



## **CORPORATE GOVERNANCE CHARTER**

### **XIOR STUDENT HOUSING NV**

Public real estate investment trust (*OGVV*) under Belgian law ("**B-REIT**")

Registered office: Frankrijklei 64-68, 2000 Antwerp (Belgium)

Company number: 0547.972.794 (RPR Antwerpen, section Antwerp)

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## 1 INTRODUCTION

### 1.1 Context

Xior Student Housing ("**Xior**" or the "**Company**") is a public real estate investment trust (*openbare geregementeerde vastgoedvennootschap (OGVV)*) ("**B-REIT**") within the meaning of the Law of 12 May 2014 concerning real estate investment trusts (*Wet van 12 mei 2014 betreffende de geregementeerde vastgoedvennootschappen*) (the "**B-REIT Law**") and the Royal Decree of 13 July 2014 concerning real estate investment trusts (*Koninklijk besluit van 13 juli 2014 met betrekking tot geregementeerde vastgoedvennootschappen*) (the "**B-REIT KB**", hereinafter referred to together with the B-REIT Law as the "**B-REIT Legislation**"), which has adopted the legal form of a limited liability company (*naamloze vennootschap*). Its registered office is located at Mechelsesteenweg 34, bus 108, 2018 Antwerp. The Company is registered with the Crossroads Bank for Enterprises (*Kruispuntbank van Ondernemingen*) under company number 0547.972.794 (RPR Antwerpen, section Antwerpen). It is a "listed company" (*genoteerde vennootschap*) as referenced in article 1:11 of the Belgian Companies and Associations Code (*Wetboek van vennootschappen en verenigingen*) (the "**BCCA**") and its shares are listed on the regulated market of Euronext Brussels.

This corporate governance charter (the "**Charter**") was prepared by the board of directors of Xior (the "**Board of Directors**"). The Company declares that it applies the Belgian Corporate Governance Code 2020 as designated by the Royal Decree of 12 May 2019 designating the corporate governance code to be applied by listed entities (*Koninklijk besluit van 12 mei 2019 houdende aanduiding van de na te leven code inzake deugdelijk bestuur door genoteerde vennootschappen*) (the "**Corporate Governance Code**") as its reference code. The Belgian Corporate Governance Code is available on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). The Board of Directors reviews the Charter from time to time and makes any changes it deems necessary and appropriate. This version of the Charter was approved by the Board of Directors on 12 August 2022 and will become applicable subject to the approval of the remuneration policy included therein by the extraordinary general meeting of the Company to be held on 15 September 2022 or, if the required quorum would not be reached at such first extraordinary general meeting, on 6 October 2022.

Xior does its utmost to comply at all times with the principles relating to corporate governance as set out in the Corporate Governance Code, without prejudice to the applicable legal provisions (in particular the BCCA and B-REIT Legislation) and the articles of association of the Company. If the Company nevertheless considers it appropriate to deviate from the principles and provisions of the Corporate Governance Code, this will be explained in the corporate governance statement forming part of the Company's annual financial report (the "**Corporate Governance Statement**"). Any change in legislation or the Company's articles of association will, if and to the extent necessary, result in the amendment of the relevant provisions of this Charter so that it remains in line with applicable law and the provisions of the Company's articles of association.

Further, the Board of Directors has adopted a dealing code to prevent insider trading and market abuse (the "**Dealing Code**"), which forms an integral part of this Charter. The rules of the Dealing Code are aligned with applicable laws and regulations (in particular, the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and subsequent European regulations (together the "**Market Abuse Regulation**"), the Act of 2 August 2002 on the supervision of

the financial sector and financial services (*Wet van 2 augustus 2002 betreffende het toezicht op de financiële sector en de financiële diensten*) and the Corporate Governance Code). The Dealing Code covers, inter alia, the disclosure of information relating to certain transactions in financial instruments issued by Xior; restrictions on carrying out transactions in the Company's financial instruments during defined periods prior to the announcement of the financial results ("closed periods") or during any other period deemed sensitive ("frozen periods"); the appointment of a Compliance Officer who supervises compliance with the Dealing Code by the Company's directors and other designated persons; and the prior notification by such persons to the Compliance Officer before each transaction in financial instruments of the Company.

The Charter and Dealing Code are available on the Xior website ([www.xior.be](http://www.xior.be)).

More factual information on the Company's corporate governance policy and the corporate governance events that occurred during a given year can be found in the Corporate Governance Statement and the Corporate Governance Code.

If the Company does not comply with one or more principles or provisions of the Corporate Governance Code, it shall explain the reasons thereof in the Corporate Governance Statement, i.e., the so-called "*comply or explain*" principle.

Principle 7.6 of the Corporate Governance Code recommends that non-executive directors receive part of their remuneration in the form of shares in the Company, to allow them to act with the perspective of a long-term shareholder. Xior deviates from this principle and does not grant remuneration in shares to non-executive directors. The Board of Directors is convinced that the application of this principle would not contribute to acting with the perspective of a long-term shareholder, given the nature of the Company (as a B-REIT) and the factual circumstances of the directors. The amount of remuneration of the non-executive directors of the Company are such that the impact of such remuneration paid in shares would be very limited, and the legal framework of the Company and its outlined strategy (as determined by the Board of Directors), in the opinion of the Board of Directors, sufficiently ensures that the perspective of the long-term shareholders of the Company is taken into account.

## **1.2 Objectives**

With this Charter, the Company pursues the objectives envisaged by the Corporate Governance Code. Corporate governance comprises a set of rules and behaviours that determine how companies are managed and controlled. A good corporate governance model will achieve its objective by striking the right balance between leadership, entrepreneurship and performance on the one hand, and control and compliance with these rules on the other.

For the Company, honesty and integrity have been paramount since its foundation. Good governance must be anchored in an enterprise's values. It provides mechanisms to ensure leadership, integrity and transparency in the decision-making process. It contributes to the setting of the Company's objectives, how these objectives are to be achieved, and how performance is to be evaluated. These objectives should keep in mind the interest of the Company, its shareholders and other stakeholders.

Corporate governance also requires control, i.e., effective evaluation of performance, as well as

adequate management of potential risks and monitoring of compliance through agreed procedures and processes. Emphasis lies on monitoring the effective functioning of control systems, on managing potential conflicts of interest and on putting in place adequate controls to prevent any abuse of power.

Poor corporate governance can lead to significant losses beyond the loss of shareholder value. Good corporate governance, which is based on transparency and accountability, can strengthen the confidence of investors and financiers, and benefit shareholders and other stakeholders. Such confidence can in turn contribute to the Company's ability to access external funding and resources at a lower cost.

The objective of this Charter is therefore to promote long-term, sustainable value creation. Good corporate governance can contribute to the creation of wealth, for the shareholders as well as for all other stakeholders.

## 2 GOVERNANCE STRUCTURE

Xior has opted for a *one-tier governance structure*. As stipulated in article 7:93 BCCA, the Board of Directors is authorised to perform all acts necessary or useful for achieving the Company's corporate purpose, except those for which the general meeting of shareholders (the "**General Meeting**") is authorised by law.

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

The internal regulations of the Board of Directors (role, responsibility, composition, operation) are set out under point 3 below.

The Board of Directors may grant special and limited powers of attorney to specific persons (such persons not needing to be a director of the Company).

The Board of Directors has delegated the daily management and additional special powers to the CEO, Mr. Christian Teunissen. The CEO has, in turn, delegated certain of such powers to the Executive Management (as defined in the paragraph below).

The CEO, the CFO, the CGO and the Chief Operating Officer ("**COO**") (to the extent appointed), make up the Company's effective leaders ("*effectieve leiding*") in the sense of the B-REIT Law and form the Company's executive management (the "**Executive Management**").

The Board of Directors has also set up committees to advise it with regard to decisions to be taken, to ensure that certain matters have been adequately dealt with and, if necessary, to bring specific matters to the attention of the Board of Directors. The decision-making remains the collective responsibility of the Board of Directors.

### **3 BOARD OF DIRECTORS**

The Company is managed by the Board of Directors acting as a collegial body. Pursuant to article 7:93 BCCA, the Board of Directors is authorised to perform all acts necessary or useful for achieving the Company's corporate purpose, except those for which only the General Meeting is authorised by law. Any potential division of powers among directors can under no circumstances be invoked against third parties, even if made public.

The responsibilities, obligations, composition and operation of the Board of Directors are laid down in the Company's articles of association and in this Charter.

#### **3.1 Responsibilities**

The Board of Directors pursues sustainable value creation by, and the long-term success of, the Company by setting the Company's strategy and putting in place effective, responsible and ethical leadership, whilst managing the Company's risks and monitoring its performance within a framework of efficient and effective controls.

The Board of Directors is accountable towards the shareholders for the performance of its powers and responsibilities.

##### **3.1.1 The policy function of the Board of Directors**

The Board of Directors decides on, and regularly reviews the Company's medium and long-term strategy, its operational plans and main policies, and its readiness to take risks. It ensures that the Company's obligations to all its shareholders are clear and are met, taking into account the interests of other stakeholders.

The Board of Directors decides on the structure of the Executive Management, determines the powers and obligations of the Executive Management and ensures that the necessary financial, material and human resources are available to enable the Company to achieve its objectives.

When translating values and strategies into key policies, the Board of Directors takes into account corporate social responsibility, gender diversity and diversity in general.

With regard to its policy function, the Board of Directors has in particular the following tasks and responsibilities:

- (i) Property and growth policy
  - the decision to acquire or dispose of (a right in rem on) real estate (acquisitions and developments) or, more generally, real estate within the meaning of the B-REIT Legislation, including the determination of the value of the real estate, the method of determining the share price (if any) on the basis of the report drawn up by the real estate experts and within the limits of the B-REIT Legislation, the transaction structure and assessing the representations and warranties required to address any comments made by the Company or its advisors in the



framework of the due diligence process;

- the decision to (re)develop a property to be acquired or already held, and this for the B-REIT's own account (except for occasional promotional activities as permitted by B-REIT Legislation);
- identifying new potential geographic markets;
- identifying new potential property segments;
- determining the appropriate to be pursued insurance policy;
- determining the to be pursued renovation policy, and the policy on maintenance and improvement works on the properties;
- appointing real estate experts and following up their reporting;
- assessing the efforts and results in terms of rentals, occupancy rates, collection, disputes.

(ii) Financing policy

- strategy for financing the Company's activities in the short and long term;
- assessing credit applications, including the provisions for collateral and any covenants;
- determining the debt ratio policy;
- determining the interest rate hedging policy.

(iii) Personnel policy

- determining the staff budget and the remuneration policy to be applied (distribution of fixed and variable remuneration - remuneration in kind);
- appointing and dismissing Executive Management, and determination of their remuneration and contractual arrangements;
- determining and implementation of short-term and long-term incentives, and identification and inclusion of beneficiaries thereunder (it being understood that, where applicable, approval of the Company's shareholders shall be sought in accordance with mandatory provisions of applicable law).

(iv) Financial reporting

- establishing the valuation rules.

(v) Other

### **3.1.2 The supervisory function of the Board of Directors**

The Board of Directors assesses the achievement of the Company's strategy and objectives and the performance of the Executive Management.

With regard to its supervisory function, the Board of Directors shall have in particular the following tasks and responsibilities:

- monitor executive management of the Company;
- monitor and assess the effectiveness of the remuneration and appointments policy;
- take the necessary measures to ensure the integrity and timely public disclosure of the financial statements and other material financial and non-financial information disclosed to shareholders and potential shareholders;

- identifying and managing material risks to which the Company is exposed, defining a reference framework for internal control / risk mitigation plans, determining the level of accepted residual risk and evaluating the functioning of the systems of internal control;
- selecting the Company's statutory auditor and the property expert(s), taking note of their reports and observations and being adequately informed of any remarks or reservations made, and evaluating the performance of the statutory auditor and the persons responsible for internal control functions;
- monitoring compliance with legal, regulatory and contractual requirements relating to the operation of the Company and its obligations; and
- describe and disclose the main features of the Company's internal control and risk management systems in the Corporate Governance Statement.

## **3.2 Composition of the Board of Directors**

### **3.2.1 Number of directors**

The composition of the Board of Directors is such that Xior can be managed in accordance with its status as a public B-REIT and its authorised activities (as described in essence in article 4 of the B-REIT Law).

In accordance with article 13 of its articles of association, the Company is managed by a Board of Directors consisting of at least five directors.

The composition of the Board of Directors shall ensure that decisions are taken in the interest of the Company. This composition is determined on the basis of complementarity in terms of skills, experience and knowledge. The aim is to achieve a composition of the Board of Directors that guarantees the presence of directors who are familiar with real estate in general, student housing in particular, and/or other related fields of expertise that are considered to be material for the activities of the Company. In addition, the Board of Directors strives for a representation of directors who have experience in operational, financial and other aspects of the management of a real estate company and a REIT in particular, and/or in the management of listed companies.

Due attention is also paid to the requirements of gender diversity and diversity in general. Article 7:86 BCCA stipulates that in listed companies whose securities are admitted to trading on a regulated market, at least one-third of the members of the Board of Directors must be of a different gender than that of the other members.

The Board of Directors shall ensure that no individual or group of directors can dominate the decision-making process.

The composition of the Board of Directors should be characterised by a balanced representation between executive and independent, non-executive directors. At least four members of the Board of Directors shall therefore be non-executive directors and independent within the meaning of article 7:87 BCCA and provision 3.5 of the Corporate Governance Code; two shall be executive directors.

A list of the most recent composition of the Board of Directors is available at all times at [www.xior.be](http://www.xior.be). The directors, effective managers and persons in charge of the independent control functions may only be natural persons in accordance with the B-REIT Legislation.

### **3.2.2 Chairperson**

The Chairperson is responsible for the leadership of the Board of Directors. In particular, he or she ensures that the necessary measures are taken so that the Board of Directors is well organised, works efficiently and fulfils its obligations and responsibilities.

The Chairperson is responsible for creating a climate of trust within the Board of Directors, which contributes to open discussion, constructive criticism and support for the Board of Director's decisions.

The Chairperson determines the agenda of the meetings - after consultation with the CEO - and ensures that the procedures relating to preparation, deliberation, adoption of resolutions and implementation of decisions are carried out properly.

The Chairperson is responsible for the appropriate dissemination of information within the Board of Directors, ensuring the accuracy and availability of the documents. All directors shall receive the same information. The Chairperson ensures that all directors can make a knowledgeable contribution to the Board of Directors' deliberations and that there is sufficient time for reflection and discussion before a decision is taken.

The Chairperson acts as an intermediary and facilitator between the Board of Directors and the CEO. The Chairperson stimulates effective interaction between the Board of Directors and the executive management. The Chairperson establishes a close relationship with the CEO, providing support and advice, while respecting the responsibilities of the CEO.

The Chairperson may be assisted by the company secretary (if any) in the performance of his or her duties and, if necessary, conduct investigations.

The Chairperson shall have the necessary means, access to all information, including confidential or commercially sensitive information, and may, at the expense of the Company, seek advice from internal and external experts.

The Chairperson shall ensure that the newly appointed directors receive appropriate initial training so that they can quickly contribute to the functioning of the Board of Directors.

With a view to the performance of the aforementioned duties, the Chairperson is fully committed to the exercise of his or her responsibilities.

### **3.2.3 Non-Executive, Independent Directors**

The non-executive directors are the independent members of the Board of Directors who do not perform any executive functions within the Company.

In particular, they are charged with the following tasks and responsibilities:

- critically and constructively assess (i) the strategy as proposed by the Executive Management and (ii) general policies developed by the Executive Management and help to develop them further;
- evaluate the performance of the Executive Management with regard to the achievement of the agreed objectives;
- ensure the integrity of financial information and monitor the adequacy of financial controls and risk management systems.

The non-executive, independent directors undertake to act taking into account the Company's corporate interest in all circumstances and to maintain their independence of judgement, decision and action.

The Board of Directors has six non-executive, independent directors within the meaning of article 7:87 BCCA and of provision 3.5 of the Corporate Governance Code.

During the appointment process of an independent director, the Board of Directors shall assess in particular, on the basis of the information available, whether the candidate meets the following criteria:

- (i) not being a member of the Executive Management or exercising a position as a person entrusted with the daily management of Xior or any company or person associated with it, or having exercised such a position during a period of three years preceding the appointment. Or no longer holding or otherwise benefitting from share options in Xior in relation to this position;
- (ii) have held a non-executive directorship for more than 12 years;
- (iii) not being part of the managerial staff (within the meaning of article 19, 2°, of the Act of 20 September 1948 regarding business organisation (*wet van 20 september 1948 houdende organisatie van het bedrijfsleven*)) of Xior or a company or person affiliated to it, or not having exercised such a position during a period of three years preceding the appointment. Or no longer holding or otherwise benefitting from share options in Xior relating to this position;
- (iv) during his mandate or during a period of three years preceding the appointment, receive or have received any significant remuneration or other significant benefit of a patrimonial nature from Xior or any company or person connected to it, other than the remuneration they receive or have received as non-executive director;
- (v) (a) do not own any shares, either directly or indirectly, individually or by mutual agreement, that represent one tenth or more of the capital of Xior or one tenth or more of the voting rights in Xior at the time of appointment; (b) have in any case not been nominated by a shareholder fulfilling the conditions defined in point (a);
- (vi) not having, or having had within the year preceding the appointment, a significant business relationship with Xior or with a company or person affiliated to it, either directly or as a partner, shareholder, member of the board or member of the managerial staff (within the meaning of article 19, 2°, of the Act of 20 September 1948 regarding business organisation (*wet van 20 september 1948 houdende organisatie van het bedrijfsleven*)) of a company or person who maintains such a relationship;

- (vii) not to be or have been a partner or member of the audit team of Xior or the person who is or was the external auditor of Xior or a related company or person during the three years preceding the appointment;
- (viii) not be a member of the executive management of another company in which a member of the Executive Management of Xior sits in the capacity of a non-executive director, and not have any other significant links with executive directors of Xior by virtue of positions in other companies or bodies;
- (ix) do not have a spouse, legal cohabitant or relatives by blood or marriage until the second degree which are tasked with the mandate of director or member of the executive management or person in charge of the daily management or member of the managerial staff (in the sense of article 19, 2°, of the law of 20 September 1948 regarding the organisation of the business industry) in Xior or in an affiliated company or person, or falling within any of the categories set out in points 1. to 8 aforementioned. and with regard to point 2, until 3 years after such family member concluded its last mandate.

Any non-executive, independent director who no longer meets the requirements of independence shall immediately inform the Board of Directors.

#### **3.2.4 Managing Director ("CEO") and Chief Financial Officer ("CFO")**

The person holding the position of managing director (*gedelegeerd bestuurder*) (CEO) is in charge of the daily management of the Company and, together with the other members of Executive Management (see section 5), the executive management, and shall always be nominated for membership of the Board of Directors.

The person holding the position of Chief Financial Officer (see section 5) shall also always be nominated for membership of the Board of Directors.

#### **3.2.5 Division of responsibilities of the Chairperson and the CEO**

At the head of the Company, a clear distinction is made between the responsibilities of the Chairperson and those of the CEO.

The Chairperson is responsible for organising, leading and informing the Board.

The CEO reports to the Board and is responsible for the daily management of the Company.

The positions of Chairperson of the Board of Directors and CEO may not be held by the same person.

#### **3.2.6 Authorisation**

Pursuant to a special delegation of power approved by the Board of Directors, the Company shall also be validly represented by the director in charge of daily management (*dagelijks bestuur*) for transactions concerning assets whose value is less than the lower of 1% of the Company's consolidated assets and EUR 2,500,000.

The Board of Directors may issue further special delegations, with the possibility of sub-delegation.

### **3.3 Nomination and appointment of candidate directors**

#### **3.3.1 General**

Aloxe NV (or the persons who, with the prior written consent of Aloxe NV, take over the promotorship within the meaning of article 2, 13° of the B-REIT Law from Aloxe NV (the "**Successors**")) has (respectively, jointly have) the right to propose candidates for three director mandates, until the last of the following events occurs: (i) Aloxe NV (or its Successors) holds (respectively, jointly hold) less than 25% of the share capital of the Company, and (ii) Aloxe NV (or its Successors) is (respectively, are) no longer a promoter of the Company within the meaning of the B-REIT Law.

In case of a vacant seat on the Board of Directors, the remaining directors shall have the right to temporarily fill the vacancy until the next General Meeting, which shall proceed to the final appointment. Any director so appointed by the General Meeting shall terminate the mandate of the director he or she is replacing (unless the General Meeting decides on a different term of office).

All appointments and re-appointments of directors are made in a transparent manner based on merit and objective criteria. The Remuneration and Nomination Committee makes recommendations to the Board of Directors regarding appointments and re-appointments of directors.

In accordance with the relevant provisions of the B-REIT Legislation, the members of the Board of Directors shall at all times have the requisite professional integrity and appropriate expertise for the performance of their duties. They may not fall within the scope of the prohibitions laid down in the B-REIT Legislation. Their appointment must be submitted to the FSMA for approval.

For every new appointment to the Board of Directors, an evaluation is made of the needs of the Company, the skills, knowledge and experience already present and needed on the Board of Directors. In the light of this evaluation, a description of the required role, knowledge and experience and skills is drawn up (also taking into account the criteria set out in section 3.2.1).

The candidates are then thoroughly assessed to see whether they match the profile set by the Board of Directors.

In the case of a first appointment, the Chairperson shall ensure that the Board of Directors - before considering approval of the candidacy - disposes of sufficient information on the candidate, such as the curriculum vitae, the assessment of the candidacy based on a first interview, a list of the positions already held by the candidate and, if applicable, any other information necessary for the evaluation of the candidate and, where appropriate, his or her independence.

In case of reappointment, an assessment of the director's contribution and effectiveness is made in accordance with the above principles.

Upon each appointment of a director, the Board of Directors, in consultation with the candidate director and under the leadership of the Chairperson, examines to what extent and in what manner an

induction and information procedure is put in place so that the director concerned can quickly make an effective contribution to the Board of Directors.

The induction process should help the director to gain insight into the fundamental aspects of the Company, including its governance, strategy, general policies, financial and strategic challenges. Moreover, the induction programme should inform the directors about their rights and obligations as directors.

Any proposal for the appointment of a director by the General Meeting shall be accompanied by a recommendation from the Board of Directors, upon advice by the Remuneration and Nomination Committee. The proposal shall state the proposed term of office and shall be accompanied by relevant information on the candidate's professional qualifications together with the list of positions the candidate already holds.

When proposing the appointment of a director to the general meeting, the Board of Directors shall indicate which candidate, where applicable, meets the independence criteria.

The Board of Directors ensures that procedures are in place for the orderly and timely succession of directors. The board ensures that each appointment and reappointment allows for an appropriate balance of skills, knowledge, experience and diversity on the board and in the committees.

### **3.3.2 Non-Executive Directors**

Non-executive directors are made fully aware of the extent of their duties at the time they stand for election, especially with regard to the time commitment of their mandate.

Directors are permitted to take up additional directorships in listed and unlisted companies. They must inform the Chairperson of this. In accordance with the Corporate Governance Code, the non-executive directors may not hold more than five directorships in listed companies, unless authorised by the Board of Directors (and subject to application of the "comply or explain" principle).

Any changes in their other relevant engagements and new engagements outside the Company shall be reported to the Chairperson in due course.

### **3.3.3 Chairperson**

The Board of Directors appoints the Chairperson. It should be a person recognised for their professionalism, independence of mind, coaching abilities, ability to reach consensus, and communication and meeting management skills.

If the Board of Directors considers appointing the previous CEO as Chairperson, it shall ensure that the necessary safeguards are in place so that the new CEO has the required autonomy. If the Board of Directors considers appointing a former CEO as Chairperson of the Board, the positive and negative implications of such a decision must be carefully weighed and the Corporate Governance Statement must state why such an appointment will not impede the required autonomy of the CEO.

### **3.4 Duration of directorships**

The Company's articles of association provide for the flexibility to appoint directors for a maximum period of 6 years, but, in accordance with the Corporate Governance Code, a maximum period of 4 years shall apply, which the Company will observe in practice. Outgoing directors are eligible for reappointment.

Independent directors may not hold office for more than 12 years as non-executive director.

The term of office of an executive director shall expire at the annual meeting following the date on which the person concerned reaches the age of 65, save in exceptional cases.

Non-executive directors shall resign from office at the annual meeting following the date on which they reach the age of 70, save in exceptional cases.

Each director is obliged, following their resignation or the expiry of their mandate, to continue to fulfil their task until their replacement can be reasonably provided for.

### **3.5 Integrity and commitment of the directors**

For all directors, both executive and non-executive, and for the latter irrespective of whether they are independent or not, it is necessary that they make decisions based on an independent and objective judgement.

The directors shall ensure that they receive detailed and accurate information, which they shall study thoroughly so as to be able (and continue to be able) to manage the main aspects of the business activity. They shall request clarification whenever they deem it necessary.

Although they are part of the same collegiate body, both executive and non-executive directors each fulfil their specific and complementary roles on the Board of Directors.

Directors may only use the information available to them in their capacity as directors within the framework of their mandate.

The directors shall disclose to the Board of Directors all information in their possession that may be relevant to the Board of Director's decision-making. In case of sensitive or confidential information, the directors must consult the Chairperson.

The directors shall demonstrate the utmost personal and professional integrity in the performance of their duties.

### **3.6 Functioning of the Board of Directors**

#### **3.6.1 Planning and agenda of the meetings of the Board of Directors**

At the beginning of the financial year, the Chairperson, in consultation with the CEO, draws up a



schedule of meetings of the Board of Directors for the following year. The fixed times are set in advance for the entire year in order to avoid absences as much as possible.

The Board of Directors shall meet at least four times a year, and in any event frequently enough to enable it to discharge its responsibilities effectively. The Chairperson may convene other or additional meetings whenever the interests of the Company so require or at the request of at least two directors or the CEO. The number of meetings of the Board of Directors and of its committees, as well as the individual attendance rate of the directors at these meetings, is disclosed in the Corporate Governance Statement.

Meetings of the Board of Directors may validly be held by means of video or telephone conference or similar means of communication by means of which all persons participating in the meeting can hear one another. In such case the meeting is deemed to have been held at the registered office of the Company if at least one director was physically present at the registered office of the Company.

In consultation with the CEO, the Chairperson determines the agenda for each meeting of the Board of Directors. During the meeting, the Board of Directors may decide to put an additional item on the agenda provided that all members are present and agree to this change of agenda.

Each director may, by letter, fax, electronic mail or other written means, authorise another member of the board of directors to represent such director at a specific meeting.

The Company's statutory auditor may submit a justified request to the CEO or the Chairperson to attend a meeting of the Board of Directors. The Chairperson must inform the other members of the Board of Directors accordingly. The Board of Directors shall decide whether or not to grant this request and shall keep the Company's statutory auditor informed thereof.

### **3.6.2 Convocation notices and prior distribution of documents**

The convocation notices shall state the place, date, time and agenda of the meeting and shall be sent by letter, telegram, fax, e-mail or other written means (electronic or otherwise) no later than on the third calendar day prior to the day on which the meeting is to be held. Where the above period of notice is not effective, the period of notice may be shorter.

Any director who attends or is represented at a meeting of the Board of Directors is considered to have been regularly convoked. A director may also waive the right to invoke the absence or irregularity of the convocation before or after the meeting at which they were not present. In any case, the regularity of the convocation does not need to be justified if all the directors are present or regularly represented and agree with the agenda.

In principle, only the members of the Board of Directors are invited to participate in deliberating and voting. However, when invited by the CEO or the Chairperson, members of the Executive Management who are not directors or internal or external specialists in a specific field may also participate in meetings of the Board of Directors with a view to informing and advising the Board of Directors. For questions regarding financial data and administrative organisation the Chairperson may directly address the internal organisation and/or the Company's statutory auditor.

### **3.6.3 Quorum and deliberation**

The Board of Directors can only validly deliberate and decide if at least the majority of the directors are present or represented. If this quorum is not reached, a new meeting may be convened with the same agenda, which shall validly deliberate and decide if at least two directors are present or represented.

When justified by urgency and by the corporate interest, a decision may be adopted by unanimous written resolution of all directors. However, this procedure may not be used for the approval of the annual accounts and the authorised capital.

If a director has a direct or indirect financial interest that is contrary to a decision or transaction that falls within the powers of the Board of Directors, they must comply with the provisions of article 7:96 BCCA. The members of the Board of Directors also have to comply with articles 37-38 of the B-REIT Law (see also section 8.1.3 regarding the Integrity Policy).

Decisions of the Board of Directors shall be taken by a majority of the votes cast. Blank or invalid votes shall not be counted as votes cast. In the event of a tie in the voting by the Board of Directors, the proposal shall be rejected.

### **3.6.4 Minutes**

The resolutions of the Board of Directors shall be recorded in minutes and signed by the chairperson of the meeting, the secretary, if any, and the members who so require, or by the director(s) to whom the Board of Directors has given special power to do so.

The minutes of the meeting summarise the discussions where appropriate, specify the decisions that were taken, and indicate any reservations made by certain directors.

Without prejudice to the relevant legal provisions, the minutes shall be confidential, unless the nature of the decision dictates otherwise or the Board of Directors explicitly decides otherwise for all or part of the minutes. The minutes shall be recorded in a special register.

## **3.7 Performance evaluation**

The Board of Directors is responsible for the quality of its own performance. The individual directors should refine their skills and knowledge of the Company as necessary in order to fulfil their role, both in the Board of Directors and in the committees of the Board of Directors.

In order to continuously improve its effectiveness, the Board of Directors evaluates in due time its size, composition, performance and interaction with Executive Management. The actual contribution and presence of each director is periodically evaluated in order to adjust the composition of the Board of Directors, taking into account changing circumstances.

Given the limited composition of the Board of Directors, the continuous interaction between the members - rather than a formal questionnaire or the box ticking method - is the most appropriate way

for Xior to efficiently and continuously adjust and improve the management process. Moreover, the non-executive directors regularly (and at least once a year) evaluate their interaction with the Executive Management in the absence of the CEO and the executive directors.

The Board of Directors shall act on the results of the evaluation by identifying its strengths and addressing its weaknesses. Where appropriate, this may involve proposing new members for appointment, proposing that existing members be not re-appointed or taking any action deemed appropriate for the effective operation of the Board of Directors.

### **3.8 Secretary**

Unless the Board of Directors decides otherwise, it shall appoint a secretary, who is not necessarily a member of the Board of Directors. The Company's internal legal counsel may qualify for this position or shall at least assist the secretary in the performance of its duties.

The function of the secretary includes:

- supporting the Board of Directors and its committees in all governance matters;
- preparing the Charter and the Corporate Governance Statement;
- ensuring a good information flow within the Board of Directors and its committees and between the Executive Management and the non-executive directors;
- accurately recording the essence of the discussions and decisions in the board meetings in the minutes; and
- facilitating initial training and supporting professional development where necessary.

The secretary is available and accessible to individual directors who require it, and assists the Board of Directors and the Chairperson in the performance of their duties.

## **4 SPECIALISED COMMITTEES**

### **4.1 General principles**

The Board of Directors has set up an audit committee, a remuneration and nomination committee, and an executive committee.

The Board of Directors may also, in accordance with article 7:98 BCCA, set up one or more advisory committees from among its members and under its responsibility. The Board of Directors shall determine the composition and powers of these committees with due observance of the applicable regulations. The Board of Directors has set up one such committee, the Investment Committee.

After every committee meeting, the Board of Directors shall receive a report on such committee's findings and recommendations ("minutes"), as well as oral feedback from each committee in the subsequent meeting of the Board of Directors.

### **4.2 Audit Committee**

Article 7:99 BCCA requires listed companies to set up an audit committee.

The Company has set up an audit committee which, at a minimum, has the following statutory tasks:

- inform the Board of Directors about the outcome of the statutory audit of the annual accounts and, where appropriate, the consolidated accounts and explain how the statutory audit of the annual accounts and, where appropriate, the consolidated accounts has contributed to the integrity of financial reporting and what role the audit committee played in that process;
- monitor the financial reporting process and make recommendations or proposals to ensure the integrity of the process;
- monitoring the effectiveness of the Company's internal control and risk management systems and, if an internal audit exists, monitoring the internal audit and its effectiveness;
- monitoring the statutory audit of the annual accounts and the consolidated annual accounts, including follow-up on the questions and recommendations formulated by the statutory auditor and, if applicable, by the company auditor responsible for auditing the consolidated annual accounts;
- assessing and monitoring the independence of the statutory auditor and, if applicable, of the auditor responsible for auditing the consolidated financial statements, in particular the appropriateness of the provision of additional services to the Company. More specifically, the audit committee shall analyse with the statutory auditor the threats to its independence and the safeguards applied to mitigate those threats, when the total fees at a public-interest entity referred to in article 1:12 BCCA exceed the criteria set out in article 4(3) of Regulation (EU) No 537/2014;
- recommend to the Board of Directors of the Company the appointment of the statutory auditor and, if applicable, of the auditor responsible for the statutory audit of the consolidated financial statements, in accordance with article 16(2) of Regulation (EU) No 537/2014. If the renewal of the mandate falls under article 3:58, § 3 or §4, this recommendation to the Board of Directors shall be adjacent to the selection procedure referred to in article 16(3) of Regulation (EU) No 537/2014.

The members of the audit committee shall possess collective expertise in the activities of the audited company. At least one member of the audit committee shall have the required expertise in the field of accounting and audit.

The most recent composition of the audit committee is available at [www.xior.be](http://www.xior.be).

The audit committee shall meet at least four times a year and whenever it deems this necessary to fulfil its duties. The audit committee shall report regularly to the Board of Directors on the exercise of its duties, and in any event when the Board of Directors draws up the annual accounts, the consolidated accounts and, where appropriate, the short-form financial statements intended for publication.

### **4.3 Remuneration and Nomination Committee**

#### **4.3.1 General**

Article 7:100 BCCA requires listed companies to establish a remuneration committee (except in certain exceptional cases, from which the Company could in principle have benefitted)).

The Board of Directors decided on 31 March 2020 to set up a remuneration and nomination committee (the “**Remuneration and Nomination Committee**”).

The most recent composition of the Remuneration and Nomination Committee is available at [www.xior.be](http://www.xior.be).

The Remuneration and Nomination Committee shall meet at least twice a year, and whenever it deems it necessary to do so in order to fulfil its duties.

#### **4.3.2 Role**

The task of the Remuneration and Nomination Committee is to advise the Board of Directors on appointments and remuneration of directors, the CEO, the Executive Committee and the other members of the Executive Management (upon proposal by the CEO).

#### **4.3.3 Composition**

The Remuneration and Nomination Committee should consist of a majority of independent directors and be chaired by a non-executive director. If the Chairperson would chair the Remuneration and Nomination Committee, they shall not chair the meeting when it discusses the succession of the Chairperson.

#### **4.3.4 Responsibilities**

The Remuneration and Nomination Committee has the following powers:

(i) Appointment

Making recommendations on the appointment of the directors, the CEO, the Executive Committee and any other members of Executive Management, and ensuring that the appointment and reappointment process is as objective and professional as possible.

More specifically, the following objectives are pursued in this context:

- develop nomination procedures for directors, the CEO, the Executive Committee and other members of the Executive Management;
- periodically review the size and composition of the Board or Directors and make recommendations for any changes;
- if and when there are vacancies on the Board or Directors, identify and, if appropriate, co-opt or nominate candidates for appointment by the General Meeting;
- advise on proposals for appointment originating from shareholders;

- give due consideration to succession matters.

(ii) Remuneration

With regard to remuneration, the Remuneration and Nomination Committee is also responsible for advising on the following matters:

- the remuneration policy of the non-executive directors, the persons in charge of the daily management (dagelijks bestuur) (CEO and the other members of the Executive Management) as well as, where applicable, the resulting proposals to be submitted to the shareholders;
- the individual remuneration of the directors, the persons responsible for the daily management (CEO and the other members of the Executive Management), members of the Executive Committee, including variable remuneration and long-term performance bonuses, whether or not linked to shares, in the form of share options or other financial instruments, and severance payments, and, where applicable, the resulting proposals to be submitted to the shareholders.

The Remuneration and Nomination Committee prepares the remuneration report that is included in the Corporate Governance Statement by the Board of Directors, and explains the remuneration report at the annual General Meeting, and also prepares the remuneration policy that forms part of the Charter.

## **4.4 Executive Committee**

### **4.4.1 Role and responsibilities**

The executive committee is the Company's top management (the "**Executive Committee**"), whose task is to advise the CEO (who will, in turn, advise the Board of Directors) on material subject matters and executive decisions to be taken and material recommendations to be made to the Board of Directors, within each of the Executive Committee member's scope of responsibilities.

### **4.4.2 Composition**

The Executive Committee shall consist of the CEO, the CFO, the CGO and the COO (to the extent appointed). The members of the Executive Committee are appointed by the Board of Directors, upon recommendation by the Remuneration and Nomination Committee.

The most recent composition of the Executive Committee is available at [www.xior.be](http://www.xior.be).

The Executive Committee shall report directly to the CEO, and the CEO shall report to the Board of Directors.

The Executive Committee may invite to its meetings anyone whose presence it deems useful (including other members of Executive Management).

The end of the term of office as a member of Executive Management shall ipso facto entail the end of the term of office on the committee.

### **4.4.3 Operation**

a) Planning, agenda and participation in the meetings of the executive committee

The Executive Committee shall meet regularly at the request of the CEO or any member of the Executive Committee and at least once per week electronically (and, circumstances permitting, multiple times per month physically).

Members are expected to attend all meetings of the committee.

The CEO prepares the agenda of each meeting of the Executive Committee in consultation with the members of the Executive Committee and any other relevant members of Executive Management. At each meeting of the Executive Committee, each member shall present the major decisions to be taken with respect to his/her sphere of influence and any major recommendations to be put forward to the Board of Directors.

Members shall endeavour to reach consensus on the subject matters put forward in each meeting of the Executive Committee. Subject matters on which members of the executive committee have not been able to reach a consensus shall be reported directly to the Board of Directors by the relevant dissenting member(s) of the Executive Committee.



b) Convening of meetings and deliberations

The convening and the deliberation of the Executive Committee take place informally, with the greatest possible flexibility.

The members of the Executive Committee may, if justified by the circumstances, express their views electronically or by telephone, so as to enable the Company to respond quickly and effectively.

## **4.5 Investment Committee**

### **4.5.1 Role and responsibilities**

The investment committee is an advisory committee, whose task is to advise the Board of Directors on the investment files submitted by the Executive Management to the Board of Directors for decision.

The investment committee will pay attention to the analysis and preparation of identified potential investment files, and will also map out the opportunity, feasibility and any associated risks. In addition, the financial aspects associated with a proposed transaction will also be analysed, so that the Board of Directors can make an informed decision on the proposed investments.

The purpose of setting up the investment committee is to speed up the decision-making process of the Company regarding investment files. The investment committee will be able to facilitate the further growth of the Company by acting as a bridge between the Executive Management and the Board of Directors. This will further optimise the interaction with the Board of Directors, and thus the decision-making process, in order to be able to respond even more efficiently to investment opportunities.

### **4.5.2 Composition**

The investment committee shall consist of at least one non-executive director with relevant experience and two members of Executive Management. The members of the investment committee are appointed by the Board of Directors. The persons holding the position of CEO and CGO shall always be nominated for membership of the investment committee. The most recent composition of the investment committee is available at [www.xior.be](http://www.xior.be).

The investment committee may invite to its meetings anyone whose presence it deems useful.

The Board of Directors may appoint a Chairperson of the investment committee.

The end of the term of office as a director, or, as the case may be, a member of Executive Management, shall ipso facto entail the end of the term of office on the committee.

All members of the investment committee must have a thorough and relevant knowledge.

### **4.5.3 Operation**

a) Planning, agenda and participation in the meetings of the investment committee

The investment committee shall meet as often as the exercise of its functions so requires, at the request of the CEO, CGO or any other member of the investment committee.

Members are expected to attend all meetings of the committee.

The chairperson of the investment committee, or the Company secretary if no such chairperson has been appointed, prepares the agenda of each meeting of the investment committee in consultation with the Executive Management.

b) Convening of meetings and deliberations

The convening and the deliberation of the investment committee take place informally, with the greatest possible flexibility, in order to allow the Company to respond quickly to investment opportunities.

The members of the investment committee may, if justified by the circumstances, express their views electronically or by telephone, so as to enable the Company to respond quickly and effectively to investment opportunities.

## **4.6 Ethics and ESG Committee**

### **4.6.1 Role and responsibilities**

The Ethics and ESG Committee is an advisory committee, whose mission is, on the one hand, to monitor the Company's compliance with the highest ethical standards in the broadest sense, including the Company's code of conduct (including the "Xior Values"), and, on the other hand, to provide advice and recommendations to the Board of Directors on the environmental, social and governance ("ESG") policy, including in the context of the implementation or review of the Company's sustainability strategy.

The Ethics and ESG Committee shall pay particular attention to ensuring that the Company conducts its business in a fair, transparent and ethical manner and that it systematically prevents issues such as fraud, corruption, discrimination, human rights violations and breaches of anti-money laundering or competition laws. In addition, the Ethics and ESG Committee will prepare, outline and support the Board of Directors' policies on environmental, social and corporate sustainability.

The purpose of setting up the Ethics and ESG Committee is to give structural consideration to both the ethical and ESG aspects of the decisions to be taken when the Board of Directors is developing the Company's strategy.

### **4.6.2 Composition**

The Ethics and ESG committee is composed of at least two non-executive directors with relevant experience and one member of the Executive Management. The members of the Ethics and ESG committee are appointed by the Board of Directors. The most recent composition of the Ethics and ESG committee is available on [www.xior.be](http://www.xior.be).

The Ethics and ESG Committee may invite to its meetings anyone whose presence it deems useful.

The Board of Directors may appoint a Chairman of the Ethics and ESG Committee.

The end of the term of office as director or, as the case may be, as member of the Executive Management, shall *ipso facto* entail the end of the term of office on the committee.

All members of the Ethics and ESG committee must have a thorough and relevant knowledge.

## 5 EXECUTIVE MANAGEMENT

### 5.1 General

Xior is a self-managed operational and commercial real estate company. To this end, Xior has an actively involved and dedicated management team.

The most recent composition of the Company's Executive Management team is available at [www.xior.be](http://www.xior.be).

The members of the Executive Management are in constant contact with one another. The Executive Management holds weekly meetings, in addition to various *ad hoc* meetings and bilateral discussions among members of management whenever deemed necessary or useful.

An agenda is drawn up for the weekly meetings and a summary report is also made of these meetings. The agenda includes operational decisions relating to day-to-day operations, the status of current projects and leases and the evaluation of new projects under consideration, as well as any other subject worthy of the attention of the entire management.

The Executive Management is generally responsible for:

- daily management of the Company;
- proposing to the Board of Directors a complete, timely, reliable and accurate preparation of the Company's financial statements in accordance with the applicable accounting standards and the Company's policy in this regard;
- preparing the Company's mandatory publication of the financial statements and other material financial and non-financial information;
- proposing to the Board of Directors a balanced and understandable assessment of the Company's financial situation;
- providing the Board of Directors in due time with all information necessary for it to carry out its duties;
- accounting for and reporting to the Board of Directors on the performance of its duties;
- preparing, proposing and implementing the strategic objectives and the general policy plan of the Company, as approved by the Board of Directors;
- defining of the standards according to which this strategy should be implemented;
- implementing the decisions of the Board of Directors, with follow-up of the performance and results;
- reporting to the Board of Directors;
- sourcing of new acquisitions and preparing investment files for decision by the Board of Directors

The Executive Management is evaluated by the Board of Directors, based on performance and objectives. The objectives on which the evaluation is based are determined by the Remuneration and Nomination Committee.

## **5.2 Role and responsibilities**

### **5.2.1 Powers and role of the Chief Executive Officer**

The CEO is the head of the Executive Management and is responsible for the day-to-day management of the Company. He supervises the management team of Xior in accordance with the responsibilities given to him and the decisions made by the Board of Directors. The CEO also leads the operational management and rental activities of the Company.

The Board of Directors shall ensure that sufficient powers are granted to the CEO to enable him to fulfil his responsibilities and duties. The CEO should have sufficient room for manoeuvre to propose a corporate strategy and implement the strategy proposed by Executive Management and decided by the Board of Directors, taking into account the values, risk appetite and main policies of the Company.

In this context, the Board of Directors assigns, inter alia, the following responsibilities and tasks to the CEO, who shall further delegate such matters to the members of Executive Management, as indicated in this Charter and as he or she, in their sole discretion, further see fit:

#### **(i) Property portfolio management**

- together with the CGO and in conjunction with the CFO, the prospecting and identification of new investment and/or development opportunities, and the preparation of the corresponding files for approval of the Board of Directors;
- together with the CGO and in conjunction with the CFO, the prospecting, identification and preparation of the acquisition or disposal of a right in rem in immovable property or, more generally, real estate within the meaning of the B-REIT Law, and the negotiation of the transaction and the transaction documents;
- acting in consensus with the Executive Committee, the approving of investments and/or acquisitions pursuant to the investment strategy as determined by the Board of Directors;
- making property available, including the determination of the rental value of the property;
- identifying new potential geographic markets;
- the implementation of the Company's insurance policy, including determining the concrete coverage, the selection of insurers and the management of claims;
- co-managing and (amicably or otherwise) settling disputes concerning the (management of) property;
- monitoring and managing (real estate) projects; and
- monitoring and supervising the work of the real estate expert(s), including providing and requesting certain information and coordinating, monitoring and supervising the valuations.

#### **(ii) Commercial and technical management of the property**

- commercial / marketing initiatives and optimising and perpetuating the occupancy rate;
- rentals, relettings and rent renewals;
- managing the relations with the tenants;
- follow-up on the management of leases and rent collection;
- monitoring compliance with tenant obligations;
- monitoring the technical quality of the buildings, maintenance and technical management, and obtaining conformity (and any other) certificates; and

- monitoring the renovation policy and incidental maintenance, including its planning, tendering and implementation.

(iii) Staff

- assisting with the evaluation and selection of candidate members of the Board of Directors;
- the general management of personnel and the operation of headquarters and the management of the rental offices;
- the evaluation of management (including other members of Executive Management);
- (supervising) the management of internal and external maintenance teams (cleaning lady, handyman, etc.)
- the recruitment and staffing policy of employees who are not part of the Executive Management, the determination of their remuneration and contractual modalities;
- liaising with internal audit; and
- proposing the staff budget and the organisation chart and follow up thereof.

(iv) External relations

- in consultation with the CFO and the CGO, elaborate, propose to the Board of Directors and implement the capital markets strategy of the Company;
- providing all required information to the public or competent governmental or other authorities, as appropriate, in consultation with the other relevant members of Executive Management (including the FSMA and the competent market authorities), acting as a central contact and interlocutor, and representing the Company within the authority of the CEO;
- Investor Relations is monitored and coordinated by the CEO together with the CGO and in conjunction with the CFO including on all corporate communications; and
- contacts with financial analysts and journalists, and also directly with (potential) investors through roadshows and other initiatives, together with the other relevant members of Executive Management.

(v) Other

- advising the Board of Directors on setting strategic goals of the business;
- developing, defining and steering the Company's strategy and objectives in terms of legal and compliance policy and developing and steering an appropriate internal audit function;
- directing, organising and controlling the Company's digitalisation efforts and IT; and
- developing, setting and steering the Company's ESG strategy and goals.

### 5.2.2 Powers and role of the Chief Financial Officer

The CFO is also responsible for the management of the finance, accounting, reporting and administrative department.

From his leadership role over the reporting, accounting and finance department, the CFO oversees the following workflows:

(i) Customer and supplier relations

- collection of rents and follow-up of debtors;
- preparation of bills to the tenants; and
- recording of expenses and payments to suppliers.

(ii) Funding

- determining, preparing and executing the Company's financing strategy, including both equity and debt;
- providing the investment committee and the Executive Committee with financial feasibility and impact assessment and advice regarding investment, development and/or acquisition opportunities being considered;
- payment transactions;
- the management of short-term and long-term deposits and fixed advances;
- ensuring available credit lines to cover fluctuations in liquidity needs and to finance future investments;
- ratio of long-term and short-term financing;
- monitoring maturity and spread of maturity dates of long-term financing;
- monitoring the percentage of loans with fixed and variable interest rates;
- monitoring the maturity of fixed interest rates;
- monitoring and closing interest rate swaps or other hedging instruments;
- checking the completeness and accuracy of the interest charges;
- the elaborating and proposing of the financing and treasury strategy and policy to the Board of Directors, and the implementation thereof; and
- maintaining contacts with existing and developing contacts with new finance providers and institutions.

(iii) Financial Information

- ensure the accuracy of the accounting and financial information prepared within the Company;
- liaising with financial auditors;
- proposing to the Board of Directors the complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with the applicable accounting standards and the Company's policy in this regard;
- preparing the Company's mandatory publication of the financial statements and other material financial and non-financial information;
- presenting to the Board of Directors a balanced and understandable assessment of the Company's financial situation; and
- Investor Relations, together with the CEO and the CGO.



(iv) Other

- assessing the Company's risk and ensuring such risks are monitored and minimized.

### **5.2.3 Powers and role of the Chief Growth Officer**

The CGO is responsible for managing the Company's growth through acquisitions and developments. In particular, he or she performs the following tasks:

- oversee and manage the development activities of the Company;
- prospect, investigate, prepare for proposal to the Investment Committee and the Board of Directors (or, as the case may be, the CEO and Executive Committee) the investment files for investments, developments and/or acquisitions of running assets and for other M&A activity;
- identify and investigate new potential geographical markets for investments;
- participate in the Investment Committee to prepare investment decisions by the Board of Directors; and
- Investor Relations together with the CEO and CFO.

### **5.2.4 Powers and role of the Chief Operating Officer**

The COO is responsible for managing the Company's day-to-day and (non-financial) administrative operations. In particular, he or she performs the following tasks:

- together with the CEO, cascade the Company's corporate culture, strategy and mission throughout the business, and work with HR and, if such position exists, the Head of Culture (to the extent appointed), to implement the appropriate rewards/recognitions and coaching to align personnel with the Company's goals;
- at the direction of the CEO and, as the case may be, as decided by the Board of Directors, together with the CFO, marshal the resources of the Company to the most productive uses with the aim of maximizing value for the Company's stakeholders;
- planning by prioritizing customer, employee and organizational requirements, aligned with the Company's ongoing investments in digital transformation;
- driving performance measures for the operations of the business through the effective management of the Company's teams;
- managing the Company's operational teams (through the country managers); and
- elaborate, manage and implement the Company's marketing and PR strategy in line with the general guidelines established by the Board of Directors.

### **5.3 Effective leaders**

The CEO, CFO, CGO and COO (to the extent appointed) are appointed as effective leaders of the Company in the sense of the B-REIT Law (*effective leiding*). The effective leaders participate in the management of the Company and have a significant influence on the determination of its policy.

The effective leaders shall be accountable and responsible to the Board of Directors for the performance of the duties and responsibilities of all members of Executive Management.

The CEO shall timely provide the Chairperson and the Board of Directors with all information necessary for the proper performance of their duties.

## **6 REMUNERATION POLICY**

### **6.1 Scope**

This remuneration policy applies to the members of the Board of Directors (the non-executive directors and the executive directors) and the members of the Executive Management, subject to approval by the General Meeting to be held on 15 September 2022 or, if the required quorum would not be reached at such first General Meeting, on 6 October 2022.

This remuneration policy, as approved by the Board of Directors on 12 August 2022 and subject to approval by the General Meeting to be held on 15 September 2022 or, if the required quorum would not be reached at such first General Meeting, on 6 October 2022, will be applicable as of 1 January 2023 (financial year 2023), without prejudice to the terms of the remuneration policy currently in force and the remuneration of the Executive Management for the financial year 2022.

This remuneration policy will be submitted to the General Meeting for approval every four years, or upon any material change to it.

### **6.2 Procedure**

This remuneration policy was drawn up and shall be amended and modified, on the proposal of the Company's Remuneration and Nomination Committee, by the Board of Directors, in each case subject to the approval of the General Meeting in the event of material changes, pursuant to the BCCA (art. 7:89/1 §3) and the Corporate Governance Code.

Conflicts of interest in the context of drawing up or amending the remuneration policy are avoided by the following measures:

- the fact that the Remuneration and Nomination Committee currently consists exclusively of non-executive directors, whereby the committee should invite the executive directors (and the Executive Management) if they are required to be present at the meeting. In this way, the Remuneration and Nomination Committee can meet without the executive directors being present and, in any case, they have no voting rights;
- decisions on the remuneration of non-executive directors shall, in any case, be subject to the approval of the General Meeting;
- decisions on remuneration should be taken with due regard to the rules on conflicts of interest of the BCCA and the B-REIT Law.

### **6.3 Benchmarking**

The remuneration policy is evaluated annually, on the basis of an external benchmarking conducted on a two-yearly basis or in case of significant change to the size of the Company or the roles and responsibilities of the Executive Management. In terms of remuneration, the Company aims to be positioned at the median of the benchmarking group.

The peer group identified by the Company in this regard consists of a group of comparable listed real estate companies (including, among others, other B-REITs). More specifically, the Company selected the following companies for its benchmarking: Warehouses De Pauw, Cofinimmo, Aedifica, Montea,

Retail Estates, Care Property Invest, Vonovia (adjusted for size) and Unite Group (adjusted for size).

On a four-yearly basis, it is submitted to the General Meeting for approval, on the understanding that if the annual evaluation or benchmarking leads to material changes, these changes are also subject to the approval of the General Meeting.

#### **6.4 General**

The remuneration should be sufficient to attract, retain and motivate directors and members of the Executive Management who fit the profile determined by the Board of Directors.

The remuneration of the directors is determined by the General Meeting upon proposal by the Board of Directors. Prior to such proposal, the Remuneration and Nomination Committee formulates a proposal to the Board of Directors. No one decides on his or her own remuneration.

The directors shall be reimbursed for normal and justified expenses and costs, which they may claim to have incurred in the performance of their duties.

In accordance with article 35 of the B-REIT Law, the remuneration of the directors cannot be allocated in function of a specific transaction or operation of the Company or any companies belonging to the same group.

#### **6.5 Remuneration report**

The Company shall draw up a remuneration report. This remuneration report forms a specific part of the Corporate Governance Statement.

The Company's remuneration report contains the following information regarding the directors, the other persons mandated with management and the persons mandated with daily management:

- the total amount of the remuneration, divided per component, granted by the Company or a company belonging to the same group. This information must be provided with a breakdown between:
  - base remuneration;
  - variable remuneration: all additional remuneration linked to performance criteria, indicating the form in which this variable remuneration was paid;
  - pension: the amounts paid during the financial year covered by the annual report or the cost of the services provided during the financial year covered by the annual report, depending on the type of pension plan, with an explanation of the applicable pension scheme; and
  - the other components of the remuneration, such as the cost or value of insurances and other benefits in kind, with an explanation of the details of the main components;
- the relative amount of fixed and variable remuneration;
- an explanation of how the total amount of remuneration is consistent with the adopted remuneration policy, and in particular how it contributes to the long-term performance of the Company; and
- information on how the performance criteria have been applied:

- the number of shares, share options or other rights to acquire shares offered, granted, exercised or lapsed during the financial year covered by the annual report, their main characteristics as well as the material conditions for exercise, including price and date of exercise, and any change thereof;
- in the event of departure, the justification and the decision by the Board of Directors or the supervisory committee, upon proposal of the Remuneration and Nomination Committee, as to whether the persons concerned qualify for severance pay, and the calculation basis;
- where applicable, information on the use of the possibility of clawing back variable remuneration; and
- information on any deviations from the procedure for implementing the remuneration policy and any deviations as referred to in article 7:89/1 § 5 BCCA, with an explanation of the nature of the exceptional circumstances and with an indication of the specific elements deviated from.

With regard to the directors, as well as the persons charged with the daily management, this information is provided on an individual basis.

In relation to the other persons charged with the management the information referred to in the third paragraph, 1°, 4° and 5°, is provided as a whole, while the information referred to in paragraph 3, 2° and 3°, is to be provided on an individual basis.

The remuneration report shall also describe the annual change in remuneration, the annual change in the development of the Company's performance and the annual change in average remuneration, expressed in full-time equivalents, of employees of the Company other than the directors, the persons charged with management and the persons charged with daily management over at least five financial years and presented jointly in a manner that allows for comparison.

The remuneration report shall also state the ratio between the highest remuneration of the members of management, and the lowest remuneration (in full-time equivalent) of the employees.

## **6.6 Remuneration of non-executive directors and the Chairperson**

The remuneration of the non-executive directors and the Chairperson takes into account their regular role as directors, and their specific roles, as chairperson or (if applicable) as member of a committee, as well as the resulting responsibilities and time commitment. In order to determine their remuneration, a benchmarking exercise was also conducted. See section 6.3 for more information.

The non-executive directors only receive a fixed remuneration, which partly depends on their presence. All members of the Board of Directors (executive and non-executive) are covered by a directors' liability policy ("D&O Insurance"), the premium of which is paid by Xior. The non-executive directors do not enjoy any other benefits (company car, pension, mobile phone, etc.). They do not receive any performance-related remuneration, such as bonuses or long-term share-related incentive programmes, and no benefits in kind or benefits linked to pension schemes. The members of the Board of Directors do not receive any additional remuneration for their presence on the audit committee or Remuneration and Nomination Committee, as the tasks of these committees were carried out by the Board of Directors as a whole when determining the remuneration of the directors. The non-executive directors who are members of the investment committee do receive additional remuneration (consisting of a fixed fee and

an attendance fee per investment committee meeting).

This remuneration policy for the non-executive directors was drawn up in line with the B-REIT Legislation, and ensures that the non-executive directors can fully execute their role as directors of a B-REIT, focused on the long-term interests of the shareholders (investors) in the Company. The Company believes that this method of remuneration (in line with the objectives of the B-REIT Legislation) contributes in the best way to the long-term strategy and goals of the Company.

The non-executive directors are remunerated on an independent basis (as directors) and are subject to *ad nutum* disposal by the General Meeting.

If an agreement with a non-executive director would nevertheless provide for variable remuneration, such provision on variable remuneration must be approved in advance by the next ordinary General Meeting, in accordance with article 7:92 BCCA. No variable remuneration can be granted to an independent director.

Provision 7.6 of the Corporate Governance Code recommends that non-executive directors receive part of their remuneration in the form of shares in the Company, to allow them to act with the perspective of a long-term shareholder. Xior deviates from this principle and does not grant remuneration in shares to directors. The Board of Directors is convinced that the application of this principle would not contribute to acting with the perspective of a long-term shareholder, given the nature of the Company (as a B-REIT) and the actual circumstances of the directors. The amounts of the remuneration of the non-executive directors of the Company are such that the impact of such remuneration paid in shares would be very limited, and the legal framework of the Company and its outlined strategy (as determined by the Board of Directors), in the opinion of the Board of Directors, sufficiently ensures that the perspective of the long-term shareholders of the Company is taken into account.

## **6.7 Remuneration of executive directors and members of the Executive Management**

The Board of Directors shall endeavour to determine the level and structure of the remuneration of the Executive Management (and the relationship between such remuneration and the remuneration of the other employees of the Company) in such a way that qualified and expert professionals can be attracted, retained and motivated, taking into account the nature and scope of their individual responsibilities (for each category).

The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, approves the contracts for the appointment of the CEO and of the other members of the Executive Management (if applicable, applying the conflict-of-interest rules of the BCCA and the B-REIT Law).

The targets, minimum thresholds and maximum performance levels are determined at the beginning of the relevant performance cycle, i.e. the annual performance cycle for the short-term incentive and the three-year performance cycle for the long-term incentive (such that the targets, minimum thresholds and maximum performance levels for the long-term incentive measured over two and three years are determined at the beginning of the first year of the three-year performance cycle).

The remuneration package of the members of the Executive Management consists exclusively of the following components:

- Fixed remuneration

- Variable remuneration (part of which must be used to acquire shares)
  - Short-term incentive
  - Long-term incentive

The relationship between these components is shown schematically below, per 100 euros of fixed remuneration, in three scenarios in terms of achieving the performance criteria for the variable remuneration (performance below minimum threshold, performance at target level, performance at maximum recognized level), as further detailed below.

Below minimum				Target level				Maximum			
Fixed	Variable			Fixed	Variable			Fixed	Variable		
	Short term	Long term			Short term	Long term			Short term	Lang	
	(1y)	2y	3y		(1y)	2y	3y		(1y)	2y	3y
	(inc. LTIP)				(inc. LTIP)				(inc. LTIP)		
100	0	0	0	100	50	25	25	100	75	37.5	37.5
(100%)	(0%)	(0%)	(0%)	(50%)	(25%)	(12.5%)	(12.5%)	(40%)	(30%)	(15%)	(15%)

Percentages express what the variable remuneration represents relative to the total remuneration.

### 6.7.1 Fixed remuneration

The amount of fixed remuneration for members of the Executive Management is determined taking into account their individual responsibilities, skills and performance.

The fixed remuneration constitutes a cash payment which is granted regardless of the Company's results.

The amount of annual fixed remuneration is laid down in the individual management agreements established by the Company with the relevant member of the Executive Management. This amount is paid in cash, indexed annually, and subject to local tax and social security regulations (charged to the relevant member of Executive Management).

### 6.7.2 Variable remuneration

In order to align the interests of the CEO and other members of the Executive Management with those of the Company and its shareholders, an appropriate part of their remuneration package is linked to the performance of the Company and individual performance.

Pursuant to article 7:90 BCCA, the criteria making the allocation of remuneration to an executive director, a person entrusted with the daily management (CEO and other members of the Executive Management) variable must be expressly included in the contractual or other provisions governing the legal relationship concerned. This variable remuneration can only be paid out if the criteria have been met over the designated period. If these rules are not observed, these variable remunerations are not taken into account in the calculation of the severance pay.

For all members of the Executive Management, the total maximum package of variable remuneration is set at 150% of their fixed remuneration, such that it can represent a maximum of 60% of their total remuneration. This variable remuneration is further divided (for the executive directors, in accordance

with the provisions of article 7:91 BCCA) into remuneration linked to short-term criteria (50% of the variable remuneration) and remuneration linked to long-term criteria: over two years (25% of the variable remuneration) and three years (25% of the variable remuneration).

#### *Short-term incentive*

All members of the Executive Management are entitled to an annual variable remuneration subject to the realisation of short-term objectives determined annually (the annual performance cycle).

For all members of the Executive Management, the short-term bonus for performance at target level is equal to 50% of the fixed annual remuneration. For actual performance below the defined minimum threshold, no bonus is due. Moreover, the bonus is capped at a maximum of 75% of the annual fixed remuneration paid for actual performance at, or in excess of, the maximum recognized performance level. The aggregate short-term incentive will thus vary between 0% and 75% of the fixed annual remuneration, depending on the realisation of the performance targets.

The targets, minimum thresholds and maximum performance levels are determined each year at the beginning of the annual performance cycle by the Board of Directors. The targets are stretched but achievable, taking into account the specific strategic priorities and the economic environment of the Company in a given year. For bonus purposes, the targets typically require a meaningful improvement over the previous year's results, and, for financial measures, the targets are typically in line with the upper end of market consensus.

The following criteria and corresponding weighing factors can be taken into account for the allocation of the annual variable remuneration (whereby the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine the content and weighting for each year at the beginning of the year (in compliance with article 7:91 § 2 BCCA, unless otherwise stipulated in the articles of association or explicitly approved by the General Meeting)):

- Collective and financial *key performance indicators* (KPIs) (80%):
  - "EPRA Earnings per Share (EPS)";
  - Occupancy rate; and
  - Annual portfolio growth (to fair value); and
- Individual and non-financial KPIs (20%):
  - Qualitative and organisational KPIs (such as operational improvements, digitalisation, ESG efforts, financial optimisation and debt ratio control).

This annual variable remuneration is paid out in cash at the beginning of the year following the annual performance cycle, subject to applicable tax and social security regulations. The Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine how much of the net cash award (after deduction of withholding tax) the members of the Executive Management must use to acquire from the Company Company shares at at least 100/120th of the market share price (corresponding to the discount accepted by the Belgian tax administration when shares are subject to a two-year lock-up), provided that such Company shares will be subject to a three-year vesting scheme starting on the date of acquisition of such shares as follows:

- Year 0 (i.e. the date of acquisition of the shares): 0% vesting.
- Year 1 (i.e. one year after the date of acquisition of the shares): 20% vesting.



- Year 2 (i.e. two years after the date of acquisition of the shares): 50% vesting.
- Year 3 (i.e. three years after the date of acquisition of the shares): 100% vesting.

Such Company shares will also not be transferable during a period of two years following the date of acquisition of such shares, it being understood that shares that have not yet vested in accordance with the three-year vesting scheme above can in any event not be transferred prior to their vesting.

The three-year vesting scheme and the two-year share lock-up are subject to applicable good and bad leaver arrangements. See section 6.7.6 for more information.

#### *Long-term incentive*

All members of the Executive Management are entitled to an annual variable remuneration subject to the realisation of long-term objectives over a period of three years (the three-year performance cycle).

For all members of the Executive Management, the long-term bonus for performance at target level is equal to 50% of the annual fixed remuneration at the time of granting. For actual performance below the defined minimum threshold, no bonus is due. Moreover, the bonus is capped at a maximum 75% of the annual fixed remuneration at grant paid for actual performance at, or in excess of, the maximum recognized performance level. The aggregate long-term incentive will thus vary between 0 and 75% of the annual fixed remuneration at grant, depending on the realization of the targets.

The targets, minimum thresholds and maximum performance levels are determined at the beginning of each three-year performance cycle. The targets are stretched but achievable, taking into account the specific strategic priorities and the economic environment of the Company in a given three-year performance cycle. For bonus purposes, the performance target typically requires a meaningful improvement over the previous year's results, and, for financial measures, the targets are typically in line with the upper end of market consensus.

The following criteria and corresponding weighing factors can be taken into account for the allocation of the annual variable remuneration (whereby, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, shall determine the content and weighting at the beginning of each three-year performance cycle (in compliance with article 7:91 § 2 BCCA, unless otherwise stipulated in the articles of association or explicitly approved by the General Meeting)):

- Collective and financial KPIs (80%):
  - "EPRA Earnings per Share (EPS)";
  - Occupancy rate; and
  - Annual portfolio growth (to fair value); and
- Individual and non-financial KPIs (20%):
  - Qualitative and organisational KPIs (such as operational improvements, digitalisation, ESG efforts, financial optimisation and debt ratio control).

Subject to applicable tax and social security regulations, 50% of this annual variable remuneration is evaluated and paid out in cash at the beginning of the year following the second year of the three-year performance cycle and the remaining 50% of this annual variable remuneration is evaluated and paid out in cash at the beginning of the year following the third and last year of the three-year performance cycle. The Board of Directors, upon recommendation of the Remuneration and Nomination Committee,

shall determine how much of each net cash award (after deduction of withholding tax) the members of the Executive Management must use to acquire from the Company Company shares at at least 100/120th of the market share price (corresponding to the discount accepted by the Belgian tax administration when shares are subject to a two-year lock-up), provided that such Company shares will be subject to a three-year vesting scheme starting on the date of acquisition of such shares as follows:

- Year 0 (i.e. the date of acquisition of the shares): 0% vesting.
- Year 1 (i.e. one year after the date of acquisition of the shares): 20% vesting.
- Year 2 (i.e. two years after the date of acquisition of the shares): 50% vesting.
- Year 3 (i.e. three years after the date of acquisition of the shares): 100% vesting.

Such Company shares will also not be transferable during a period of two years following the date of acquisition of such shares, it being understood that shares that have not yet vested in accordance with the three-year vesting scheme above can in any event not be transferred prior to their vesting.

The three-year vesting scheme and the two-year share lock-up are subject to applicable good and bad leaver arrangements. See section 6.7.6 for more information.

#### *Assessment*

For the avoidance of doubt, the criteria (KPIs) and corresponding weighing factors set by the Board of Directors for a given year for the allocation of the annual variable remuneration may not necessarily be the same for the short-term and long-term incentives.

The results in terms of actual performance versus targets for both the short-term and long-term incentives are validated by the Remuneration and Nomination Committee before final approval by the Board of Directors and disclosure in the remuneration report.

The Board of Directors is convinced that the criteria of both the short-term and long-term incentives, and the flexibility offered by defining and adjusting the content and weighting of these criteria on an annual and three-year basis, respectively, provide the Company and the Board of Directors with the best possible tools for steering the remuneration policy and aligning it with the long-term strategy of the Company.

The criteria for granting variable remuneration to executive directors that depend on the results relate exclusively to the consolidated net result of the public B-REIT, to the exclusion of all fluctuations in the fair value of assets and hedging instruments. No remuneration is granted on the basis of a specific transaction or transaction of the public B-REIT or its subsidiaries. Consequently, this remuneration is in accordance with article 35 of the B-REIT Law.

#### **6.7.3 Other remuneration elements**

The CEO and the CFO each entered into a management agreement with the Company on 23 November 2015. These management agreements were last amended in 2018. No management agreement has been entered with the CGO yet. The COO has not been appointed yet. These management agreements, as amended (if any), also refer to the criteria to which variable remuneration is linked.

The contracts with the Executive Management were and are concluded at market conditions and are

established for an indefinite period. In order to determine the remuneration of the Executive Management, a benchmarking exercise was also conducted. See section 6.3 for more information.

Plans under which members of Executive Management are remunerated in shares, share options or any other right to acquire shares shall be subject to prior shareholder approval by way of a resolution at the General Meeting. This approval shall relate to the plan itself but not to the individual grant of share-based remuneration under the plan.

No other additional remuneration (such as group insurance schemes, pension grants, company car, phone or other benefits) is granted to the members of the Executive Management. There are no other conditional, other variable, or deferred payments.

#### **6.7.4 Share ownership requirements**

In accordance with principle 7.9 of the Corporate Governance Code, the Board of Directors has set a minimum threshold for the number of Company shares that each member of the Executive Committee must hold at all times (without taking into account unvested shares) to make them act with the perspective of a long-term shareholder, which is set at:

- for the CEO, such number of shares whose acquisition value amounts to at least 200% of the amount of its fixed annual remuneration; and
- for the other members of the Executive Management, such number of shares whose acquisition value amounts to at least 150% of the amount of their respective fixed annual remuneration.

The shareholding of the current executive directors and other members of the Executive Management is at the required level. Any executive director or member of the Executive Management subsequently appointed is expected to build up his or her shareholding to the required level over a period of five years. Once reached, the shareholding level should be maintained for the duration of appointment.

In addition, all current executive directors and other members of the Executive Management are, indirectly (concerning the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO")), through their participation in the reference shareholder of the Company, Aloxe NV) or directly (concerning the Chief Growth Officer ("CGO")), *de facto* long-term shareholders of the Company.

The Corporate Governance Statement provides an overview of the number of shares held (indirectly or directly) by the executive directors and the other members of the Executive Management.

#### **6.7.5 Clawback**

The agreements with the members of the Executive Management will contractually provide for a clawback mechanism for both the short-term and long-term incentives whereby the Company has the right to reclaim from the beneficiary all or part of a variable remuneration up to one year after payment if it appears during that period that the payment has been made based on incorrect information concerning the achievement of the targets underlying the variable remuneration or concerning the circumstances on which the variable remuneration was dependent.

#### **6.7.6 Good and bad leaver arrangements**

The short-term and long-term incentives will provide for customary good and bad leaver arrangements in the even of resignation or termination of the mandate of CEO, CFO, CGO or COO (to the extent appointed).

## **6.8 Severance pay**

Any new contractual arrangement negotiated with the Company or its subsidiaries regarding the remuneration of the CEO or any other member of the Executive Management shall clearly state that the severance payment to be granted upon early termination of the contract shall not exceed 12 months of base and variable remuneration.

The Board of Directors may, upon proposal of the Remuneration and Nomination Committee, grant a higher severance payment. Such higher severance payment shall be limited to a maximum of 18 months of basic and variable remuneration. The contract shall state when such higher severance payment may be granted. The Board of Directors shall justify such higher severance pay in the remuneration report.

If an agreement with an executive director, another leader, the CEO or any other member of the Executive Management should, notwithstanding the foregoing provisions, provide for a severance payment higher than respectively 12- or 18-months' salary, then such severance payment shall always be agreed upon under the suspensive condition of approval by the General Meeting, in accordance with article 7:92 BCCA.

The contract shall clearly state that, for the purpose of calculating severance payments, variable remuneration shall not be taken into account and shall not exceed 12 months of base remuneration if the departing CEO or any other Executive Management member has not fulfilled the performance criteria referred to in the contract. However, the Board of Directors may deviate from this provided that the "comply or explain" principle is applied.

## **6.9 Procedure for deviating from the remuneration policy**

The Company may temporarily deviate from the remuneration policy in accordance with article 7:98/1 BCCA, provided that:

- the deviation is justified by exceptional circumstances in which such deviation is necessary to serve the long-term interests and sustainability of the Company as a whole or to guarantee its viability;
- the deviation is permitted by the Board of Directors on the recommendation of the Remuneration and Nomination Committee, substantiating the reasons; and
- the deviation does not lead to the remuneration of the beneficiary being excessive compared to market practice.

A deviation may only relate to the provisions of this remuneration policy regarding:

- the variable remuneration (KPI-setting, targets, thresholds, weighting and pay-out, with the exception of the cap on bonuses); and
- good and bad leaver arrangements.

## 6.10 Changes compared to the current policy

<b>Persons</b>	<b>Remuneration element</b>	<b>Proposed changes</b>	<b>Rationale for the change</b>
Non-executive directors	/	/	/
Executive Management	Short-term incentive	Introduction of relevant performance incentive zones, including for the different KPIs	Better alignment of the Executive Management's (variable) remuneration with actual company and personal performance
	Long-term incentive	Introduction of a new long-term incentive with successive three-year performance cycles and truly variable incentive awards, determined against explicit KPIs and relevant performance incentive zones	Better alignment of the Executive Management's (variable) remuneration with actual company and personal performance
	Variable remuneration	Introduction of a more equitable balance between short- and long-term incentives: 50% of total target variable remuneration stems from annual performance and 50% is based on long-term performance	Compliance with article 7:91 BCCA
		Introduction of requirement to use (part of) the short-term and long-term net cash award to acquire Company shares, three-year vesting scheme and two-year lock-up	Better alignment of the Executive Management's (variable) remuneration with the long-term perspective of the Company
	Share ownership requirement	Introduction of minimum share ownership requirements	Compliance with Principle 7.9 of the Corporate Governance Code
	Clawback	Introduction of clawback provision for both short-term and long-term incentives for incorrect information (up to one year after payment)	Compliance with Principle 7.12 of the Corporate Governance Code

Deviation	Introduction of procedure for deviating from the remuneration policy in exceptional circumstances	Compliance with article 7:89/1 BCCA
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## **7 INTERACTION WITH SHAREHOLDERS**

### **7.1 Shareholders**

The Company shall treat all shareholders who are in the same position equally and shall respect their rights.

The (potential) shareholders have access to the investors' section of the Company's website containing all useful information that will enable them to act in an informed manner.

On the website, they can also download the necessary documents to participate and vote at the General Assembly.

### **7.2 Capital and shareholder structure**

The number of shares representing the capital of Xior can be found in the articles of association and on the website [www.xior.be](http://www.xior.be) of the Company. There are no preference shares. Each of these shares entitles the holder to one vote at the General Meeting and these shares therefore represent the denominator for the purposes of notifications in the context of the transparency regulations, as set out below.

In accordance with the conditions, terms and modalities provided for in articles 6 to 13 of the Law of 2 May 2007 and the Royal Decree of 14 February 2008 on the disclosure of major shareholdings (the "Transparency Law") each natural or legal person must notify the Company and the FSMA of the number and the percentage of existing voting rights which he holds, directly or indirectly, when the number of voting rights reaches, exceeds or falls below 5%, 10%, 15%, 20%, etc. of the total number of existing voting rights, each time in a tranche of 5 percent, under the conditions provided for in the Transparency Law. The articles of association of the Company do not provide for additional notification thresholds.

On the website of the Company [www.xior.be](http://www.xior.be), the shareholder structure of Xior is also made available, based on the most recent information received from the shareholders (cf. the transparency notifications), or publicly available information as regards Aloxe NV.

### **7.3 Relationships between shareholders**

The Company is not aware of any shareholder agreements between the shareholders.

### **7.4 Relationships with major shareholders**

Apart from the usual commercial transactions at market conditions, there are no links between the Company and its major shareholders.

### **7.5 Communication with shareholders**

The Company respects the rights of all shareholders and encourages their involvement. The Company shall ensure equal treatment for all shareholders. It shall ensure that all necessary facilities and information are available to enable shareholders to exercise their rights.

The Board of Directors, through its Chairperson and/or the CEO, is responsible for communication with the shareholders and potential shareholders. The Board of Directors encourages an effective dialogue with the shareholders and potential shareholders. In order to promote this dialogue, the Company communicates with the shareholders and potential shareholders through various channels (based on the disclosure and communication policy that it has developed).

Thus, the Company communicates in first instance through its website ([www.xior.be](http://www.xior.be)). It publishes on its website all information and documentation that is relevant for its shareholders, investors or other stakeholders. The Company also dedicates a specific section of its website to describing the rights of shareholders to participate and vote in the General Meeting. The website includes a timetable relating to the General Meetings. The articles of association and the Charter of the Company are also made available on the website of the Company.

In addition, the Company keeps shareholders and potential shareholders informed of new developments and its financial results by means of press releases. The Company also publishes an annual financial report and a half-yearly financial report. The website includes a timetable for the periodic provision of information (financial calendar).

Finally, the General Meetings are also used to communicate with the shareholders and to encourage their involvement (see below).

## **7.6 General Meeting of Shareholders**

### **7.6.1 General**

The General Meeting represents the totality of the shareholders. The resolutions of the General Meeting are binding on all shareholders, even those who were absent or voted against.

The General Meeting shall be held at the registered office or at the address indicated in the convening notice.

The annual meeting shall be held every year on the third Thursday of the month of May at 10:00 or, if this day is a public holiday, on the next working day at the same hour.

The obligations of the Company and the rights of the shareholders with regard to the general meeting are stated in detail from the date of the convocation to the participation and voting in the investor relations section of Xior's website ([www.xior.be](http://www.xior.be)). This information shall remain accessible on the Company's website for a period of five years from the date of the General Meeting to which it relates.

### **7.6.2 Convening**

The Board of Directors and the statutory auditor may convene a special or extraordinary general meeting whenever the interests of the Company so require. They must convene the annual meeting on the day determined by the articles of association.

The Board of Directors and the statutory auditor are obliged to convene a special or extraordinary general meeting if one or more shareholders who alone or together represent one-fifth of the issued capital so



request. This request must be sent by registered mail to the registered office of the Company and must precisely describe the subject matters on which the General Meeting must deliberate and decide. The request must be addressed to the Board of Directors and the statutory auditor, who are obliged to convene a meeting within a period of three weeks after receipt of the request. Other subject matters may be added to the items on the agenda specified by the shareholders in the notice of the meeting.

The notice convening a General Meeting shall contain at least the following information:

- the place where and the date and hour when the General Meeting will take place, the agenda, indicating the items to be discussed and proposals for resolutions, a clear and precise description of the formalities that the shareholders must fulfil in order to be admitted to the General Meeting and to exercise their voting rights, in particular the term within which the shareholder must make known his or her intention to participate in the meeting, as well as information about the right to add items to the agenda and to ask questions and the procedure for voting by proxy;
- the registration date and the announcement that only persons who are shareholders on that date are entitled to participate in, and to vote at, the General Meeting;
- the place where and the manner in which documents prescribed by the BCCA may be consulted;
- the website on which the following information is made available;
  - the convening notice and agenda of the General Meeting;
  - the total number of shares and voting rights on the date of the convocation;
  - the documents to be submitted to the General Meeting;
  - for each item on the agenda of the general meeting, a proposal for a resolution or, if the item to be discussed does not require a resolution, comments by the Board of Directors;
  - the forms that may be used for proxy voting, unless such forms are sent directly to each shareholder.

In addition to the formalities imposed by the BCCA in this regard, the Company shall use its website to publish all relevant information and documentation on the exercise by shareholders of their voting rights. If these forms cannot be made available on the website for technical reasons, the Company shall indicate on its website how these forms can be obtained on paper.

Convocations for the General Meeting shall be made by means of an announcement, which shall be placed, at least thirty days prior to the meeting:

- (i) in the Belgian Official Journal (*Belgisch Staatsblad*);
- (ii) in media that can reasonably be expected to ensure the effective dissemination of the information to the public in the European Economic Area and which is accessible in a rapid and non-discriminatory manner;
- (iii) in a nationally distributed magazine, on paper or electronically; and
- (iv) on the Company's website.

In case of an ordinary General Meeting held in the municipality, at the place, date and hour mentioned in the articles of association and with an agenda which is limited to the discussion of the annual accounts, the annual report and the report of the statutory auditor, the remuneration report and the severance payment for executive directors referred to in 7:92 § 1 BCCA, and the vote on the discharge of the

directors and the statutory auditor , the Company is exempted from the obligation to publish the announcement in a national newspaper. However, the publication under (i), (ii) and (iv) shall remain required. If a second convocation is necessary because the required quorum was not reached at the first meeting, the date of the second meeting was mentioned in the first convocation and no new item has been placed on the agenda, the announcement for the second meeting must be made at least seventeen days before the General Meeting.

A General Meeting shall be held every year, the agenda of which shall include at least the following items:

- (i) consideration of the annual report and the report of the statutory auditor(s);
- (ii) consideration and approval of the annual accounts and the appropriation of the net profit;
- (iii) the discharge of the directors and the auditor(s);
- (iv) as the case may be, the appointment of directors and statutory auditor(s); and
- (v) advisory voting in respect of the remuneration report.

The convocation to the General Meeting shall take place in accordance with the modalities of the BCCA. The shareholder, director or statutory auditor who participates in or is represented at the meeting shall be considered to have been duly convoked. A shareholder, director or statutory auditor may also, before or after the meeting of the General Meeting which he or she did not attend or in which he or she was not represented, refrain from invoking the absence or irregularity of the convocation letter.

### **7.6.3 Admission**

Without prejudice to the obligations set out in the BCCA, a shareholder may only participate in the General Meeting and exercise voting rights there, provided that the following requirements are met:

- (i) A shareholder can only participate in the General Meeting and exercise voting rights on the basis of the accounting registration of the shares in the name of the shareholder, on the registration date, either by their registration in the register of the Company's registered shares, or by their registration in the accounts of a recognised account holder or of a settlement institution, regardless of the number of shares the shareholder holds on the day of the General Meeting. The fourteenth day prior to the General Meeting, at twenty-four hours (Belgian time) is the registration date.
- (ii) The owners of dematerialised shares who wish to participate in the meeting must submit a certificate issued by a recognised account holder or the settlement institution stating the number of dematerialised shares registered in their accounts in the name of the shareholder on the registration date and for which the shareholder has indicated a desire to participate in the General Meeting. This deposit must be made at the latest on the sixth day before the date of the General Meeting at the registered office or at the institutions named in the invitation.
- (iii) The owners of registered shares who wish to participate in the meeting must notify the Company by ordinary letter, fax or e-mail no later than the sixth day before the date of the meeting of their intention to participate in the meeting.
- (iv) The Board of Directors shall keep a register for each shareholder who has expressed his wish to participate in the General Meeting, which shall include such shareholder's name and address or registered office, the number of shares held on the registration date and with which the wish has been expressed to participate in the General Meeting, as well as the description of the documents proving that such shareholder held the shares on the registration date.

#### 7.6.4 Representation

Any shareholder may give a proxy to be represented at the General Meeting, in accordance with the relevant provisions of the BCCA. The proxyholder must not be a shareholder.

A shareholder of the Company may only appoint one person as proxyholder for a certain General Meeting. By way of derogation, (i) the shareholder may appoint separate proxyholders for, to the extent applicable, each form of shares which a shareholder holds, as well as for each of a shareholder's securities accounts if such shareholder holds Xior shares in more than one securities account and (ii) a person who qualifies as a shareholder but who acts professionally on behalf of other natural or legal persons, may give proxy to each of these other natural or legal persons or to a third party designated by them.

A person acting as a proxyholder may hold proxy for more than one shareholder. If a proxyholder holds proxies from more than one shareholder, such proxyholder may vote differently for each such shareholder.

The appointment of a proxy by a shareholder shall be made in writing or by means of an electronic form and must be signed by the shareholder, where applicable with an advanced electronic signature within the meaning of article 3.10 of the Regulation (EU) 910/2014 of the European Parliament and the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC, or with a qualified electronic signature in the sense of article 3.12 of the same Regulation.

The notification of the proxy to the Company must be made in writing. This notification may also be made electronically to the address stated in the convocation.

The Company must receive the proxy no later than the sixth day prior to the date of the meeting.

Without prejudice to the possibility to deviate from the instructions in certain circumstances in accordance with article 7:145 § 2 BCCA, the proxyholder shall cast his or her vote in accordance with the possible instructions of the shareholder who has appointed him or her. The proxyholder shall keep a record of the voting instructions for at least one year and shall confirm on request of the shareholder that he or she has complied with the voting instructions.

In the event of a potential conflict of interest as provided for in article 7:143 § 4 BCCA between the shareholder and the appointed proxyholder, the proxyholder must disclose the precise facts which are relevant for the shareholder in order to assess whether there is a risk that the proxyholder may pursue any interest other than the interest of the shareholder. Moreover, the proxyholder may only vote on behalf of the shareholder if he or she has specific voting instructions for each item on the agenda.

For the purposes of the above, a conflict of interest exists when the proxyholder:

- (i) is the Company itself or an entity controlled by it, or a shareholder controlling the Company, or any other entity controlled by such a shareholder;
- (ii) is a member of the Board of Directors or of the governing bodies of the Company, of a shareholder controlling the Company, or of a controlled entity referred to in (i);
- (iii) is an employee or a statutory auditor of the Company, of the shareholder controlling the Company, or of a controlled entity referred to in (i);
- (iv) has a parental relationship with a natural person referred to under (i) to (iii) or is the spouse

or legal cohabitant of such a person or of a relative of such a person.

Minors, incapacitated persons and legal persons must be represented by their legal or statutory representatives.

#### **7.6.5 Presidency - Bureau**

Every General Meeting shall be chaired by the Chairperson or, in his or her absence, by the oldest director present.

The president may appoint a secretary and a scrutineer, who need not be shareholders. These two functions can be performed by one person.

The president, the secretary and the scrutineer shall constitute the bureau.

#### **7.6.6 Proceedings of the session**

##### *General*

An attendance list stating the name of the shareholders and the number of shares with which they are participating in the meeting shall be signed by each of them or by their proxyholder prior to opening of the session.

Deliberation and voting shall be conducted under the leadership of the president and in accordance with the customary rules of proper meeting procedure.

##### *Discussion and amendment of the agenda*

The General Meeting may only validly deliberate or resolve on items that are included or implicitly referred to in the announced agenda. Items not included in the agenda may only be deliberated on at a meeting at which all shares are present or represented and provided that this is done unanimously. The required unanimity shall be established if no objection is recorded in the minutes of the meeting. In addition to the items to be discussed, the agenda must include proposals for resolutions.

The foregoing does not affect the possibility for one or more shareholders who jointly hold shares representing at least 3% of the share capital, and provided that the relevant provisions of the BCCA are complied with, to have items placed on the agenda of the General Meeting and to submit proposals for resolutions relating to items included or to be included on the agenda no later than on the 22nd day before the date of the General Meeting.

This shall not apply if a General Meeting is convened by a new notice because the quorum required in the first notice was not met and provided that the statutory provisions have been complied with for the first notice, the date of the second meeting is stated in the first notice and no new item is placed on the agenda.

The shareholders who wish to make use of this possibility must prove, on the date they submit an agenda item or motion for a resolution, that they are in possession of the required minimum shareholding, either on the basis of a certificate of registration of the relevant shares in the share register of the Company or on the basis of a certificate drawn up by the recognised account holder or the settlement institution proving

that the relevant number of dematerialised shares is registered in their name in an account.

The aforementioned requests shall be formulated in writing and shall be accompanied, as the case may be, by the text of the subject matters to be discussed and the related motions, or by the text of the motions to be included on the agenda. They shall contain a postal or e-mail address to which the Company shall send the proof of receipt of these requests.

The Company must receive these requests at the latest on the 22nd day prior to the date of the General Meeting. They can be sent to the Company electronically, to the address stated in the convocation. The Company shall confirm the receipt of the above-mentioned requests within a period of 48 hours counting from receipt thereof.

The items to be discussed and the corresponding proposed resolutions that would be added to the agenda, if any, shall be added to the Company's website as soon as possible after their receipt and, moreover, an agenda supplemented with the additional items to be discussed and the corresponding proposed resolutions that would be included and/or merely with the proposed resolutions that would be formulated shall be published at the latest on the 15th day prior to the date of the General Meeting.

At the same time, the Company shall make available to its shareholders on its website the forms that can be used for voting by proxy, supplemented with the additional subjects to be discussed and the corresponding proposed resolutions that would be placed on the agenda, and/or merely the proposed resolutions that would be formulated.

Proxies already notified to the Company prior to this announcement of a supplemented agenda shall remain valid for the agenda items to which they apply, it being understood that the proxyholder may, for the agenda items to be discussed for which new motions have been submitted, deviate during the meeting from any instructions given by the principal, if carrying out such instructions could prejudice the principal's interests. The proxyholder shall notify the principal thereof. The proxyholder must state whether the proxyholder is authorised to vote on the new items to be discussed on the agenda or whether he or she must abstain.

The subjects to be discussed and the motions, if any, placed on the agenda shall only be discussed if the above-mentioned share of the capital is registered in accordance with article 7:134 BCCA (see section 7.6.3 "Admission").

#### *Right of inquiry*

The directors shall answer the questions formulated by the shareholders, during the meeting or in writing, concerning their report or the items on the agenda, insofar as the communication of data or facts is not of such a nature as to prejudice the business interests of the Company or the confidentiality to which the Company or its directors have committed themselves.

The statutory auditor(s) shall answer the questions addressed to him or her (or them) by the shareholders, during the meeting or in writing, with regard to their report, insofar as the communication of data or facts is not of such a nature that it would be detrimental to the business interests of the Company or to the confidentiality to which the Company, its directors or the statutory auditor(s) have committed themselves. They shall have the right to speak at the General Meeting in connection with the performance of their duties.

When several questions deal with the same subject matter, the Board of Directors and the statutory auditor(s) may give one answer.

As soon as the convocation has been published, the shareholders may ask the abovementioned questions in writing, provided that those shareholders comply with the formalities which must be fulfilled in order to be admitted to the meeting (see section 7.6.3 "Admission"). These questions may be addressed to the Company electronically via the address mentioned in the convening notice. The Company must receive these written questions at the latest on the sixth day prior to the meeting.

#### *Adjournment*

The Board of Directors is entitled, during the session of an annual meeting, to postpone the decision regarding the approval of the annual accounts by five weeks. This postponement does not affect the other decisions taken, unless the General Meeting decides otherwise. The next meeting has the right to definitively adopt the annual accounts.

The Board of Directors is also entitled to postpone any other General Meeting or any other item on the agenda of the annual meeting by five weeks during the session, unless this meeting is convened at the request of one or more shareholders who hold shares representing at least one-fifth of the share capital or by the statutory auditor(s).

#### **7.6.7 Voting rights**

Each share gives the right to one vote. Shareholders without voting rights, warrant holders and bond holders, if any, shall have the right to participate in the General Meeting with an advisory vote. In the cases provided for in article 7:57 BCCA, holders of shares without voting rights shall have ordinary voting rights.

With regard to the Company, the shares are indivisible. If a share is owned by several persons or if the rights attached to a share are divided among several persons, the Board of Directors may suspend the exercise of the rights attached thereto until one single person has been designated as the Company's shareholder. If a share is encumbered with usufruct, the exercise of the voting right attached to that share shall be exercised by the usufructuary, unless the bare owner and usufructuary jointly notify the Company to the contrary.

#### **7.6.8 Decision-making**

Unless otherwise required by mandatory provisions of law or the articles of association, resolutions shall be passed by a simple majority of the votes cast. Blank, void and invalid votes shall not be counted as votes cast. In the event of a tied vote, the proposal shall be rejected.

Voting shall be conducted on a show of hands or by roll call, unless the General Meeting decides otherwise by a simple majority of the votes cast.

The extraordinary General Meeting must be held in the presence of a notary who draws up an authentic record thereof.

The General Meeting may only validly deliberate and resolve on an amendment to the articles of

association if the shareholders present or represented in the meeting hold shares representing at least half of the share capital. If the aforementioned quorum is not reached, a new convocation pursuant to article 7:128 BCCA shall be required; the second meeting shall deliberate and decide in a valid manner irrespective of the part of the share capital present or represented. Moreover, an amendment of the articles of association is only adopted if it has been previously approved by the FSMA and if it has obtained three quarters of the votes corresponding to the shares present or represented (or any other special majority required by the BCCA).

In the event of amendment of the articles of association, or of a decision for which the law imposes at least the same majority requirement as for an amendment of the articles of association, and whereby the rights and obligations of a certain class of shareholders are affected, the majority requirements provided for by law must be met for each class of shareholder separately.

The General Meeting shall hear the annual report and the report of the statutory auditor(s) and shall decide by simple majority on the approval of the annual accounts.

After approval of the annual accounts, the General Meeting shall decide by simple majority, by separate vote, on the discharge to be granted to the directors and the statutory auditor(s). This discharge is only valid if the balance sheet does not contain any omissions or false indications that would conceal the actual state of affairs of the Company and, with regard to acts that are contrary to the articles of association, only if they were specifically mentioned in the convocation.

The General Meeting further decides, by separate vote, on the remuneration report. This vote is advisory.

The annual and semi-annual financial reports, the annual and semi-annual financial statements and the report of the statutory auditor, as well as the Company's articles of association, are available at the Company's registered office and can be consulted, for information purposes, on the Company's website.

On the proposal of the Board of Directors, the General Meeting shall decide by simple majority on the appropriation of the net profit calculated on the basis of article 13 of the B-REIT KB.

#### **7.6.9 Minutes**

Minutes shall be kept of each General Meeting. The minutes of the General Meeting shall be signed by the members of the bureau and by the shareholders who so request.

These minutes shall be kept in a special register. The proxies shall be attached to the minutes of the meeting for which they were given. The copies to be submitted in court or otherwise shall be signed by two directors or by a managing director.

More specifically, the minutes of the General Meetings shall state, for each resolution, the number of shares for which valid votes were cast, the percentage that these shares represent in the share capital, the total number of valid votes cast, and the number of votes cast for or against each resolution, as well as any abstentions. The results of the votes and the minutes of the General Meeting shall be published on the website of the Company as soon as possible and in any event within fifteen days after the meeting.

#### **7.7 Shareholder dialogue**

The Board of Directors encourages the shareholders to play an important role in the careful evaluation of the corporate governance of the Company.

The Board of Directors invites the shareholders to carefully consider the explanations given to deviate from the Corporate Governance Code and to make a reasoned judgment in all cases. The Board of Directors engages in a dialogue with the shareholders if, taking into account the size and complexity of the Company, as well as the nature of the risks and challenges it faces, they do not share the Company's view.



## **8 INTERNAL CONTROL**

### **8.1 General**

Internal control is a process having as objective the provision of reasonable assurance regarding the effectiveness and improvement of the Company's operations, the reliability and integrity of information, and compliance with policies, procedures, laws and regulations.

The "internal control" can be divided into three concrete pillars: internal audit (internal audit procedures & internal audit function), risk management (risk management policy & risk management function) and compliance (integrity policy & compliance function), whereby the "internal audit" should not only be filled in as a stand-alone third pillar, but also from a "transversal" role in relation to the other two pillars. The exercise of each of these functions, in cooperation with those responsible for the operational services, forms a "line of defence" against the risks incurred by the Company. In doing so, account is taken of the filling of the above functions in an appropriate and proportionate manner, each time depending on the nature, size and complexity of the Company's activities in terms of balance sheet and results as well as workforce.

The Company's CEO and CFO are responsible for the organisation of internal control under the supervision of the Company's Board of Directors.

#### **8.1.1 Internal control and risk management systems**

##### *Organisation of the Company*

The Company has had its own operational teams for quite some time now and, in the run-up to its licence as a B-REIT, has also expanded further in terms of in-house support. This further expansion of the Company and its operational activities was accompanied by a structured internal division of tasks. The Company is thus organised into various operational and support departments: management & business development, project management, commercial teams (own rental services), technical teams, investor relations, as well as legal services, accounting & finance, IT, HR and administrative support. Without prejudice to this further professionalisation, the size of the team remains relatively limited, as too heavy a structure would tend to be restrictive, given the nature and scope of the Company's activities, among other things. A certain flexibility, whereby some persons can stand in for others as back-up for certain tasks, depending on the urgencies of the moment, remains indispensable. However, responsibilities are strictly defined and, on the basis of a daily permanent consultation, current affairs are monitored.

##### *Organisation of internal control*

Periodic management and operational meetings are held to discuss the issues that need to be monitored as part of balanced risk awareness and management.

The audit committee of the Company (see in this respect also section 4.2) has in addition a specific task regarding the internal control, whereby it should evaluate the effectiveness of the systems of internal control of the first organisational level, as well as the effectiveness of risk management and compliance as second-line functions, concluding with the internal audit as third-line organisational structure. In this context, the audit committee is also charged with a.o.: (i) monitoring the financial reporting process; (ii) monitoring the statutory audit of the annual accounts and the consolidated annual accounts, including

follow-up of the questions and recommendations formulated by the statutory auditor; and (iii) assessing and monitoring the independence of the statutory auditor, with particular attention being paid to the provision of additional services to the Company. Prior to each semi-annual meeting of the Board of Directors, a semi-annual report shall be prepared and submitted by the statutory auditor to the audit committee.

#### *Risk analysis and control activities*

The audit committee regularly evaluates the risks to which the Company is exposed and takes the necessary decisions based on this evaluation (e.g., with regard to market developments (both in terms of real estate and rental potential), the determination of the financing and interest rate hedging strategy, the evaluation of tenant risks, etc.).

#### *Financial information and communication*

The process of preparing the financial information is structured on the basis of predetermined tasks to be performed and time schedules to be respected. The control environment of financial reporting consists of the following components:

- The finance and accounting team is responsible for preparing and reporting financial information.
- The Company uses a checklist containing an overview of all tasks to be carried out within the framework of the annual, half-yearly and quarterly closing of the Company's accounts (at entity level and at consolidated level). Each task is linked to a person responsible within the finance department and to a timing to be respected. Through this checklist, everyone in the finance department knows which tasks must be carried out and by when.
- The controller (i.e., the Finance Manager) is responsible for reviewing the financial information at entity level and for following up the auditors.
- The Finance & Reporting Director is responsible for the preparation of the consolidated figures (in consultation with the CFO) and the feedback of the financial information to the operational activities of the Company. The Finance & Reporting Director is also responsible for the preparation of all financial reports for the outside world as well as for the Executive Management and the Board of Directors.
- The Finance & Reporting Director analyses the figures each quarter and makes a comparison with the budget or forecast and with the figures from the previous quarter or with the previous year. This analysis is then discussed with the CFO.
- The CFO is responsible for the final review of the consolidated financial statements and ensures the proper application of the accounting policies.
- The CFO discusses the financial information at regular intervals with the CEO (as the person responsible for day-to-day policy) and with the other members of Executive Management.
- The CEO, CFO and other members of Executive Management and the Finance & Reporting Director have an in-depth discussion on a recurring basis in which the main financial issues are addressed.
- The Board of Directors, together with the CEO, CFO and other members of Executive Management, extensively reviews and discusses the financial reporting and forecasts on a quarterly basis and ensures the correct application of the valuation rules.

### 8.1.2 Parties involved in the evaluation of internal control

The quality of internal control is also assessed in the course of the financial year by:

- the statutory auditor: on the one hand in the context of the audit of the annual figures and the limited audit of the half-year figures, and on the other hand in the context of the annual review of the underlying processes and procedures. Based on the recommendations of the statutory auditor, processes are adjusted where necessary;
- The audit committee: as mentioned above, the audit committee, will have a specific role in the internal control and risk management of the Company;
- Internal audit: as mentioned below, the Company will appoint an internal auditor as a third-line function within the internal control structure;
- Real estate experts: the Company's real estate experts indirectly play an important role for internal control purposes, within the framework of the valuation of the Company's real estate;
- FSMA: As a listed company and a public B-REIT, the Company is subject to the supervision of the FSMA. In that context, a specific review of the financial information, among other things, is carried out; and
- the Compliance Officer.

### 8.1.3 Pillars of internal control

#### *Appropriate risk management function and policy*

The person in charge of the risk management function is responsible for, among other things, drawing up, monitoring, updating and implementing the risk management policy and procedures. The role of risk manager is assumed within the Company by the CFO.

The Risk Manager fulfils this role by analysing, on the basis of his position and operational experience, the risks facing the Company, both at regular intervals and on an ad hoc basis. Concrete advice can be formulated for the other departments of the Company on the basis of this analysis. The Risk Manager reports on this on a frequent basis to the other effective leader of the Company, and at least once a year the Risk Manager discusses the main developments in the field of risks with the audit committee.

It should be noted that risk management is an integral part of the way the Company is run, throughout its operational, technical, financial and legal activities. This ranges from daily financial and operational management, constant internal consultation and, where necessary, with external advisors, optimal application of the "four eyes" principle, analysis of new investment files, due diligence procedures, formulation of the strategy and objectives, to the embedding of rigorous decision-making procedures. Therefore, risk management is the responsibility of the entire team, i.e., across all layers of the organisation, albeit at each level with different responsibilities.

### *Appropriate independent internal audit function*

Internal audit can be understood as an independent assessment function, embedded in the organisation, aimed at examining and assessing the proper functioning, effectiveness and efficiency of the internal (control) processes/procedures used by the Company, including the compliance function and the risk management function. Internal audit relates to, inter alia, the operation, effectiveness and efficiency of processes, procedures and activities concerning: (i) operational matters (quality and suitability of systems and procedures, organisational structures, policies and methods and means used in relation to objectives); (ii) financial matters (reliability of the accounts, the financial statements and the financial reporting process, and compliance with applicable (accounting) regulations); (iii) management matters (quality of the management function and staff services in the context of the Company's objectives); and (iv) risk management and compliance.

### *Appropriate independent compliance function and integrity policy*

The "independent compliance function" is defined as an independent function within an organisation, aimed at investigating and promoting the Company's compliance with the laws, regulations and rules of conduct applicable to the Company and, in particular, the rules relating to the integrity of the Company's activities. The rules include those arising from the Company's policy, the Company's statute, as well as other legal and regulatory provisions. In other words, they are part of the corporate culture, emphasising honesty and integrity, adherence to high ethical standards in doing business, and compliance with the regulations applicable to the Company. In doing so, both the Company (in this case a B-REIT) and its employees must behave with integrity, i.e., honestly, reliably and credibly.

The person in charge of the compliance function is responsible for preparing and testing recommendations. The compliance officer has been appointed for an indefinite period of time. The work area of the compliance function includes in particular supervising compliance with the applicable rules (i) on conflicts of interest, (ii) on incompatibility of mandates (e.g., for the assessment of the independence of directors), (ii) laid down in the (possible) deontological code of the Company, and (iii) on market abuse (insider trading and market manipulation). The effective leaders determine (on a regular basis) which other domains and activities should be part of the work areas of the compliance function. It does so on the basis of a risk analysis and in consultation with the Board of Directors, taking into account the specific characteristics of the enterprise.

## **8.2 Integrity policy**

In accordance with article 17 § 6 of the B-REIT Law, the integrity policy of Xior is explained below. The integrity policy will be updated on a regular basis.

### **(i) Rules of conduct concerning financial transactions**

Please refer to the Dealing Code which is available on the Xior website ([www.xior.be](http://www.xior.be)).

(ii) Conflicts of interest

*Conflicts of interest of directors*

The legal regulation on conflicts of interest for directors (article 7:96 BCCA) is in principle applicable to decisions or transactions that belong to the competence of the Board of Directors in case a director has a direct or indirect financial interest that is in conflict with a decision or transaction that belongs to the competence of the Board of Directors.

Pursuant to these rules, directors must notify the other directors before a decision is taken. During the discussion of the agenda item concerned, they must leave the meeting. They may not participate in the deliberation and the vote concerning this agenda item. This declaration, as well as the justification of the aforementioned conflict of interest, must be included in the minutes of the Board of Directors that must take the decision. The Board of Directors may not delegate this decision. The Board of Directors shall describe in the minutes the nature of the decision or transaction described in the preceding paragraph and the financial consequences thereof for the Company, and shall justify the decision taken. This part of the minutes shall be included in full in the annual report or in a document published together with the annual accounts. If the Company has appointed one or more statutory auditors, the director concerned must also inform such statutory auditors of the conflict of interest.

*Conflicts of interest concerning transactions with affiliated companies*

The Company must also comply with the procedure of article 7:97 BCCA if it takes a decision or performs a transaction that relates to a natural or legal person who is affiliated with that listed company but is not a subsidiary of it.

*Functional conflicts of interest*

The provisions of articles 37 and 38 of the B-REIT Law are also applicable to Xior. Article 37 of the B-REIT Law contains a functional conflict of interests rule which stipulates that the public B-REIT must inform the FSMA whenever certain persons connected with the public B-REIT (listed in the same article, including, among others, the directors, the persons controlling the B-REIT, the promotor and the other shareholders of companies belonging to the same group of the public B-REIT) act, directly or indirectly, as counterparty in, or derive any capital gain from, a transaction with the public B-REIT or one of the companies belonging to the same group. The notification to the FSMA must demonstrate the importance of the planned transaction for the Company and that it is part of the Company's strategy. Article 38 of the B-REIT Law provides for a number of exceptions in which the provisions of article 37 of the B-REIT Law do not apply.

Transactions involving a functional conflict of interest shall be conducted under normal market conditions. When such a transaction involves real estate, the valuation of the real estate expert shall be binding as a minimum price (in case of sale by the B-REIT) or as a maximum price (in case of purchase by the B-REIT).

Such transactions, as well as the data to be reported, shall be immediately disclosed (without prejudice to insider trading rules). They shall be explained in the annual financial report and in the statutory auditor's report.

In addition to these provisions of the B-REIT Law, Xior also imposes on each member of the Board of

Directors and of the Executive Management that he or she must try to avoid the occurrence of conflicts of interest as much as possible.

In addition, Xior voluntarily applies a stricter policy on conflicts of interest, with respect to matters that fall within the competence of the Board of Directors or Executive Management.

More specifically, there is a functional conflict of interest on the part of a member of the Board of Directors or Executive Management when:

- one of the close relatives of the member concerned has a financial interest that is contrary to a decision or transaction that falls within the competence of the Board of Directors or the Executive Management;
- a company which is not part of the group and in which the member or one of his or her close relatives holds a board or executive management position, has a financial interest that is contrary to a decision or transaction that falls within the competence of the Board of Directors or the Executive Management.

When such a functional conflict of interest arises, the following procedure applies. The member concerned shall inform his or her colleagues. They will then decide whether or not the member concerned can vote on the matter to which the conflict of interest relates and whether or not he or she can take part in the discussion of this matter.

#### *Corporate opportunities*

Since the directors of the Company are appointed on the basis of their competences and experience in real estate and other related fields of expertise, it is possible that they hold directorships in other real estate companies or in companies that control real estate companies, or that they perform real estate activities as natural persons.

It may happen that a transaction submitted to the Board of Directors (for example, the purchase of a building in the context of an auction) may arouse the interest of another company in which a director holds an office. For such cases, which can sometimes lead to conflicts of interest, Xior has decided to apply a procedure that is to some extent similar to the one provided for in article 7:96 BCCA regarding conflicts of interest.

The director concerned shall report the existence of such a situation to the Chairperson.

Once the risk has been identified, the director concerned and the Chairperson or the CEO jointly examine whether the general *ad hoc* "Chinese Walls" procedures applied within Xior allow the director concerned to be considered able to participate, without challenge and under his or her own responsibility, in the relevant discussions of the Board of Directors. If such procedures have not been put in place or if the director concerned or the Board of Directors considers that it is nevertheless appropriate for the director concerned to abstain, the latter shall withdraw from the deliberation and decision-making process concerning the transaction; preparatory notes shall not be sent to him and he shall remove himself from the meeting of the Board of Directors as soon as the item in question has been discussed. Compliance with this procedure does not, of course, release the director concerned from his obligation of confidentiality with regard to Xior.

The minutes of the Board of Directors shall record in general terms compliance with this procedure or shall explain in general terms the reasons why it was not applied. Once the risk no longer exists, this procedure shall no longer apply.

(iii) Misuse of corporate assets and bribery

As stipulated in article 492bis of the Penal Code, the directors of Xior are forbidden to make use of the assets or credit of Xior for personal, direct or indirect purposes. Moreover, they may only make use of them insofar as they are legally authorised to do so (which is also ensured by the fact that only a limited number of people have access to the accounts; payments must be approved, etc.).

The directors, Executive Management and staff of Xior also undertake not to accept any advantage in the form of gifts or entertainment from the hands of customers or suppliers, except where compatible with normal and accepted business ethics.

Directors, executive managers or members of staff who have doubts as to whether a certain act falls under the notion of misuse of corporate assets or bribery must seek prior authorisation from the Compliance Officer. Of course, such authorisation may not exempt them from criminal liability.