

**APPENDIX 5 TO THE CORPORATE GOVERNANCE CHARTER**



**TERMS OF REFERENCE OF THE NOMINATION COMMITTEE**

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## **Introduction**

These terms of reference form part of the CG Charter of the Company

In these terms of reference a number of terms are used, some printed in capitals, which are not defined in these terms of reference. These terms are defined in the glossary contained in article 1 of the CG Charter.

The Nomination Committee has a strictly advisory function to the Board of Directors. The Nomination Committee consequently formulates recommendations, as detailed hereunder, to the Board of Directors which maintains the related decision power.

### **1. COMPOSITION**

**1.1** The members of the Nomination Committee are appointed and may at any time be dismissed by the Board of Directors. The nomination of the members of the Nomination Committee is based on:

- their specific competences and experience on top of the general competence requirements for members of the Board of Directors;
- the condition that the Nomination Committee as a group should hold the competence and experience that is required for fulfilling its tasks.

**1.2** The Nomination Committee must be composed of at least three directors. The majority of the members of the Nomination Committee are independent non-executive directors. If there are specific and valid reasons, the Board of Directors may resolve to deviate from this principle.

**1.3** The chairmanship of the Nomination Committee is fulfilled by the Chairman of the Board of Directors or by one of the non-executive directors.

The Chairman of the Board of Directors may not chair the Nomination Committee when it discusses the selection of his successor.

**1.4** The duration of the mandate of a member of the Nomination Committee may not exceed the duration of his or her mandate as a member of the Board of Directors.

**1.5** At the start of each meeting of the Nomination Committee, this Committee appoints a secretary of the meeting.

### **2. POWERS OF THE NOMINATION COMMITTEE**

#### **2.1 The role of the Nomination Committee**

The Nomination Committee makes recommendations to the Board of Directors on the appointment of the members of the Board of Directors, of the CEO and the other members of the Executive Committee.

#### **2.2 Duties of the Nomination Committee**

The Nomination Committee will ensure, in general terms, that the appointment and reappointment process of the members of the Board of Directors, of the CEO and of the Executive Committee is objective and professional; it has the following duties in particular.

- (a) It drafts the appointment procedures for the members of the Board of Directors and for the members of the Executive Committee.
- (b) It nominates the appropriate candidates for vacant mandates in the Board of Directors and submits them for approval to the Board of Directors.
- (c) It makes proposals for reappointments.
- (d) It periodically assesses the size and the composition of the Board of Directors and Committees and, if applicable, makes recommendations with regard to any changes.
- (e) It analyses the aspects relating to the succession of members of the Board of Directors.
- (f) It advises on proposals (e.g. of the management or of the shareholders) for appointment and dismissal of members of the Board of Directors as well as members of the Executive Committee.
- (g) It advises the CEO on appointment and dismissal of members of the Executive Committee; it evaluates potential candidates for a function in the Executive Committee and submits recommendations regarding the appointment or dismissal of members of the Executive Committee. For the appointment or dismissal of the CEO, the Nomination Committee bases its recommendation on a motivated proposal of the Board of Directors. For the appointment or dismissal from other members of the Executive Committee, it bases its recommendation on a motivated proposal that is drafted by the CEO in consultation with the Chairman of the Board of Directors.

### **3. OPERATION**

#### **3.1 Meetings**

- (a) The Nomination Committee meets whenever a meeting is required for a proper operation of the Committee, but at least two times a year. The Nomination Committee furthermore meets in the interim whenever changes are required in the composition of the Board of Directors, relating both to reappointments and new appointments.

The Nomination Committee regularly (at least every two to three years) reviews its terms of reference, evaluates its own effectiveness and makes recommendations to the Board of Directors with respect to the changes that are needed.

- (b) Meetings of the Nomination Committee are convened by the chairman of this Committee or at the request of two of its members.

Except when urgent issues arise (to be determined at the discretion of the chairman of the Nomination Committee), the agenda of the meeting will be sent to all members of this Committee at least 5 calendar days prior to the meeting. Every agenda item must be accompanied by as much written information as possible and relevant documents must be appended. Matters too delicate to be put in writing will be exhaustively discussed during the meetings.

The chairman of the Nomination Committee must ensure that all members of this Committee receive precise, complete and clear information. It is obligatory for the CEO to provide all information needed. Furthermore, the Nomination Committee

can ask all clarifications that it wishes. Only the chairman of the Nomination Committee can communicate directly with the Executive Committee to ask for additional information. The other members of the Nomination Committee ask their questions via the chairman of their Committee.

If all members are present, the Nomination Committee can deliberate validly and compliance with the formalities for convening the meeting need not be verified.

- (c) The quorum is two members, attending the meeting in person. Except in urgent cases and provided that they have the consent of the chairman of the Nomination Committee its members may participate in a meeting by means of telephone conferencing or any other communication medium.
- (d) Decisions are taken by a majority of the votes cast by the members of the Nomination Committee. In the case of an equality of votes, the chairman of the Nomination Committee has a casting vote.
- (e) The Chairman of the Board of Directors has a standing invitation to attend the meetings of the Nomination Committee, if he is not a member of this Committee. The Chairman of the Board of Directors will however not attend the meetings of the Nomination Committee at which his or her own reappointment or dismissal is discussed.
- (f) The chairman of the Nomination Committee may invite at his or her discretion other persons to attend its meetings.
- (g) The CEO participates in the meetings of the Nomination Committee when it deals with the appointment of members of the Executive Committee.
- (h) Each member of the Nomination Committee must inform the Nomination Committee of:
  - any personal financial interest (except in his or her capacity as shareholder) in any matter on which the Nomination Committee decides or deliberates;
  - any possible conflict of interest which may arise as a consequence of any other mandates he or she holds.

### **3.2 Reporting to the Board of Directors**

- (a) The person who is appointed to this end by the chairman of the meeting makes a report including the motions for decisions of the Nomination Committee. He or she will send this report to all the members of the Board of Directors as soon as possible after the meeting.
- (b) The Nomination Committee must provide timely and clear information to the Board of Directors on important developments in the area of their responsibility.
- (c) If requested, the chairman of the Nomination Committee must provide more detailed information on the results of the discussions of the Nomination Committee during the meetings of the Board of Directors.
- (d) The chairman of the Nomination Committee (or any other members of this Committee) must be available during the annual general meeting to answer questions about the activities of the Nomination Committee.

- (e) The Nomination Committee exercises the utmost discretion when drawing up documents about its deliberations and recommendations. Matters too delicate to be put in writing will be exhaustively discussed during the meetings.

#### **4. MISCELLANEOUS**

- 4.1** The Nomination Committee must annually check and review the adequacy of these terms of reference, report the results of this review to the Board of Directors and may recommend any necessary changes.
- 4.2** The Board of Directors may modify these terms of reference at all times and may revoke the powers granted to the Nomination Committee;
- 4.3** These terms of reference as well as the composition of the Nomination Committee must be posted on the website of the Company. The composition of the Nomination Committee must also be included each year in the Corporate Governance Statement in the Company's Annual Report.

## **APPENDIX 1 to the terms of reference of the Nomination Committee**

### **PROCEDURE FOR APPOINTING AND REAPPOINTING BOARD MEMBERS**

1. The Chairman of the Board of Directors or another non-executive director leads the appointment process.
2. For any new appointment of the Board of Directors, the Nomination Committee first evaluates the skills, knowledge and experience already present and those needed on the Board of Directors.

Based on such evaluation, the Nomination Committee prepares a profile that describes the role and the skills, experience and knowledge required for the new director.

3. The Nomination Committee identifies suitable candidates and verifies whether the candidates for a new director's mandate match the profile.
4. New candidate-directors are interviewed by the Nomination Committee.
5. The candidates are made aware of the extent of the non-executive directors' duties at the time of their application, in particular regarding the time commitment involved in carrying out those duties.

Non-executive directors must not hold more than five directorships in listed companies.

The non-executive directors must ensure they have sufficient time available to meet what is expected of them, taking into account the number and importance of their other commitments.

Any changes in other relevant commitments and new commitments outside the Company must be promptly reported to the Chairman of the Board of Directors.

6. Subsequently, the Nomination Committee recommends the suitable candidates to the Board of Directors. The Chairman of the Board of Directors must ensure that the Board has sufficient information about the recommended candidate, such as the candidate's résumé, the assessment of the Nomination Committee based on an initial interview with the candidate, a list of the positions already held by the candidate and any other information necessary for assessing the candidate's independence.

The Nomination Committee may seek professional external advice at the expense of the Company on subjects that fall under the scope of its competence after the Chairman of the Board of Directors has been informed of this.

7. Prior to the appointment by the general meeting, the Board of Directors must notify the Works Council of the Company about the appointment of the candidates as independent directors.

8. After having been informed of the recommendations, the Board of Directors must make a proposal to the general meeting to appoint or reappoint the selected directors.

The general meeting of shareholders must be informed of any proposals for appointment no later than 24 days before the meeting.

The proposal for an appointment by the general meeting must be accompanied by relevant information on the candidate's professional qualities, and a list of positions currently held by the candidate. The Board of Directors must indicate whether the candidate fulfils the criteria for independence and also state the proposed term of the appointment.

9. The Annual Report of the Board of Directors must contain concise information about the professional qualifications of the directors.