**  
**Limited Liability Company**  
*(“naamloze vennootschap” / “société anonyme”)*

**Ter Waarde 91**  
**8900 Ieper**  
**Belgium**

**0881.300.923**  
**Register of Legal Entities (“RPR” / “RPM”)**  
**Ieper**

**CORPORATE GOVERNANCE CHARTER**

**Last updated on 26.08.2009**

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**TRANSICS CORPORATE GOVERNANCE CHARTER**

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## INTRODUCTION

The Belgian Corporate Governance Committee on 9 December 2004 published a Code on Corporate Governance, which is a code of best practice applying to listed companies on a non-binding basis (“comply or explain” approach).

In March 2009 a second edition of the Code on Corporate Governance (the “Code”), was published. This Corporate Governance Charter is adapted in light of the 2009 Code’s provisions.

As a company incorporated under Belgian law and listed on Eurolist by Euronext Brussels, Transics International NV (“Transics” or the “Company”) is committed to follow the nine corporate governance principles set forth in the Code, i.e. :

- 1. The company shall adopt a clear governance structure.*
- 2. The company shall have an effective and efficient board of directors taking decisions in the corporate interest.*
- 3. All directors shall demonstrate integrity and commitment.*
- 4. The company shall have a rigorous and transparent procedure for the appointment and evaluation of the board of directors and its members.*
- 5. The board of directors shall set up specialised committees.*
- 6. The company shall define a clear executive management structure.*
- 7. The company shall remunerate directors and executive managers fairly and responsibly.*
- 8. The company shall enter into a dialogue with the shareholders and potential shareholders based on mutual understanding of objectives and concerns.*
- 9. The company shall ensure adequate disclosure of its corporate governance.*

As required by the Code, Transics has prepared this Corporate Governance Charter in order to describe the main aspects of its corporate governance policy. This Corporate Governance Charter was approved by the board of directors of Transics in its meeting of 26 August.2009.

However, the board of directors is of the opinion that the Company is justified in not adhering to certain principles of the Code on, considering the nature and size of the Company. The board of directors shall explain and justify the reasons for such deviations.

The Corporate Governance Charter is available, together with Transics' articles of association, on Transics' website ([www.transics.com](http://www.transics.com)) and will be updated as required in case of any change made to Transics' corporate governance policy.

In addition, Transics' will provide, in its annual report, factual information relating to its corporate governance policy, including changes to the Corporate Governance Charter together with relevant events that took place during the year under review. If necessary, the board of directors shall provide explanations of where it has departed from the provisions laid down in the Corporate Governance Charter and why it has done so.

The Company can be reached at the following address:

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## **Structure and organisation of Transics**

### **1.1 General information and legal structure**

Transics International NV is a limited liability company (“*naamloze vennootschap*” / “*société anonyme*”) organised and existing under the laws of Belgium. It is a public company within the meaning of article 438 of the Belgian Companies Code.

### **1.2 Group structure**

The Company has the following subsidiaries:

- Delta Industrie Service SARL, a limited liability company organised and existing under the laws of France. Delta Industrie Service SARL holds a 23,46% participation in ANC Systèmes, a limited liability company organised and existing under the laws of France;
- Transics Deutschland GmbH, a limited liability company organised and existing under the laws of Germany; and
- Transics NV, a limited liability company organised and existing under the laws of Belgium. Transics NV has the following subsidiaries:
  - Transics Belux NV, a limited liability company organised and existing under the laws of Belgium;
  - Transics Nederland B.V., a limited liability company organised and existing under the laws of the Netherlands; and
  - Transics France SARL, a limited liability company organised and existing under the laws of France.

Transics NV also has a branch office in Spain, Transics Succursal en España.

### **1.3 Governance structure**

The Board of Directors decided on the 27th of August 2008 to opt for a “two-tier” governance structure and installed an Executive Committee. The executive committee has all powers of the board of directors, excluding the powers within the exclusive competence of the board of directors, i.e.:

- the overall policy of the Company;

- the supervision of the Executive Committee; and
- any actions which are reserved to the board of directors pursuant to the Belgian Companies Code, the articles of association of the Company and/or the Corporate Governance Charter of the Company. ....

The board of directors and the Executive Committee's terms of reference including its responsibilities, duties, composition and operation are set out hereafter in Chapters 3 and 6.2.

The board of directors also established an audit committee and a nomination and remuneration committee. These committees have an advisory function. They assist the board of directors in specific situations it being understood that the final decision making power remains with the board of directors. Their functioning is described hereafter in Chapter 7.

The board of directors has delegated the Company's daily management to a managing director ("*gedelegeerd bestuurder*" / "*administrateur délégué*", hereafter referred to as the "CEO"). His powers are further described in Chapter 6.1(b).

The board of directors appointed a chairman (who must always be different from the CEO) and a company secretary whose responsibilities are described hereafter in respectively Chapters 4 and 5.

By decision of the board of directors, a person who must not be a director may be given a particular mandate to act on behalf of the Company.

#### 1.4 **Website of the Company**

The board of directors ensures that all information which the Company is obliged to publish pursuant to legal provisions (including the Belgian Companies Code and this Corporate Governance Charter) is posted on and updated in a specific, clearly recognisable section of the Company's website separate from the commercial information.

Any amendments to this Corporate Governance Charter must be promptly reflected on the Company's website.

The domain name of the Company's website is [www.transics.com](http://www.transics.com).

## 2 **SHARE CAPITAL AND SHAREHOLDERS**

### 2.1 **Share capital**

The detailed number of Transics' shares currently outstanding and the amount of Transics' issued and paid-up capital can be found on [www.transics.com](http://www.transics.com).

### 2.2 **Form of shares**

Transics' shares can be held as either registered shares or dematerialised shares at the discretion of the shareholders.

For registered shares, the names and addresses of all shareholders or holders of a right of usufruct or pledge are recorded in the share register. On request, holders of registered shares will be provided with an extract from the share register at their expense.

Any shareholder can request the conversion of his shares into another form.

In accordance with the Belgian Act of 14 December 2005 on the abolition of bearer securities, all bearer shares held on securities accounts for which the physical delivery in bearer form has not been requested prior to 1 January 2008, will automatically be converted in dematerialised securities as from 1 January 2008. Bearer shares that are put on a securities account after 31 December 2007 are also automatically converted in dematerialised shares as from the moment that they are put on the securities account.

Any requests should be made in writing and sent by ordinary mail, duly signed to the registered office of Transics for the attention of the Company Secretary.

### 2.3 **Shareholding structure of the Company**

[23,88]% of the total number of issued shares of the Company are publicly held. The remaining [76,12]% are held by the major shareholders listed below in Chapter 2.4.

### 2.4 **Identity of the major shareholders of the Company and description of their voting rights, special control rights and any shareholder agreements, if any.**

Pursuant to the transparency declarations pursuant to the Law of 2 March 1989 as implemented by the Royal Decree of 10 May 1989 on the disclosure of important participations in listed companies, the major shareholders of the Company (i.e. holding more than 3 % of the total issued shares) are:

Name	Number of shares	Relative participation
ING Groep NV	1.334.159	16,50%
Fortis Investment Management SA	1.246.521	15,42%
Walter Mastelinck	808.581	10%
EQMC Europe Development Capital Fund plc	807.570	9,99%
Ludwig Lemenu	544.899	6,74%
Generali Holding Vienna AG	430.608	5,33%
Petercam SA/Petercam Management Services	390.000	4,82%
Aviva plc	300.000	3,71%
La Caisse des dépôts et Consignation	292.122	3,61%

Article 14 of the articles of association of the Company has set the threshold requiring a transparency declaration at 3%.

**2.5 To the board of directors' best knowledge no shareholders' agreement exists among shareholders of the Company with respect to the Company. Cross shareholdings exceeding 5%**

There are no cross-shareholdings among the Company and any of its shareholders exceeding 5% of the shares or voting rights.

## 2.6 **Any other direct or indirect relationship between the Company and its major shareholders**

The following direct or indirect relationship exists between the Company or its subsidiaries and its major shareholders:

- the Chief Executive Officer of the Company, Cassel BVBA, represented by Walter Mastelinck, is remunerated through a management agreement between Cassel BVBA and the Company. Mr. Walter Mastelinck is also a shareholder of the Company;

The board of directors has formulated a policy on conflicts of interest situations which is set out hereafter in Chapter 3.9.

## 2.7 **Summary of stock option plan**

On April 27th 2009 the board of directors decided upon the approval of the Stock Option Plan 2009 for the issuance of maximum 100.000 stock options.

The aim of the stock option plan is to motivate certain employees, executives, consultants and independent directors and to encourage their loyalty towards the Transics group.

Therefore, Transics gave the beneficiaries the possibility to acquire shares of the company at a predetermined price so they can participate financially in the added value and growth of Transics.

All beneficiaries subscribed to the stock option plan.

The conditions and modalities are described in the General Regulation of the Stock Option Plan 2009.

The main characteristics are:

- duration: 10 years as of the date of the issuance;
- nature of the underlying financial instrument:
  - regular shares of Transics International NV
  - right to dividend: as of the conversion of the stock options in shares
- beneficiaries: certain employees, executives, consultants and independent directors of the Company but mainly personnel of the Company;

- transferability of the stock options: not transferable unless in case of decease;
- exercise price of the stock options: average closing price of the share quoted on Euro-next Brussels over the past 30 days prior to the offer;
- exercise of the stock options is only possible once they are vested:
  - 25% will be vested 1 year after the allocation,
  - 6,25% will be vested the last day of every trimester following the 1st birthday of the allocation;
- exercise period (always after the date of the distribution of dividends of the past financial year):
  - as from the fourth calendar year after the offer till the end of the tenth year after the emission date,
  - twice a year:
    - 15 May till 29 May,
    - 15 November till 29 November,
- issuance price: the stock options are granted for free to the beneficiaries.

## 2.8 Shareholders' meetings

Transics intends to treat all shareholders that are in the same situation equally. The Company encourages its shareholders to participate at shareholders' meetings. In order to facilitate this, voting in absentia may take the form of proxy voting and voting by mail. Agenda's and all other relevant information are available on the Company's website in advance of shareholders' meetings.

The annual shareholders' meeting of Transics is held each year on the third Friday of May at 8 p.m. If this date is a Saturday, Sunday or legal holiday, the meeting is held at the next working day.

For all further information regarding shareholders' meetings (including organisation, quorum and majority requirement) reference is made to the articles of association of the Company and the specific section of the Company's website describing the shareholders' rights to participate and vote at the shareholders' meeting and containing a timetable on periodic information and shareholders' meetings.

Notices of all shareholders' meetings and all related documents, such as specific board of

directors' and auditor's reports, are published on [www.transics.com](http://www.transics.com).

## 2.9 **Agenda of the shareholder meetings**

The agenda of the shareholders' meetings is set by the board of directors subject to the specific powers granted by law to the statutory auditor of the Company.

In addition shareholders that individually or collectively represent at least 5% of the total issued share capital may submit proposals to the board of directors for the agenda of the annual shareholders' meeting. The proposals must be submitted to the board of directors of the Company not later than 45 days before such annual shareholders' meeting.

## 3 **TRANSICS' BOARD OF DIRECTORS**

### 3.1 **Role, powers and responsibilities of the board of directors**

As provided by article 521 of the Belgian Companies Code, the Company is headed by a board of directors acting as a collegial body. The board of directors will arrange its procedures, policies and activities in accordance with the internal rules set out in this section 3.

The board of directors' role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed.

The Company has opted for a "two-tier" governance structure and installed an Executive Committee on the 27th of August 2008.

The Executive Committee has all powers of the board of directors, excluding the powers within the exclusive competence of the board of directors, i.e.:

- the overall policy of the Company;
- the supervision of the Executive Committee; and
- any actions which are reserved to the board of directors pursuant to the Belgian Companies Code, the articles of association of the Company and/or the Corporate Governance Charter of the Company.

The powers and responsibilities of the board of directors include among others:

- to determine the board of directors' internal rules, including details on its responsibilities, duties, composition and functioning;

- to determine the Company's values and strategy, its risk appetite and key policies;
- to arrange that the necessary financial and human resources are available to meet the Company's objectives;
- to approve and oversee the Company's strategy, as recommended by the CEO and to oversee the Company's principal objectives;
- to appoint and dismiss the CEO and the Company Secretary;
- to determine the powers and responsibilities of the CEO;
- to appoint and dismiss members of the board committees and their chairmen;
- to review and approve the annual, six-monthly, and if required quarterly, financial and consolidated statements as prepared by the CEO, and where required by law, present those to the shareholders' meeting;
- to convene the shareholders' meetings and submit resolutions for approval;
- to ensure that its obligations to all its shareholders are understood and met. It accounts to the shareholders' meeting for the discharge of its responsibilities; and
- to oversee the Company's policy with respect to corporate communications, it being understood that communication on behalf of the Company to the outside world is reserved to the Chairman of the board of directors and the CEO, with the right of delegation.

With respect to its monitoring responsibilities the board of directors shall:

- review the existence and functioning of a system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
- take all necessary measures to ensure the integrity of the Company's financial statements;
- review executive management performance;
- supervise the performance of the external auditor and supervise the internal audit function.

However, any such system will be in line with the size of the Company.

### 3.2 **Composition of the board of directors - appointment – duration**

The Company is managed by a board of directors, consisting of at least three (3) and maximum ten (10) directors, who can be individuals or legal entities and who need not be shareholders. The directors are appointed for a term of no more than four (4) years by the shareholders' meeting, which is entitled to dismiss them at any time. The actual number of directors and their term may vary depending on the needs of the Company.

It is currently anticipated that the Company will be managed by a board of directors of maximum eight (8) directors, unless exceptional candidates who may materially contribute to the Company's success are presented as independent directors, in which case the board may consist of up to ten (10) directors.

The chairman of the board of directors will lead the nomination process for a new director. The chairman ensures that, before considering candidate directors, the board of directors has received sufficient information such as the candidate's résumé (CV), the assessment of the candidate based on the candidate's initial interview, a list of the positions the candidate holds, and, if applicable, the necessary information for assessing the candidate's independence. Without prejudice to applicable legal provisions, proposals for the appointment of directors should be communicated to the board of directors at least 45 days before the annual shareholders' meeting, so as to allow the nomination and remuneration committee to investigate and discuss such proposal and to advise the board of directors accordingly.

Whenever a legal entity is appointed as a director, it must specifically appoint an individual as its permanent representative, chosen from among its shareholders, managers, directors or employees, and who will carry out the office of director in the name and on behalf of such legal entity. The legal entity may not revoke its permanent representative without simultaneously appointing a successor. The appointment and termination of the office of the permanent representative are governed by the same disclosure rules as if he / she were exercising the office on his / her own behalf.

The directors may be re-elected for a new term subject to the provisions hereafter regarding independent directors. Before proposing any director for re-election the board of directors shall take into account the evaluations made by the nomination and remuneration committee.

The duties of directors who are not appointed for a new term terminate immediately after the shareholders' meeting which decided on any re-election.

Should any of the offices of director become vacant, whatever the reason may be, the remaining directors shall have the right to temporarily fill such vacancy until the next share-

holders' meeting, which shall make a final appointment. In the case of more than one vacancy, the remaining directors shall have the right to fill all such vacancies simultaneously.

As long as the shareholders' meeting or the board of directors has not filled a vacancy, whatever the reason may be, the director whose term has expired continues to carry out his / her duties if it is necessary for the board of directors to consist of the legal minimum number of members.

The composition of the board of directors will be balanced considering the respective skills, experience and knowledge of each of the board members.

Adequacy of size and composition will be regularly assessed by the board of directors upon the initiative of the Chairman and upon recommendation of the nomination and remuneration committee.

### 3.3 **Non-executive and Independent Directors**

At least half of the directors must be non-executive directors and at least three of them must be independent.

#### (a) ***Non-executive directors***

Non-executive directors should constructively challenge and help develop strategy and key policies proposed by executive management. They should scrutinise the performance of executive management in meeting agreed goals.

Non-executive directors should be made aware of the extent of their duties at the time of their application as director, in particular as to the time commitment involved in carrying out their duties.

While exceptions may be warranted in view of the company's interest, non-executive directors are encouraged not to take on more than five directorships in listed companies. Changes to other relevant commitments and new commitments of directors outside the company must be reported to the chairman of the board of directors as they arise.

#### (b) ***Independent directors***

Whenever legally required, the Company shall apply the criteria of independence set forth in article 526ter of the Belgian Companies Code.

In considering a director's independence the following criteria will also be taken into account:

- not being an executive or managing director of the company or an associated company, and not having been in such a position for the previous five years;
- not being an executive employee of the company or an associated company and not having been in such a position for the previous three years;
- not receiving, or having received, significant additional remuneration from the company or an associated company apart from a fee received as non-executive director;
- not being a shareholder nor representing a shareholder with a shareholding of more than 10 %;
- not having a significant business relationship or have had in the previous financial year, with the company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
- not being or having been within the last three years, a partner or an employee of the current or former external auditor of the company or an associated company;
- not being an executive or managing director of another company in which an executive or managing director of the company is a non-executive or managing director, and not having other significant links with executive directors of the company through involvement in other companies or bodies;
- not having served on the board of directors as a non-executive director for more than three terms with a maximum of twelve years;
- not being a close family member of an executive or managing director, executive personnel or of persons in the situations described above.

When an independent director has served on the board of directors for three terms, he is in principle not eligible for a fourth term in the capacity as an independent director subject to exceptional circumstances in the interest of the Company recognised by the board of directors. In such case the proposal to renew his mandate as independent director will expressly indicate why the board of directors considers that his independence as a director is preserved.

The Company shall disclose on its website which directors it considers to be independent. If one or more of the criteria for independence, as discussed above, are not met with respect to such director, the board of directors shall disclose the reasons why it considers such director

as being independent.

An independent director who no longer meets the criteria for independence shall immediately inform the board of directors accordingly.

#### 3.4 **Individual requirements of the directors**

The directors shall be specifically chosen for their particular professional experience, knowledge and skills upon a recommendation of the nomination and remuneration committee. Any proposal for the appointment of a director by the shareholders' meeting shall be accompanied by a recommendation from the board of directors, based upon the nomination and remuneration committee's advice. The proposal will specify the proposed term of the mandate, which cannot exceed four years as set out above. It will be accompanied by relevant information on the candidate's professional qualifications, together with a list of the positions the candidate already holds. The proposal must indicate whether the candidate satisfies the independence criteria.

Directors undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments. They shall not hold more than five (5) directorships in listed companies, including the directorship in Transics, provided that the board of directors can advise the shareholders to deviate from this rule. Changes in the directorships held by the directors shall immediately be reported to the Chairman of the board of directors.

The directors are individually responsible for acquiring and maintaining their skills and knowledge so as to allow them to carry out their function in the board of directors and its committees. The Company shall make sure that the necessary resources are available with a view to the development and keeping up to date of the knowledge and skills of the directors.

#### 3.5 **Induction**

The Chairman shall ensure that the newly appointed directors receive an appropriate induction to ensure their contribution to the Company and the committees to whom they belong. Such induction package should help the directors grasp the fundamentals of the company, including its governance, strategy, key policies, financial and business challenges and shall be approved by the board of directors; it shall at regular times be updated.

For directors joining committees of the board of directors, the induction will encompass a description of their specific role and duties and any other information linked to the specific role of that committee.

For new audit committee members, the induction will cover the audit committee's terms of reference and provide an overview of the company's internal control organization and risk management systems. They must receive in particular full information on the company's specific accounting, financial and operational features. This induction will also include a meeting with the external auditor and the relevant staff.

### 3.6 **Evaluation**

Periodically, under the lead of its chairman, the board of directors will undertake a formal evaluation of its own performance and that of its committees in order to assess its size, composition, operation and interaction with executive management. The evaluation process has four main objectives: (i) assess whether the board of directors operates efficiently, (ii) verify whether important issues are debated and prepared properly, (iii) evaluating the actual contribution of each director's work, his presence at meetings of committees and the board of directors and his or her constructive involvement in discussions and decision-making and (iv) checking the actual composition of the board of directors against the desired composition. Such evaluation will be done at least once every three year by the nomination and remuneration committee at the initiative of the Chairman and, if required, with the assistance of external advisors.

The number of board of directors and board committee meetings and the individual attendance record of directors shall be disclosed in the Corporate Governance Chapter of the annual report.

There will be a periodic evaluation of the contribution of each director aimed at adapting the composition of the board of directors to take account of changing circumstances. When dealing with re-election, the director's commitment and effectiveness will be evaluated. The directors shall not attend the discussions on their evaluation.

The board of directors will take into account the results of the performance evaluation by recognizing its strengths and addressing its weaknesses. Where appropriate, this can involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the board of directors.

### 3.7 **Board meetings**

The board of directors shall meet as frequently as the interests of the Company shall require but in any case not less than 5 times per year. The date, hour and place of such meetings will be agreed upon by the board of directors, upon a proposal by the Chairman, for the next financial year at the last board of directors' meeting of each financial year.

If an urgent issue arises, the board of directors can meet by a conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Moreover, where duly justified by emergency and by the corporate interest of the Company, decisions may be adopted, without a meeting, by the unanimous written consent of the directors. However, this procedure may not be used for the approval of the annual accounts and the use of the authorised capital.

In addition, special meetings of the board of directors may be called and held at any time upon the call of any director, by notice to each director at least five business days before the meeting. Where duly justified by emergency and by the corporate interest of the Company, the above notice period of five business days may be waived by the unanimous consent of the directors expressed in writing. If all directors are present or represented at such meeting, they shall be deemed to have waived the above notice period.

Board meetings are based on a detailed agenda specifying the topics for decision and those for information. Board of directors' members have the power to raise any question which they consider appropriate concerning the Company and its operations.

The board of directors can only deliberate if a majority of its members are present or represented. Each director can appoint another member of the board of directors to represent him and vote in his name. Any director can represent more than one other director. Decisions are made by a simple majority of the votes cast.

At the request of any director and subject to the approval of the board of directors, any third person may be invited to attend the whole or any part of a board of directors' meeting.

The Company Secretary drafts minutes of each meeting reflecting the issues which were discussed, the decisions which were taken and, if any, the reservations which were voiced by dissenting directors. The minutes will be approved by the Chairman and subsequently by the board of directors during its next meeting.

Directors should arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as set forth in article 523 of the Belgian Companies Code) on any matter before the board of directors must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberations related thereto. Any abstention from voting, as a result of a conflict of interest, shall be disclosed in accordance with the relevant legal provisions.

3.8 **Special meeting of non-executive directors**

Once a year, the non-executive directors shall meet without the presence of the CEO or any other executive director. In such meeting the non-executive directors shall assess their relationship with the executive directors; no formal board of directors' decisions can be taken at such meeting.

3.9 **The policy established by the board of directors for transactions and other contractual relationships between the Company or its subsidiaries, and its board members and executive managers, which are not covered by the legal provisions on conflicts of interest**

All board members and executive managers are expected to act at all times in the interest of the Company and its subsidiaries.

Any transaction between the Company or its subsidiaries and any board member or executive manager, irrespective whether or not falling within the scope of article 523 or 524 of the Belgian Companies Code, shall require the prior approval of the board of directors which need to be fully informed of the terms and conditions of the transaction as well as of the corresponding interest of the Company. Such transaction can only be entered into at market conditions.

3.10 **Access to management**

Non-executive members of the board of directors shall not intervene directly in the operations of the Company other than in exceptional circumstances and on a “needs only” basis.

Non-executive members of the board of directors ordinarily shall not give instructions to, or interfere with the activities of, Company management and employees. By exception to this principle, members of the audit committee shall at all times have full and free access to the CFO and any other employee to whom they may require access in order to carry out their responsibilities.

3.11 **Access to advisors**

The board and the board committees shall have the authority, at the reasonable expense of the Company, to retain such independent accounting, financial, legal and other advisors as they deem necessary or appropriate to carry out their mandate after informing and consultation with the Chairman of the board of directors with due consideration for the financial consequences for the Company.

### 3.12 **Information for directors**

Directors have access to all corporate information needed to fulfill their duties. They should make sure they receive detailed and accurate information and should study it carefully so as to acquire and maintain a strong command of the key issues relevant to the company's business. They should seek clarification whenever they deem it necessary. The Company Secretary is available to supply the requested information.

This right of access is subject, in the case of personal information concerning employees of the Company, to applicable privacy laws.

Directors will only use the information they receive for the purpose of exercising their duties and must preserve the confidentiality of such information. To this effect they will be required to sign confidentiality undertakings before the commencement of their mandate.

### 3.13 **The remuneration of directors**

Only the independent directors shall receive a fixed remuneration in consideration of their membership of the board of directors and their attendance at the meetings of committees of which they are members. They will as a principal not receive any performance related remuneration. However, on the advice of the nomination and remuneration committee, the board of directors may propose to grant options or warrants in cases where, in the board's reasonable opinion, the granting of option or warrants would be necessary to attract independent directors with the most relevant experience and expertise.

All other directors will not receive any remuneration in consideration of their membership of the board.

The provisions concerning the remuneration of the non-executive directors apply equally to executive directors in their capacity as directors.

The nomination and remuneration committee recommends the level of remuneration for directors, including the Chairman of the board, subject to approval by the board of directors and, subsequently, by the shareholders' meeting when it approves the annual accounts.

The nomination and remuneration committee benchmarks directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the board of directors and its various committees. Currently, a fixed annual fee of EUR 10,000.00 is supplemented with an attendance fee of EUR 2,000 for each day upon which board and/or committee meetings are being held. Changes to these fees will be submitted to the shareholders' meeting for approval.

The board of directors sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one of the board committees and the rules for reimbursement of directors' business-related out-of-pocket expenses. Remuneration for directors will be disclosed to shareholders in accordance with applicable laws and stock exchange rules.

### **3.14 Corporate governance in the annual report**

As set out in article 95 of the Belgian Companies Code, each year the directors draw up a report in which they account for their management over the last year.

In addition to the data required by law, this report shall also contain a Corporate Governance Chapter describing all relevant corporate governance events that took place during the year under review. Such Chapter shall include at least the elements listed in Annex F of the Code.

If the Company does not fully comply with one or more provisions of the Code, it shall explain the reasons thereof in this Corporate Governance Chapter.

### **3.15 Representation of the Company by its directors**

The Company is validly represented by any two of its directors acting jointly. For acts within the scope of their specific powers, the Company is also validly represented by special representatives who are appointed by the board of directors.

## **4 CHAIRMAN OF THE BOARD OF DIRECTORS**

### **4.1 Appointment**

The board of directors elects the Chairman of the board of directors from amongst its members meeting the criteria for an independent director. For the appointment of the Chairman of the board of directors, the nomination and remuneration committee will prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. The CEO will not be the Chairman of the board of directors.

### **4.2 Powers and responsibilities**

The Chairman of the board of directors is responsible for the proper and efficient functioning of the board.

The Chairman of the board of directors is responsible for the leadership of the board of directors. He takes the necessary measures to develop a climate of trust within the board of directors, contributing to open discussion, constructive dissent and support for the decisions of the board of directors. The Chairman of the board of directors promotes effective interaction between the board of directors and the executive management. He establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

The Chairman of the board of directors determines the agenda of the board meetings after consultation with the CEO (and taking into account the request from the directors) and chairs board meetings.

He ensures that directors receive prior to each meeting complete timely and accurate information and where necessary, between meetings.

The Chairman of the board of directors will also make sure that all directors receive the same board of directors' information and that there is sufficient time for consideration and discussion before making decisions.

The Chairman of the board of directors will ensure that new directors receive an appropriate induction to the Company prior to joining the board.

The Chairman of the board of directors represents the board of directors from a public relations standpoint to the shareholders and the public at large and chairs the shareholders' meetings. The Chairman of the board of directors will serve as interface between the board of directors and major shareholders of the Company on matters of corporate governance.

## **5 COMPANY SECRETARY**

The Company Secretary shall be appointed by the board of directors which can also decide to dismiss him/her at any time.

The Company Secretary shall report to the board of directors on how procedures are complied with and whether the board of directors acts in accordance with its statutory obligations and its obligations under the articles of association. He shall assist the Chairman of the board of directors in the logistics associated with the affairs of the board of directors (information, agenda, etc.). Individual directors have direct access to the Company Secretary.

## 6 EXECUTIVE MANAGEMENT

The board of directors determines, in close consultation with the CEO and the Executive Committee, the terms of reference of the executive management, detailing its responsibilities, duties, powers, composition and operation.

### 6.1 Chief Executive Officer

#### (a) *Appointment*

The board of directors appoints and removes the managing director (“gedelegeerd bestuurder” / “administrateur délégué”), also referred to as the Chief Executive Officer or CEO.

#### (b) *Role and Powers*

The role of the CEO of Transics is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. He reports directly to the board of directors.

As the chief manager of Transics the CEO is responsible for:

- examining, analysing and proposing to the board of directors strategic business opportunities that can contribute to the further growth of the group;
- executing the decisions of the board of directors;
- preparing proposals to the nomination and remuneration committee concerning the appointment evaluation of the members of the management team;
- preparing proposals to the nomination and remuneration committee concerning the remuneration of the members of the management team;
- setting up, chairing and leading the management team;
- managing the members of the management team as they discharge of their individual responsibilities, as determined by the CEO;
- determining the objectives to be achieved by the management;
- communicating with the outside world;

- ensuring the day-to-day management of the Company and accounting to the board of directors for such management at regular intervals;
- maintaining a continuous dialogue and interaction with the members of the board of directors in an atmosphere of openness and a climate of trust;
- maintaining excellent relationships with important customers, suppliers and the authorities.

In addition, the CEO must enable the board of directors and the Chairman to exercise their responsibilities as directors. The CEO must therefore:

- prepare proposals on topics for which decision-making is the preserve of the board of directors;
- meet the Chairman of the board of directors at regular intervals, consult him/her and involve him/her in strategic projects from the outset;
- provide the board of directors with all the possible relevant information it needs to exercise its powers.

The board of directors allocates to the CEO the powers that are appropriate and necessary for the correct discharge of its tasks and responsibilities. The CEO is accountable to the board of directors for the discharge of the tasks and responsibilities allocated to him/her.

(c) ***Representation of the Company***

The Company is duly represented by the CEO, acting independently, in all matters relating to day-to-day management. The CEO can delegate authority for daily management to executives of the Company (irrespective whether or not they are employees).

(d) ***Appointment and duration of appointment***

The CEO is appointed on the basis of a recommendation by the nomination and remuneration committee. The person designated by the board of directors as the CEO shall be appointed as a director by the shareholders' meeting upon proposal of the board of directors.

Appointment as CEO is for a period of four years. The appointment may be renewed for four years in each case.

(e) ***Remuneration***

The remuneration of the Chief Executive Officer is determined by the board of directors on the basis of recommendations of the nomination and remuneration committee which shall benchmark such remuneration to ensure that it is competitive and allows to attract the best person for the job.

(f) ***Evaluation***

Each year, the nomination and remuneration committee evaluates the performance of the Chief Executive Officer and makes proposals to the board of directors for the targets to be achieved by the CEO in the following year.

6.2 **Executive Committee**

The Company has established an Executive Committee Executive Committee within the meaning of article 524bis of the Belgian Companies Code.

(a) ***Appointment, duration of appointment and composition***

The board of directors appoints and removes the members of the Executive Committee. The members of the Executive Committee are appointed upon proposal of the CEO and the nomination and remuneration committee of the Company.

The members of the Executive Committee are appointed for a duration of three years, their mandate can be terminated early by the board of directors (with two weeks notice).

The Executive Committee is composed of at least three members.

(b) ***Powers and functioning***

The execute committee has all powers of the board of directors, excluding the powers within the exclusive competence of the board of directors, i.e.:

- the overall policy of the Company;
- the supervision of the Executive Committee; and
- any actions which are reserved to the board of directors pursuant to the Belgian Companies Code, the articles of association of the Company and/or the Corporate Governance Charter of the Company.

The Executive Committee meetings shall be convened by its Chairman, in principle weekly on Friday morning or on the date agreed upon at the previous meeting. To the extent necessary, meetings can also be convened at any other time by the Chairman or upon the request of at least two members.

The Executive Committee's deliberations are based upon files containing all necessary information to take decisions. Each member receives a copy of such information in advance. The Executive Committee may invite any person whose presence it considers may be useful to its meetings.

The Executive Committee operates as a collegiate body and its decisions are taken on the basis of consensus among its members, who have collective responsibility for these decisions. Where appropriate, the Chairman of the Executive Committee may, at his own initiative or at the request of two other members, submit the question debated to a vote. The decision shall then be taken by a majority of the votes of all the members present. **If a decision (approved with majority of votes) wasn't approved by the Chairman, the decision will be presented to and decided upon by the Board of directors.**

The Executive Committee may appoint a secretary, whether or not a member of the Executive Committee, who is responsible for the secretariat of the Executive Committee and for preparing the minutes of meetings.

The minutes signed by the members of the Executive Committee are held at the disposal of the Executive Committee members by the secretary. The Secretary-General compiles the decisions by the Executive Committee and takes care of the follow – up of the deadlines.

At each meeting of the board of directors, the CEO or the other members of the Executive Committee report to the board of directors on the important aspects of the day-to-day management.

However, when a member of the Executive Committee has a direct or indirect interest of patrimonial nature which conflicts with any decision or transaction that belongs to the competence of the Executive Committee, the Executive Committee must inform the board of directors thereof.

Only the board of directors may then approve the decision or transaction, as the case may be further to the procedures referred to in article 523, §1 of the Belgian Companies Code and in article 18 of the articles of association of the Company.

The Executive Committee will elaborate and implement a suitable consultation body at the level of the senior management in order to ensure a fast and efficient management and control of the activities and an adequate reporting and exchange of information to and with the

Executive Committee and the board of directors. Such body shall however not be entrusted with the competences as referred to in article 524 of the Belgian Companies Code.

(c) ***Representation of the Company***

The Company is duly represented by two members of the Executive Committee, acting jointly, for those matters belonging to the competence of the Executive Committee.

(d) ***Remuneration***

The members of the Executive Committee are not entitled to any separate remuneration for their membership of the Executive Committee if they are already granted a remuneration as managing director, CFO, COO or other executive personnel.

7 **BOARD COMMITTEES**

The board of directors is assisted by several board committees to analyse specific issues, *i.e.*, the audit committee and the nomination and remuneration committee which are solely composed of directors of the Company.

7.1 **Nomination and Remuneration Committee**

On the 27th of August 2008 the Board of Directors decide to merge the Remuneration Committee and the Nomination Committee.

(a) ***Role***

The nomination and remuneration committee makes recommendations to the board of directors on the appointment of the members of the board of directors and the executive managers and on the remuneration of the members of the board of directors and the executive managers.

(b) ***Powers***

The nomination and remuneration committee is authorised to:

- prepare selection criteria and procedures for the appointment of members of the board of directors;

- review appropriate candidates for vacant directorships or vacant top executive management positions; as proposed by the CEO or a shareholder in accordance with the articles of association;
- prepare reappointment proposals:
- periodically evaluate the size and composition of the board of directors and, if applicable, prepare recommendations for changes to its size and composition.
- prepare proposals to the board of directors concerning the remuneration policy for directors;
- prepare and evaluate proposals to the board of directors concerning the remuneration policy concerning executive managers, at least with regard to
  - the main contractual provisions including the most important features of pension schemes and make arrangements for termination of the contractual relationship;
  - the main features of determining remuneration, including:
    - the relative importance of each component of the remuneration;
    - the performance criteria applicable to the variable elements;
    - benefits in kind;
  - prepare proposals concerning individual remuneration, including, depending on the situation, bonuses, long-term incentives, which may or may not be linked to the shares in the Company, in the form of options or other financial instruments.

The nomination and remuneration committee ensures that the appointment and re-election process is organised objectively and professionally.

(c) ***Composition***

The nomination and remuneration committee comprises at least three directors. All members of the nomination and remuneration committee must be non-executive directors, a majority of whom are independent. The members of the nomination and remuneration committee are appointed and may be dismissed at any time by the board of directors. The duration of the appointment of a member of the nomination and remuneration committee must not exceed the duration of his/her directorship.

The nomination and remuneration committee is chaired by the Chairman of the board of directors or by another non-executive director.

The CEO shall participate in the meetings of the nomination and remuneration committee when it deals with the remuneration of members of the executive management.

(d) ***Secretary***

The Secretary of the nomination and remuneration committee or another person designated by the Chairman of the meeting prepares a report on the findings and recommendations of the meeting of the nomination and remuneration committee. The Secretary sends the report to all the members of the board of directors as soon as possible after a meeting.

(e) ***Operation***

The nomination and remuneration committee meets at least two times a year and as frequently as is necessary for the efficient operation of the nomination and remuneration committee.

Meetings of the nomination and remuneration committee are in principle called by the Chairman of the nomination and remuneration committee. Each member of the nomination and remuneration committee may request that a meeting be called.

Except in cases requiring rapid action, the agenda for the meeting as well as all supporting documentation is sent to the members of the nomination and remuneration committee at least seven (7) calendar days in advance of the meeting.

A meeting is quorate if it is attended in person by at least two members.

Decisions are taken by a majority of votes cast by the members of the committee. The committee invites other persons to attend its meetings, at its discretion.

(f) ***Reporting and Assessment***

The nomination and remuneration committee provides the board of directors with clear regular information about the discharge of its functions. It informs the board of directors about any areas in which the nomination and remuneration committee considers action or improvement to be necessary. The nomination and remuneration committee prepares recommendations concerning the necessary steps to be taken.

The nomination and remuneration committee checks its operation and efficiency each year. It reports on its assessment to the board of directors and submits to the board of directors proposals for changes where necessary.

The nomination and remuneration committee should consider proposals with regard to the appointment of directors. In particular the CEO shall be entitled to submit proposals to, and adequately consulted by the nomination and remuneration committee, especially when dealing with issues related to executive directors or executive management.

## 7.2 **Audit Committee**

### (a) ***Role and powers***

The audit committee supervises financial reporting and the observance of administrative, legal and fiscal procedures and the follow-up of financial and operational audits and advises on the choice and remuneration of the auditor. The committee, which reports directly to the board of directors, has per se a supervisory and advisory role.

- (a) The audit committee ensures the integrity of the financial information supplied by the Company, in particular:
  - the audit committee ensures that financial reporting gives a truthful, honest and clear picture of the situation and prospects of the Company, on both an individual and a consolidated basis;
  - the audit committee checks the accuracy, completeness and consistency of financial information before it is announced;
  - the audit committee assesses the choice of accounting policies and the impact of new accountancy rules;.
  - the audit committee discusses significant matters relating to financial reporting both with the executive managers and the external auditor.
- (b) Internal supervision:
  - the audit committee evaluates at least once a year the internal supervision and risk management system installed by the executive managers;
  - the audit committee also examines the declarations relating to internal supervision and risk management included in the annual report of the Company;

- the audit committee investigates the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas (whistleblower arrangements). The audit committee ensures that all the staff of the Company and its subsidiaries are aware of such arrangements.

(c) Internal audit:

- the audit committee decides on the appointment and dismissal of the internal auditor. The audit committee approves annual budgets and the internal audit budget. The responsibilities of the audit committee also include evaluation of the effectiveness of the internal audit function and the follow-up given by executive managers to the findings and recommendations made by the internal auditor.

(d) External audit:

- the audit committee supervises the relationship between the Company and the external auditor and makes recommendations to the board of directors concerning the selection, appointment, reappointment, dismissal and conditions of appointment of the external auditor.
- the audit committee supervises the independence of the external auditor, in particular in the light of the provisions of the Belgian Companies Code and the Royal Decree of 4 April 2003.
- the audit committee monitors the external auditor's schedule and ensures the effectiveness of the external audit process. The audit committee examines the extent to which the executive management complies with the recommendations made by the external auditor in its management letter.
- the audit committee examines which non-audit services have been entrusted to the external auditor and the scope of such services. The audit committee determines and updates a formal policy with regard to the types of non-audit services that: a) are excluded; b) are permissible after verification by the committee and c) are permissible without being referred to the committee, taking account of the specific provisions of the Belgian Companies Code.

(b) ***Composition***

The audit committee consists of at least three directors. All the members of the audit committee are non-executive directors, with a majority of independent directors. The composi-

tion of the audit committee may deviate from the above if, in the reasonable opinion of the board of directors, a different composition can bring more relevant experience and expertise to the committee.

The members of the audit committee are appointed on the proposal of the Chairman of the board of directors and may be dismissed by the board of directors at any time. The duration of the appointment of a member of the audit committee must not exceed the duration of his/her directorship.

The audit committee is chaired by one of the members of the audit committee. The Chairman of the board of directors may not also chair the audit committee.

The members of the audit committee shall have sufficient relevant expertise, in particular in financial matters, to effectively discharge their functions.

(c) ***Secretary***

The Company Secretary is also the Secretary of the audit committee. The Secretary of the audit committee prepares a report on the findings and recommendations of the meetings of the audit committee. The Secretary sends the report to all the members of the board of directors as soon as possible after a meeting.

(d) ***Operation***

The audit committee meets as frequently as necessary to ensure effective operation of the audit committee, but at least 3 times a year. An annual schedule is determined for meetings of the audit committee. The meetings are preferably held shortly before meetings of the board of directors.

Meetings of the audit committee are in principle called by the Chairman of the audit committee. Each member of the audit committee may convene a meeting of the audit committee.

Except in cases requiring rapid action, the agenda for the meeting as well as all supporting documentation is sent to the members of the audit committee at least seven (7) calendar days in advance of the meeting.

A meeting is quorate if it is attended in person by at least two members.

The decisions of the audit committee in its supervisory and advisory role are taken by a majority of the votes cast.

The audit committee invites other people to attend its meetings at its discretion. The audit committee meets the external and internal auditors at least twice a year, in order to discuss with them matters concerning its internal rules and any matters arising from the audit process.

The internal auditor has unlimited access to the Chairman of the audit committee to discuss matters concerning the internal audit of the Company.

(e) ***Reporting and Assessment***

The audit committee provides the board of directors with clear regular information about the exercise of its functions. It informs the board of directors about all areas in which action or improvement is necessary in the opinion of the audit committee. The audit committee produces recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review should cover the Company and its subsidiaries as a whole.

The audit committee checks its own operation and efficiency once a year. It reports on its evaluation to the board of directors and submits to the board of directors proposals for changes where necessary.

## 8 **RULES PREVENTING MARKET ABUSE**

A Dealing Code ensures that all employees, and particularly the members of the board of directors do not abuse, nor place themselves under suspicion of abusing, and maintain the confidentiality of inside information that they may have or be thought to have, especially in periods leading up to an announcement of financial results or of price-sensitive events or decisions.

## 9 **MISCELLANEOUS**

### 9.1 **Changes to the Corporate Governance Charter**

The board of directors may amend this Corporate Governance Charter from time to time without prior notice. It may also decide at any time to deviate from this Charter subject to disclosure thereof in the Corporate Governance Chapter of the annual board report.

Any such modification or deviation will be published on the Company's website.

Third parties shall not derive any rights from such modification or deviation.

### 9.2 **Priority**

In case of any contradiction between a provision of this Corporate Governance Charter and an applicable mandatory law or regulation, such law or regulation shall supersede the provision of this Charter.

### 9.3 **Governing law and jurisdiction**

This Corporate Governance Charter shall be governed by and construed in accordance with Belgian law.

The courts of Ieper (Belgium) shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Corporate Governance Charter.

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