



Public real estate investment company

**CORPORATE GOVERNANCE CHARTER**

(most recently updated and approved by the board of directors on 17 February 2023, effective on  
1 April 2023)

## Table of contents

1	Introduction.....	3
2	Governance structure: general overview .....	4
3	Board of directors: internal rules .....	4
3.1	Responsibilities.....	4
3.1.1	The policy function of the board of directors .....	4
3.1.2	The supervisory function of the board of directors .....	6
3.2	Composition of the board of directors .....	6
3.2.1	Number of directors .....	6
3.2.2	Chairman .....	7
3.2.3	Non-executive directors .....	8
3.2.4	Independent directors .....	8
3.2.5	Managing director (“CEO”) .....	9
3.2.6	Distribution of responsibilities of the Chairman and the CEO .....	10
3.3	Nomination and appointment of candidate directors .....	10
3.3.1	General .....	10
3.3.2	Non-executive directors .....	11
3.3.3	Chair and CEO .....	11
3.4	Term of directorships .....	12
3.5	Integrity and dedication of the directors and the members of the Management Committee .....	12
3.6	Operation of the board of directors.....	12
3.6.1	Planning and agenda items of the meetings of the board of directors .....	12
3.6.2	Meeting of the non-executive directors.....	13
3.6.3	Invitation to the meeting and prior dissemination of the documents .....	13
3.6.4	Quorum and deliberation .....	13
3.6.5	Minutes .....	14
3.7	Evaluation of performance.....	14
3.8	Secretary .....	15
4	Specialised committees: internal rules.....	15
4.1	General principles.....	15
4.2	Audit committee .....	15
4.2.1	General .....	15
4.2.2	Responsibilities .....	15
4.2.3	Composition .....	19
4.2.4	Operation .....	19
4.3	Remuneration and nomination committee.....	19
4.3.1	General .....	19
4.3.2	Responsibilities.....	19
4.3.3	Composition.....	20
4.3.4	Operation .....	21
4.4	Investment committee .....	22
4.4.1	General .....	22
4.4.2	Responsibilities .....	22
4.4.3	Composition.....	22
4.4.4	Role of the chairperson .....	23
4.4.5	Operation .....	23
5	Management Committee (internal rules of the Management Committee) .....	24
5.1	General .....	24
5.2	Responsibilities.....	24
5.3	Composition.....	26
5.4	Activity report.....	26
5.5	Operation .....	26
5.6	Compliance with the Corporate Governance rules.....	27
5.7	Conflicts of interests and duties.....	27
5.8	Transactions relating to the Company’s securities .....	28
5.9	Determination of objectives, performance assessment and remuneration .....	28
5.10	Representation of the Company.....	28

6	Remuneration policy.....	29
6.1	General .....	29
6.2	Remuneration report.....	29
6.3	Remuneration of non-executive directors and Chairman .....	31
6.4	Remuneration of executive directors and members of the Management Committee .....	31
6.5	Severance pay.....	33
6.6	Specific rules relating to remuneration under the REIT Act .....	33
7	Dialogue with the shareholders.....	34
7.1	Shareholder structure .....	34
7.2	Relations between shareholders .....	34
7.3	Relations with the most important shareholders .....	34
7.4	Communication with shareholders .....	34
7.5	Shareholders' meetings.....	35
7.6	Investors .....	36
8	Internal control.....	36
8.1	General .....	36
8.2	Appropriate risk management policy .....	37
8.3	Integrity policy .....	37
8.3.1	Prevention of insider trading .....	37
8.3.2	Internal procedure for reporting infringements – Whistle-blower policy .....	38
8.3.3	Conflicts of interests and incompatibility of mandates.....	38
8.3.4	Non-corruption .....	39
8.3.5	Professional secrecy.....	39
8.3.6	Political activities.....	39
8.4	Independent supervisory functions.....	39
8.4.1	Risk management function .....	39
8.4.2	Independent compliance function .....	39
8.4.3	Independent internal audit function .....	39
8.5	Internal audit functions within Retail Warehousing Invest.....	40

## 1 Introduction

Retail Estates is a real estate investment trust within the meaning of the Belgian Act of 12 May 2014 on regulated real estate investment trusts (the “**REIT Act**”) and the Belgian Royal Decree of 13 July 2014 on real estate investment trusts (the “**REIT Royal Decree**”) (hereinafter together with the REIT Act referred to as the “**REIT legislation**”), which has assumed the legal form of a company limited by shares under Belgian law (“*naamloze vennootschap*”, abbreviated to “NV”). Its registered office is located at Industrielaan 6, 1740 Ternat (hereinafter referred to as “**Retail Estates**” or the “**Company**”). It is a listed company within the meaning of article 1:11 of the Code of Companies and Associations (the “**CCA**”) and its shares are listed on the regulated markets of Euronext Brussels and Euronext Amsterdam.

On the basis of and within the limits of article 2:31 CCA, the Company can be contacted at the following email address: [investorrelations@retailestates.com](mailto:investorrelations@retailestates.com).

This Corporate Governance Charter (the “**Charter**”) was drawn up by the board of directors of Retail Estates. The board of directors revises the Charter at regular intervals and introduces any amendments it considers necessary and appropriate. This revised version of the Charter was approved on 14 February 2023 and has taken effect on 1 April 2023.

Retail Estates makes every effort to comply with the corporate governance principles as set out in the 2020 Belgian Code on Corporate Governance, without prejudice to the applicable legal provisions (in particular the CCA and the REIT legislation) and the Company’s articles of association.

Any changes to the law or the articles of association will, if necessary, result in an amendment to (the relevant provisions of) this Charter so that it complies with the legal and statutory provisions.

In addition, the board of directors has approved (i) the “*Dealing Code to prevent the misuse of insider information and market abuse*” (the “**Dealing Code**”), (ii) the “*internal procedure for reporting infringements*” (the “**Whistle-blower Policy**”) and (iii) the “*Code of conduct*” (the “**Code of Conduct**”).

The Charter, the Dealing Code, the Whistle-blower Policy and the Code of Conduct can be consulted on the Retail Estates website ([www.retailestates.com](http://www.retailestates.com)).

Additional factual information about the corporate governance policy of the Company and corporate governance events that occurred during a particular year can be found in the corporate governance statement that the Company includes in its annual report (the “**Corporate Governance Statement**”) in accordance with Article 3:6 § 2 of the CCA and the provisions of the Corporate Governance Code.

The Company expressly states that it uses the 2020 Belgian Code of Corporate Governance (the “**Corporate Governance Code**”) as a reference. The Corporate Governance Code is available on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). If the Company deems it appropriate to deviate from one or several provisions of the Corporate Governance Code, it will explain the reasons in the Corporate Governance Statement (“comply or explain” principle).

## **2 Governance structure: general overview**

The Company has opted for a one-tier board system and is managed by a board of directors acting as a collegiate body. In accordance with Article 7:93 § 1 of the CCA, the board of directors is empowered to do and perform whatever shall be necessary or useful to realise the purpose of the Company, except for the powers reserved to the shareholders' meeting by law. Any division of duties between the directors among themselves may never be enforced against third parties, even if this division was made public.

The Company's daily management is entrusted to the CEO. The board of directors appointed a secretary, whose responsibilities are specified in article 3.8 of this Charter. In addition, the board of directors set up a Management Committee, the operation, responsibilities and composition of which are specified in article 5 of this Charter. Finally, the board of directors also set up an audit committee, a remuneration and nomination committee and an investment committee from among its members, the operation, responsibilities and composition of which are specified in articles 4.2, 4.3 and 4.4 of this Charter respectively.

The responsibilities, duties, composition and operation of the board of directors are laid down in the provisions of its internal rules in this Charter, which must be read together with the relevant provisions of the Company's articles of association.

## **3 Board of directors: internal rules**

### **3.1 Responsibilities**

The board of directors seeks to ensure the long-term success of the Company by guaranteeing entrepreneurial leadership while assessing and managing the risks of the Company within a framework of efficient and effective controls.

The board of directors is accountable to the shareholders for the performance of its responsibilities.

#### **3.1.1 The policy function of the board of directors**

The board of directors decides on the Company's values and strategy, its willingness to take risks and the main policy lines, and ensures that the Company's obligations to all its shareholders are clear and that they are met, taking into account the interests of the other stakeholders.

The board of directors can set up advisory committees from among its members, and determine the composition, powers and obligations of these committees, with due observance of the applicable regulations. In this context, the board of directors decides on the structure of the audit committee, the remuneration and nomination committee and the investment committee, determines the powers and obligations of the audit committee, the remuneration and nomination committee and the investment committee, and ensures that the necessary financial and human resources are available for the Company to achieve its objectives.

The board of directors delegated the daily management to the CEO. The board of directors also set up a Management Committee, to which it can delegate certain tasks. The board of directors decides on the structure and composition of the Management Committee and determines its powers and obligations. The board of directors will support the Management Committee in the performance of its duties and will constructively challenge the Management Committee whenever appropriate.

When converting values and strategies into the main 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 in particular has the following functions and responsibilities:

Real estate policy

- the decision to acquire or dispose of a (real right on) immovable property or, more generally, real estate within the meaning of the REIT legislation, including determining the value of the real estate, the method of determining the share price based on the report drawn up by real estate experts within the limits of the REIT legislation, the transaction structure and guarantees required to respond to any comments made by Company advisers in the context of the due diligence process;
- determining the appropriate policy on insurance to be applied;
- determining the renovation policy, maintenance and improvement work to be carried out at the retail parks;
- appointing a real estate expert and following up their reporting;
- defining a quarterly reporting system for executive management concerning leases, occupancy rate, debt collection, disputes;
- the decision to (re)develop property purchased or to be purchased into a retail building, for the account of the REIT.

Financing policy

- short-term and long-term financing of the Company's activities, concerning both the duration of the credit and the interest risk;
- determining the choice of financial institution;
- ensuring the final approval of credit applications, including the provisions regarding guarantees and possible covenants;
- determining debt management policy.

Personnel policy

- determining the human resources budget and the remuneration policy to be applied (distribution of fixed and variable remuneration - distribution of salaries, in-kind remuneration);
- handling the dismissal and appointment of executive management, their remuneration and contractual arrangements;
- drawing up the organisational chart and recruitment and outsourcing policy;

Financial reporting

- establishing the valuation rules.

Other

- determining the choice of advisers;

- in general, dealing with all topics covered by its legal powers.

### **3.1.2 The supervisory function of the board of directors**

The board of directors assesses the performance of the Management Committee and the achievement of the company's strategy at least each year and generally each quarter.

With regard to its supervisory function, the board of directors in particular has the following functions and responsibilities:

- monitoring and assessing the effectiveness of the advisory committees set up by the board of directors from among its members and of the Management Committee;
- taking the necessary steps to ensure the integrity and timely disclosure of the financial statements and other material financial and non-financial information communicated to shareholders and the market;
- approval of a reference framework for the management structure and the administrative, accounting, financial and technical organisation, including the internal control as intended by the REIT Act (internal audit, risk management and compliance (including integrity policy), drawn up by the Management Committee. In the implementation of its internal control process, the Company has used the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) as a reference framework;
- assessing the implementation of the aforementioned reference framework, taking into account the judgement of the audit committee;
- the selection of the auditor and real estate experts, taking cognisance of their reports and remarks, and acquiring adequate information on any comments or reservations, and evaluating the performance by the Statutory Auditor and managers of internal control functions;
- overseeing compliance with legal, regulatory and contractual requirements regarding the Company's operation and its long-term obligations; and
- describing and disclosing the key 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**

In accordance with Article [10] of its articles of association, the Company is managed by a board of directors consisting of at least three directors. In order to ensure the efficient operation of the board of directors, the aim is to limit the number of members of the board of directors to 12.

The composition of the board of directors must ensure that the decisions taken are in the interest of the company. This composition is determined on the basis of gender diversity and diversity in general as well as complementarity with respect to skills, experience and knowledge. It is of particular importance to have a proportionate representation of directors who are well versed in the management of retail properties of the type in which the Company invests and/or have experience in the financial

aspects, in particular reporting and/or financing, of a company and/or have experience in the management of a real estate company and real estate investment trust in particular and/or in policy-making in listed companies. The Corporate Governance Statement contains a list of the members of the board of directors.

The board of directors ensures that no individual or no group of directors can dominate the decision-making process, and that none of the directors has excessive decision-making power.

The composition of the board of directors is characterised by a balanced representation between executive, independent non-executive, and other non-executive directors. At least half of the board of directors consists of non-executive directors, and at least three of them are independent within the meaning of Article 7:87 of the CCA and of article 3.5 of the Corporate Governance Code. As article 13 of the REIT-Act refers to article 526ter of the (old) Belgian Companies Code, at least three directors of the Company must also be independent within the meaning of article 526ter of the (old) Belgian Companies Code. The list of directors included in the Corporate Governance Statement states which directors are independent.

The directors, effective leaders and managers for the independent control functions may only be natural persons in accordance with the REIT legislation. As a rule, the Company appoints the CEO and the CFO of the Company as effective leaders.

### **3.2.2 Chairman**

The chairman of the board of directors (the “**Chairman**”) is responsible for leading the board of directors. More specifically, he sees to it that the board is well-organised, works efficiently and fulfils its obligations and responsibilities.

The Chairman is responsible for establishing a climate of trust within the board of directors that contributes to open discussion, constructive criticism and support for the decisions taken by the board.

The Chairman will set the agenda of the meetings - after consultation with the CEO - and ensure that the procedures for the preparation, deliberation and approval of resolutions, and the implementation of resolutions, are correct.

The Chairman, assisted by the secretary, is responsible for the appropriate dissemination of information within the board, by monitoring the accuracy and availability of the documents. In this regard, all directors will receive the same information. Furthermore, during the meetings, the Chairman must ensure that sufficient time is spent to study all dossiers in a serious and thorough way.

The Chairman ensures that all directors can contribute to the discussions in the board of directors in full knowledge of the facts, and that there is sufficient time for consideration and discussion before making a decision.

The Chairman acts as an intermediary and facilitator between the board of directors and the CEO. The Chairman encourages effective interaction between the board of directors and the Management Committee. The Chairman maintains close relationships with the CEO and gives support and advice, with respect for the CEO's responsibility.

The Chairman leads the Shareholders' Meeting and answers any questions the shareholders may have at this meeting. The Chairman will be the first point of contact of the shareholders.



The Chairman may be assisted in the performance of his/her duties by the Company's secretary, and conduct an investigation if necessary. The Chairman has the resources necessary for this, has access to all information, including confidential or commercially sensitive data, and may, at the expense of the Company, request the advice of internal and external experts.

The Chairman ensures that the newly appointed directors receive appropriate initial training in line with their role, including an update of the legal and the regulatory environment, so that they can contribute quickly to the operations of the board of directors. For directors who become members of a committee of the board of directors, the initial training includes a description of the specific role and tasks of this committee, as well as any other information related to the specific role of the committee concerned.

With a view to exercising the above-mentioned tasks, the Chairman is fully committed to the exercise of his responsibilities and will free up at least 4 days a month for the performance of his/her mandate.

### **3.2.3 Non-executive directors**

The non-executive directors are all members of the board who do not perform executive tasks within the Company.

They are in particular responsible for:

- critically and constructively reviewing the strategies and general policy guidelines as proposed by the Management Committee, and assisting in their further development;
- evaluating the performance of the Management Committee concerning the achievement of the agreed objectives;
- ensuring the integrity of financial information and that the financial control and risk management systems are strong and adequate.

### **3.2.4 Independent directors**

The directors undertake to act under all circumstances in the company's interests and to maintain their independence in judgements, decisions and transactions.

The board of directors consists of at least three independent directors within the meaning of article 7:87 of the CCA, article 3.5 of the Corporate Governance Code and, as the REIT Act refers to article 526ter of the (old) Belgian Companies Code, this article 526ter of the (old) Belgian Companies Code.

During the process of appointing an independent director, the board of directors more specifically shall examine whether the candidate meets the following criteria:

1. not be a member of the executive management or hold a position as a person in charge of the day-to-day management of the company or a company or person affiliated with the company, and not have held such a position during the three years prior to their appointment. Alternatively, no longer enjoy share options of the company related to such position;
2. not have served for a total term of more than 12 years as a non-executive director;

3. not be part of the senior management (as defined in article 19, 2° of the Belgian Act of 20 September 1948 regarding the organisation of business) of the company or a company or person affiliated with the company, and not have held such a position for the three years prior to their appointment. Alternatively, no longer enjoy share options of the company related to such position;
4. not receive or have received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a proprietary nature from the company or a company or person affiliated with the company, other than any fee they receive or have received as non-executive director;
5. a. not hold, either directly or indirectly, either alone or acting in concert, any shares representing in total one tenth or more of the company's capital or one tenth of more of the voting rights in the company at the moment of the appointment;  
b. in no event have been nominated by a shareholder meeting the conditions described under (a);
6. not have or have had in the year prior to their appointment, a significant business relationship with the company or a company or person affiliated with the company, either directly or as a partner, shareholder, member of the board of directors or member of the senior management (as defined in article 19, 2° of the above-mentioned Belgian Act of 20 September 1948 regarding the organisation of business) of a company or person who maintains such a relationship;
7. not be or have been within the last three years prior to their appointment, a partner or member of the audit team of the company or the person who is, or has been within the last three years prior to the appointment the statutory auditor of the company or an affiliated company or person;
8. not be a member of the executive management of another company in which a member of the executive management of the company is a non-executive director, and not have other significant links with executive directors of the company through involvement in other companies or bodies;
9. not have, in the company or an affiliated company or person, a spouse, legally cohabiting partner or relative by blood or marriage up to the second degree, holding a position as director or member of the executive management or person in charge of the day-to-day management or member of the senior management (as defined in article 19, 2° of the Act of 20 September 1948 relating to the organisation of business) or falling under one of the other circumstances referred to in 1. to 8. above and, as regards 2., up to three years after the relative concerned terminated their last term of office.

Each independent director who no longer meets the independence requirements shall immediately inform the board of directors of this fact.

### **3.2.5 Managing director ("CEO")**

Finally, the board of directors also consists of the person in charge of the day-to-day management of the Company.

The managing director, supported by the Management Committee (see Section 4), is responsible for the executive management.

### **3.2.6 Distribution of responsibilities of the Chairman and the CEO**

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

The Chairman is responsible for organising, leading and informing the board of directors.

The CEO handles the executive management function. He/she is responsible for the operational tasks related to the management of the real estate portfolio. The operational tasks include: personnel policy, the operation of the headquarters and management of the operating corporate costs, the provision of the real estate; prospecting for investments and projects and handling the associated due diligence as well as the payments and cash management.

The positions of Chairman of the board of directors and that of CEO may not be held by one and the same person.

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

### **3.3.1 General**

The shareholders' meeting appoints the directors from the list of candidate directors nominated by the board of directors on the recommendation of the remuneration and nomination committee.

All members of the board of directors are authorised to propose possible candidate directors to the board of directors. The board of directors indicates by separate resolution, on the recommendation of the remuneration and nomination committee, the candidate directors whom it wishes to propose to the shareholders' meeting. The board of directors also suggests that the shareholders' meeting votes separately about all proposed appointments.

If a director's position mandate becomes vacant, the remaining directors are authorised to temporarily fill this vacancy until a final decision is taken by the (next) shareholders' meeting, in accordance with the provisions of article 7:88 CCA and article [10] of the articles of association.

All appointments and reappointments of directors are made in a transparent manner based on merits and objective criteria.

In accordance with the relevant provisions of the REIT legislation, the members of the board of directors must always have the professional integrity and appropriate expertise required for the performance of their duties.

For each new appointment in the board of directors, an assessment is made of the needs of the Company, the skills, knowledge and experience already present and required in the board. In light of this assessment, a description of the required role, skills, knowledge and experience and competences is drawn up (also called a 'profile').

The candidates will then be thoroughly assessed to see if their skills, knowledge and experience are in line with the board of directors' predetermined profile.

In the event of a first appointment, the Chair shall ensure that the board of directors - before considering the approval of the candidature - has sufficient information about the candidate, such as the curriculum vitae, the assessment of the candidacy on the basis of an initial interview, a list of positions already held by the candidate and, if necessary, any other information required to evaluate the candidate's independence.

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

For each appointment of a director, the board of directors, in consultation with the candidate director and under the leadership of the Chairman, examines the extent to which an introduction and information procedure is put in place so that the candidate-director is able to make an effective contribution to the board of directors.

The introduction process shall help the director to gain insight into the fundamental aspects of the company, including its governance, strategy, general policies, financial and strategic challenges. In addition, the introductory programme shall advise the director concerning his/her rights and duties as director.

Each proposal to appoint a director by the shareholders' meeting shall be accompanied by a recommendation by the board of directors based on the recommendation of the remuneration and nomination committee. This provision also applies to proposals for appointment made by shareholders. The proposal mentions the proposed duration of the mandate and is accompanied by relevant information about the professional qualifications of the candidate, together with a list of the positions that the candidate already holds. The board of directors indicates which candidates meet the independence criteria of article 7:87 of the CCA, article 3.5 of the Corporate Governance Code and, as article 13 of the REIT Act refers to article 526ter of the (old) Belgian Companies Code, this article 526ter of the (old) Belgian Companies Code.

The board indicates whether the candidate meets the independence criteria. Without prejudice to the applicable legal provisions, proposals for appointment of a candidate director shall be announced at the latest 30 days before the shareholders' meeting, together with any other agenda items.

### **3.3.2 Non-executive directors**

Non-executive directors shall be fully informed of the extent of their duties when they are candidates, mainly regarding the time required for the performance of their mandate. They may not consider holding more than 5 directorships in listed non-affiliated companies. Any changes to their other relevant commitments and new commitments outside the Company shall be reported to the Chair of the board of directors at the appropriate time.

### **3.3.3 Chair and CEO**

The board of directors appoints and dismisses the CEO.

The board of directors appoints its Chair based on his/her knowledge, expertise, experience and mediation skills. The Chair will be a person trusted for their professionalism, independence of mind, coaching capabilities, ability to build consensus, and communication and meeting management skills

The board shall ensure that, when considering nominating the former CEO as a board member, the necessary safeguards are in place so that the new CEO has the required

autonomy within the context of a transition plan to be drawn up. In addition, if the board of directors considers appointing a former CEO as Chair, the advantages and disadvantages of such a decision must be carefully weighed and the Corporate Governance Statement will state why such an appointment is in the best interest of the Company.

### **3.4 Term of directorships**

In accordance with the Company's articles of association and the provisions of the Corporate Governance Code, the directors are appointed for a period of 4 years.

The mandate of executive directors expires at the annual shareholders' meeting following the date on which the director concerned reaches the age of 65, except in special cases.

Non-executive directors will resign their mandate at the annual shareholders' meeting following the date on which they reach the age of 70, except in special cases.

### **3.5 Integrity and dedication of the directors and the members of the Management Committee**

For all directors, both executive and non-executive, and for the latter regardless of whether they are independent or not, it is necessary that they engage actively in their duties and should be able to make their own sound, objective and independent judgements when discharging their responsibilities. Acting with independence of mind includes developing a personal conviction and having the courage to act accordingly by assessing and challenging the views of other directors, by interrogating the members of the executive management when appropriate in the light of the issues and risks involved, and by being able to resist group pressure.

The directors shall ensure that they receive detailed and accurate information that they study in detail in order to have and maintain a thorough knowledge of the main aspects of the business activity. They shall ask for clarification whenever they consider it necessary.

Although they are part of the same collegiate body, executive and non-executive directors each fulfil their specific and complementary role in the board of directors.

The directors shall use the information they acquire in their capacity as directors only in the context of their mandate. Directors shall handle the confidential information received in their capacity as director with utmost care. The directors shall communicate to the board of directors any information in their possession that could be relevant to the board's decision-making. In case of sensitive or confidential information, the directors shall consult the Chairman.

In the performance of their duties, the directors shall demonstrate the greatest personal and professional integrity and honesty.

To the extent relevant, these provisions are mutatis mutandis applicable to the members of the Management Committee.

### **3.6 Operation of the board of directors**

#### **3.6.1 Planning and agenda items of the meetings of the board of directors**

At the start of the financial year, the Chairman, in consultation with the CEO, shall draw up a schedule of meetings of the board of directors for the following year. He/She will submit this schedule for approval to the board of directors.

The board of directors shall meet at least 4 times a year, and at least often enough to be able to effectively assume its responsibilities. The Chairman may convene other meetings whenever the interests of the Company so require or at the request of at least 2 directors or the CEO. The number of meetings of the board of directors and its

committees, as well as the individual level of attendance of the directors at these meetings, shall be disclosed in the Corporate Governance Statement.

Meetings of the board of directors may validly be held by videoconference or conference call. Unless stipulated otherwise, the meeting is deemed to be held at the Company's registered office.

In consultation with the CEO, the Chair shall determine the agenda items of each meeting of the board of directors. During the meeting, the board of directors may decide to place an additional item on the agenda provided that all members are present and agree with this change of the agenda. If the submitted item requires too much preparation, any director may object to the discussion of this item if no sufficient guarantees are provided.

Any director may, by letter, fax, email or any other written means, give a proxy to another member of the board to represent him or her at a given meeting. No member of the board may represent more than three other directors.

The board of directors may invite to its meetings anyone whose attendance is considered useful.

The directors have access to independent professional advice at the Company's expense, in accordance with the procedures laid down by the Company.

The Statutory Auditor may send a motivated request to the CEO or the Chair to attend a meeting of the board of directors. The Chair must immediately inform the other members of the board of directors of this. The board of directors decides whether or not to meet this request and informs the Statutory Auditor accordingly.

If the Chairman is absent or has a conflict of interest, the other directors designate one of them to chair the meeting.

### **3.6.2 Meeting of the non-executive directors**

The non-executive directors meet at least once a year in the absence of the CEO and the other members of the executive management.

### **3.6.3 Invitation to the meeting and prior dissemination of the documents**

Notices of meetings shall indicate the place, date, time and agenda of the meeting and shall be sent by regular mail or email at the latest 24 hours prior to the meeting. In exceptional circumstances, when the above-mentioned convening deadlines cannot be met, the time periods may be shortened. If necessary, notice may be given by telephone, in addition to the above-mentioned means.

All important information needed by the directors for the proper understanding of the topics discussed at the meeting, as well as the draft of the minutes of the previous meeting, shall be delivered to each director in writing 24 hours before the meeting.

### **3.6.4 Quorum and deliberation**

Pursuant to Article 11 of the articles of association, the board of directors may, except in case of force majeure, only validly deliberate and decide if at least half of its members are present or represented. If this condition is not met, a new meeting may be convened, which may validly deliberate and decide on the items on the agenda of the previous meeting if at least two directors are present or represented.

Board decisions shall be approved by a simple majority of votes cast by those directors who are present or represented or, in the event of one or more of them having abstained, by a majority of the other directors. In the event of a tie, the director chairing the meeting shall cast the deciding vote.

Board decisions can be taken by unanimous written agreement between the directors.

### **3.6.5 Minutes**

The decisions of the board of directors are recorded in minutes.

The minutes will be prepared by the CEO after each meeting. They will be delivered to each director in writing 24 hours before the next meeting, unless urgency requires a shorter period.

The minutes of the meeting summarize the discussions, specify the decision taken and note diverging views expressed and any reservations made by specific directors, unless a consensus can be reached. The names of the interveners are only recorded if specifically requested by them. If directors make reservations although a consensus has been reached, their names are included in the reservations.

After approval, the minutes are signed by the chairman of the meeting, the secretary if any, and the members who wish to do so.

Without prejudice to the legal provisions in this regard, the minutes shall be confidential unless the board of directors expressly decides otherwise for all or part of the minutes. They are kept by the CEO.

### **3.7 Evaluation of performance**

The board of directors is responsible for the quality of its performance. Individual directors must continue to improve their skills and knowledge about the Company in order to fulfil their role in the board of directors and in the committees of the board. The Company shall provide the means required for this purpose.

In order to continually improve the effectiveness of the board of directors, the board of directors, under the leadership of the Chairman, shall systematically and regularly (at least every 2 to 3 years for example) evaluate its size and composition, its performance and that of its committees, as well as its interaction with the Management Committee. The evaluation shall be carried out through a formal process, whether or not externally facilitated, in accordance with a methodology approved by the board of directors.

The non-executive directors shall regularly (preferably once a year) evaluate their interaction with the Management Committee, in the absence of the CEO and other executive directors.

The actual contribution of each director shall be evaluated periodically, and in any case at the end of the director's term, in order to be able to adapt the composition of the board of directors – taking into account changing circumstances.

The board of directors shall act on the basis of the results of the evaluation by identifying its strengths and addressing its weaknesses. Where appropriate this implies that new members are appointed, that it can be proposed that existing members won't be reappointed, or that measures are taken that are deemed useful for the efficient operation of the board of directors.

The Company shall disclose information on the key features of the evaluation process of the board of directors, its committees and its individual directors in the Corporate Governance Statement.



### **3.8 Secretary**

Unless otherwise decided by the board of directors, the board appoints a secretary who is not necessarily a member of the board of directors. The company lawyer can be eligible for this position or will at least assist the secretary in the performance of his mandate. In addition, the secretary reports on the manner in which the procedures, rules and regulations of the board are monitored and observed.

Individual directors have access to the Company secretary.

The secretary performs all administrative tasks referred to in article 3.20 of the Corporate Governance Code as well as all administrative tasks (agenda, minutes, archiving, etc.), must ensure that all documents necessary for the performance of the assignments of the board of directors are drawn up, and advises the board of directors on all administrative matters.

## **4 Specialised committees: internal rules**

### **4.1 General principles**

In accordance with Article 14 of the Company's articles of association, the board of directors may establish one or several advisory committees from amongst its members, which will fall under the responsibility of the board of directors. A substantial part of the analysis and the preparatory work of the board of directors is carried out by these advisory committees. The board of directors remains at all times responsible for the actual decision-making, as the committees play an advisory role. They advise the board of directors with respect to the decisions to be taken, give comfort to the board that certain issues have been adequately addressed and, if necessary, bring specific issues to the attention of the board. Strategy formulation is not referred to any permanent committee.

The board of directors has established three specialised committees within the board: the audit committee, the remuneration and nomination committee and the investment committee. In addition, the board of directors has delegated part of its powers to an informal management committee set up by the board (the "**Management Committee**"). The Management Committee is not a management board within the meaning of article 7:104 CCA.

The Chairman shall ensure that the board of directors appoints members and a chairman for each committee. Each committee consists of at least three members. The term of the mandate as a member of a committee may not exceed the term of membership of the board of directors.

After each meeting of the audit committee and the remuneration and nomination committee, the board of directors receives a report from each committee on its findings and recommendations.

### **4.2 Audit committee**

#### **4.2.1 General**

In accordance with article 7:99 of the CCA, the board of directors has established an audit committee.

#### **4.2.2 Responsibilities**

The audit committee provides support to the board of directors in fulfilling its responsibilities for monitoring with a view to an audit in the broadest sense.

In general, the audit committee informs the board of directors of the result of the statutory audit of the statutory and consolidated financial statements, and explains to the board of directors how the statutory audit of the statutory and consolidated financial statements has contributed to the



integrity of the financial reporting and the role that the audit committee played in this process, and reports regularly to the board of directors on the performance of its duties, with mention being made of all issues with regard to which the audit committee is of the opinion that something needs to be done or that improvement is needed. The audit committee also makes recommendations regarding the steps to be taken.

The audit committee – in general and without prejudice to the organisation of the internal audit function referred to in article 17 § 3 of the REIT Act – is responsible for ensuring the internal audit of the Company. The specific tasks of the audit committee may evolve depending on the circumstances.

Without prejudice to the statutory tasks of the board of directors, the audit committee has at least the following tasks:

*a) Monitoring the financial reporting process:*

- i) The audit committee assesses the relevance and coherence of the accounting standards applied by the Company to financial statements. This assessment includes the criteria for consolidating the financial statements of the companies of the group. This assessment also includes assessing the accuracy, completeness and consistent nature of the financial information. The assessment relates to periodical information before its publication. The assessment is carried out on the basis of an audit programme used by the audit committee;
- ii) The audit committee discusses important financial reporting issues with both the Management Committee and the Statutory Auditor;
- iii) The audit committee examines the quality and reliability of the draft annual accounts and the financial statements of the Company that are provided to the board of directors;
- iv) The audit committee ensures that the documents are faithful to the state of affairs, that they are drawn up in accordance with the legal requirements and comply with the requirements of the FSMA.

*b) Monitoring the effectiveness of internal control and risk management systems:*

- i) At least once a year, the audit committee monitors the effectiveness of the internal control and risk management systems set up by the Management Committee (including the internal control and risk management systems relating to the financial reporting process, including the annual report of the Company and the consolidated annual accounts) with the aim of ensuring the effective identification, control and publication of the main risks (including the risks related to fraud and compliance with existing legislation and regulations) in accordance with the framework approved by the board of directors;
- ii) The audit committee assesses the statements on internal control and risk management included in the Corporate Governance Statement;
- iii) The audit committee assesses the existing specific arrangements that employees of the Company can use, in confidence, to express their concern about possible irregularities in financial reporting or other matters. If deemed necessary, arrangements will be made for an independent investigation and appropriate follow-up of these matters, in proportion to the alleged seriousness thereof. At the same time, arrangements are made according to which employees can inform the chair of the audit committee directly;

- iv) In case of conflicts of interest, the audit committee monitors the application of the legal and regulatory provisions in force as well as the corporate governance rules within the board of directors and/or within the committees;
- v) The audit committee investigates the areas in which risks could meaningfully affect the financial situation of the Company and its reputation;
- vi) The audit committee verifies whether the procedures used make the identification of these risks possible, estimates the potential impact, and verifies whether the measures to prevent or cover these risks adequately limit the consequences. The audit committee reviews the specific arrangements for raising concerns – in confidence – about possible improprieties in financial reporting or other matters of which it obtains knowledge. The audit committee agrees on arrangements whereby staff may inform the chair of the audit committee directly. If deemed necessary, arrangements shall be made for the proportionate and independent investigation of such matters and for the appropriate follow-up actions;
- vii) When new regulations, legislation or guidelines are provided that could have a significant influence on the Company's accounts, on its financial situation or on its short-term or long-term results, the committee will ensure their introduction and impact as well as the implementing measures approved by the Management Committee. Where appropriate, it will make recommendations to the board of directors and, if necessary, to the Management Committee.

*c) Monitoring the internal audit and its effectiveness:*

- i) Each year, the audit committee ensures that the independent internal audit function has the resources and know-how appropriate to the nature, size and characteristics of the Company;
- ii) The audit committee assesses the work programme of the internal auditor, taking into account the complementary role of the internal and external audit functions. It receives the internal audit reports or a periodic summary thereof;
- iii) In particular, the audit committee makes recommendations regarding the selection, appointment, reappointment and dismissal of the head of internal audit and the budget allocated to internal audit, and examines the extent to which management addresses its findings and recommendations.

*d) Monitoring the statutory audit of the financial statements and the consolidated financial statements, including follow-up of the questions and recommendations formulated by the Statutory Auditor*

*e) External audit, including assessment and monitoring of the independence of the Statutory Auditor:*

- i) The audit committee assesses the size and scope of the external audit carried out, as well as the procedures for implementing it;
- ii) It assesses the results of this external audit, as well as the reports of the Statutory Auditor to the shareholders;

- iii) It assesses the effectiveness of the external audit process, and examines the extent to which the management addresses the recommendations made by the Statutory Auditor in their management letter;
- iv) It ensures that the mandate of the Statutory Auditor is exercised with complete independence;

In this respect, the Statutory Auditor will:

- annually confirm their independence from the Company to the audit committee;
- annually report all additional services provided to the audit committee on behalf of the Company;
- consult with the audit committee on the threats to his or her or its independence and the measures taken to limit these threats; and
- send a report to the audit committee containing a description of all his or her or its links with the Company and its group.

More specifically, the audit committee analyses, together with the Statutory Auditor, the threats to his independence and the security measures taken to mitigate these threats when the total fees at the Company exceed the criteria set out in Article 4, § 3, of Regulation (EU) No. 537/2014 (i.e., if the fees received from the Company in each of the last three consecutive financial years for its statutory mandate exceed 15 percent of the total fees of the Statutory Auditor vis-à-vis the Company);

The audit committee also monitors the nature and scope of the additional services performed by the Statutory Auditor. In this respect, the audit committee shall submit to the board of directors an official policy plan that it applies, indicating those additional services that:

- are excluded;
  - are authorised after assessment by the audit committee; and
  - are authorised without reference to the audit committee, with due observance of the specific requirements of the CCA.
- v) It takes cognisance of the report of the Statutory Auditor reporting on the important issues that had come to light in the exercise of its statutory audit of the annual accounts, and more specifically on serious deficiencies in internal control with regard to financial reporting;
  - vi) On the proposal of the Management Committee, the audit committee makes a proposal to the board of directors regarding the selection, appointment, reappointment and remuneration of the Statutory Auditor, which are to be presented to the shareholders' meeting.

The proposal of the audit committee for the appointment and reappointment of the Statutory Auditor, after approval by the board of directors, is placed on the agenda of the shareholders' meeting.

- vii) It conducts an inquiry into the issues that give rise to the resignation of the Statutory Auditor and makes recommendations regarding all actions that are required in this respect.

### **Composition**

The audit committee shall have at least three members and a balanced composition. The board of directors shall ensure that the audit committee has the necessary independence, skills, knowledge, experience and capacity to execute its duties effectively. The board of directors shall ensure that a chairman is appointed for the audit committee.

The Chairman may not be the chairman of the audit committee.

At least a majority of the members of the audit committee must be independent.

The board of directors ensures that the audit committee has sufficient relevant expertise, particularly in the areas of accounting, auditing and financial matters, so that it can effectively fulfil its role.

At least one member of the audit committee has the necessary expertise in accounting and auditing.

#### **4.2.3 Operation**

The audit committee meets at least four times a year. Regularly (and at least every two to three years) it revises its internal rules, evaluates its own effectiveness and makes recommendations to the board of directors regarding the necessary changes.

The audit committee meets at least twice a year with the Statutory Auditor and the internal auditor to discuss matters relating to its internal rules and all matters arising from the audit process and in particular the significant weaknesses of internal control.

The audit committee decides whether, and if so when, the CEO, the CFO, the internal auditor and the external auditor attend its meetings. The audit committee has the opportunity to speak to any relevant person, without a member of the Management Committee being present.

In addition to maintaining an effective working relationship with the Management Committee, the internal auditor and the external auditor must have guaranteed free access to the board of directors. To this end, the audit committee acts as the main point of contact for the internal auditor and the external auditor. The external auditor and the head of the internal audit must have direct and unlimited access to the chair of the audit committee and to the Chair.

After each committee meeting, the board of directors shall receive a written report from the audit committee on its findings and recommendations (minutes) as well as oral feedback at the next board meeting.

### **4.3 Remuneration and nomination committee**

#### **4.3.1 General**

In accordance with article 7:100 of the CCA, the board of directors has set up a remuneration committee, which also acts as nomination committee.

The committee has the necessary expertise in the area of remuneration policy.

#### **4.3.2 Responsibilities**

Without prejudice to the statutory tasks of the board of directors, the remuneration and nomination committee has the following responsibilities:

(a) *Appointment*

The remuneration and nomination committee makes recommendations to the board of directors regarding the appointment of the directors, the CEO and

possibly other members of the Management Committee, and ensures that the appointment and reappointment process is as objective and professional as possible.

More specifically, the remuneration and nomination committee must:

- design appointment procedures for directors, CEO and possibly other members of the Management Committee;
- lead the appointment process and make recommendations to the board of directors with respect to suitable candidates;
- periodically evaluate the size and composition of the board of directors and make recommendations to the board of directors regarding changes;
- if and when there are vacant director's positions, seek candidates and submit them for approval to the board of directors;
- advise on proposals for appointment from shareholders;
- prepare plans for the orderly succession of directors and members of the Management Committee and carefully consider succession issues;
- ensure that appropriate talent development programmes and programmes to promote diversity in leadership are in place.

The remuneration and nomination committee shall take into account the proposals made by relevant parties, including management and shareholders.

*(b) Remuneration*

The board of directors shall charge the remuneration and nomination committee with the preparation or assessment of proposals to the board regarding:

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

The remuneration and nomination committee prepares the remuneration report that is attached to the Corporate Governance Statement by the board of directors, and explains the remuneration report at the annual shareholders' meeting.

**4.3.3 Composition**

The remuneration and nomination shall have at least three members and a balanced composition. The board of directors shall ensure that the remuneration and nomination committee has the necessary independence, skills, knowledge, experience and capacity to execute its duties effectively. The board of directors shall ensure that a chairman is appointed for the remuneration and nomination committee.

The remuneration and nomination committee consists exclusively of non-executive directors. A majority of them are independent directors within the meaning of article 7:87 of the CCA, article 3.5 of the Corporate Governance Code and, as article 13 of the REIT Act refers to article 526ter of the (old) Belgian Companies Code, this article 526ter of the (old) Belgian Companies Code.

The Chairman or another member of the committee chairs the committee.

The Chairman may be involved in this, but he/she does not chair the nomination committee when the choice of his or her successor is being dealt with.

The term of the mandate as a member of the committee may not exceed the term of membership of the board of directors.

The CEO participates in the meetings of the remuneration and nomination committee with an advisory vote when it deals with the appointment and/or remuneration of any other members of the Management Committee.

#### **4.3.4 Operation**

The remuneration and nomination committee meets at least twice a year and whenever it considers it necessary to properly fulfil its duties.

Regularly (at least every two to three years) it revises its internal rules, evaluates its own effectiveness and makes recommendations to the board of directors regarding the necessary changes.

The remuneration and nomination committee may obtain professional advice at the expense of the Company after the Chair of the board of directors has been informed. The remuneration and nomination committee has the opportunity to speak to any relevant person, without a member of the Management Committee being present.

The committee regularly reports to the board of directors on the performance of its duties. After each committee meeting, the board of directors shall receive a written report from the committee on its findings and recommendations (minutes) as well as oral feedback at the next board meeting.

## **4.4 Investment committee**

### **4.4.1 General**

By decision of 18 November 2022, the board of directors set up an investment committee among its members, in accordance with article 7:98 of the Belgian Code of Companies and Associations and in accordance with article 14 of the articles of association. The investment committee is an advisory body of the board of directors and is responsible for providing advice with respect to real estate investment and divestment files presented to the board of directors by the management committee. The investment committee performs its duties under the supervision and responsibility of the board of directors.

The purpose of the creation of the investment committee is to prepare decisions of the board of directors with regard to investment and divestment files in the most efficient manner.

### **4.4.2 Responsibilities**

The investment committee provides support and advice to the board of directors when taking decisions with regard to investments and divestments of real estate (including structuring in the form of acquisitions or transfers of real estate companies and including the ESG aspects of investments) falling within the competence of the board of directors. The investment committee can provide advice on decisions of the board of directors relating to the feasibility of a specific investment or divestment as well as on decisions with regard to the approval of a specific investment or divestment. More in particular, the investment committee will analyse, prepare and evaluate the investment and divestment files presented by the management committee and subsequently follow up on the negotiations with the other parties with respect to these decisions in order to check compliance with any conditions imposed in the decisions of the board of directors.

Some investment and divestment decisions falling within the competence of the management committee (in accordance with the delegation decision of the board of directors of 20 May 2022, which took effect on 1 June 2022) do not necessarily fall within the scope of the investment committee and are therefore not discussed with the investment committee before the management committee takes a decision.

### **4.4.3 Composition**

The investment committee will consist of at least five directors, including the managing director (CEO) and the chairperson of the board of directors. These members of the investment committee are appointed by the board of directors. At least one member of the investment committee is independent.

The board of directors shall ensure that the investment committee has the necessary independence, skills, knowledge, experience and capacity to execute its duties effectively. At least two members of the investment committee have the required expertise and/or experience in the field of retail real estate and/or the retail sector and are prepared to evaluate the investments (and their commercial attractiveness) on site.

The CEO chairs the investment committee and is responsible for consulting the investment committee in time.

As a rule, the term of office of the committee members coincides with and cannot exceed their term of office as directors. The term of office of the committee members can be extended at the same time as their term of office as directors.

The investment committee is entitled to invite any person whose presence is deemed useful, e.g. the members of the management committee.

A committee member cannot be represented.

The committee members receive an attendance fee, the amount of which, for each separate meeting, is determined by the general meeting on a proposal from the board of directors.

#### **4.4.4 Role of the chairperson**

The chairperson of the committee convenes the committee meetings and determines the agenda after having consulted the management committee. A meeting can in exceptional circumstances also be convened by any member of the investment committee.

The chairperson directs the committee's operations and sees to it that the members reach a consensus following a critical and constructive discussion of the agenda items.

The chairperson takes the necessary measures in order to create a climate of trust within the committee and guarantees the efficiency of the committee's operations.

#### **4.4.5 Operation**

The investment committee meets as many times as necessary, including on an informal and ad hoc basis.

The intention is for the committee to organise its meetings with optimal flexibility so as to enable the company to quickly assess investment or divestment opportunities.

The management committee can present investment or divestment opportunities which they deem interesting to the investment committee in an early stage with a view to obtaining advice from the investment committee. For that purpose the management committee will communicate the relevant investment or divestment file prepared by them to the members of the investment committee via a digital platform (Diligent). The file can be supplemented with additional information in the course of the process.

The members of the investment committee not only provide advice within the context of formal meetings, but also by email, telephone, Teams or other means of communication (including one-on-one communication between the members) or via the organisation of on-site visits with one or several members of the investment committee.

The investment committee meets to prepare their advice (both favourable and unfavourable) to the board of directors with respect to the feasibility or the approval of a specific investment or divestment included in the agenda of the board of directors. Three members of the investment committee must be present in order to conduct valid deliberations. As a rule, advice and recommendations are given by consensus and by majority if necessary. The chairperson of the committee does not have a casting vote.

After each formal committee meeting, the investment committee will provide oral feedback during the next meeting of the board of directors.



## **5 Management Committee (internal rules of the Management Committee)**

### **5.1 General**

The board of directors has set up a Management Committee, to which it has transferred specific, clearly specified managerial powers. The Management Committee is an informal committee and not a management board within the meaning of article 7:104 CCA.

These internal rules were approved by the board of directors on 20 May 2022, effective on 1 June 2022 and were modified by decision of the board of directors of 17 February 2023, effective on 1 April 2023.

The Management Committee regularly reviews its internal rules and, if appropriate, recommends to the board of directors that it approve any changes it considers desirable.

### **5.2 Responsibilities**

The Management Committee supports the CEO with respect to the Company's executive management. The Management Committee discusses with the board of directors and the CEO, and advises them with respect to, the Company's management in accordance with the values, the strategy, the general policy and the budget of the Company as determined by the board of directors.

In accordance with the delegation of powers decided by the board of directors on 20 May 2022, effective on 1 June 2022, the powers of the Management Committee include the following tasks:

- analysing, preparing and proposing, under the direction of the CEO, the company's policy and general strategy, in order to submit them to the board of directors (including the general lines of policy for financial management, risk management, budget preparation/forecast);
- the operational management of the Company;
- developing, preparing and submitting proposals to the board of directors or to its specialised committees in any matter falling under their powers;
- putting internal controls in place without prejudice to the board of directors' monitoring role, based on the framework approved by the board of directors;
- the complete, timely, reliable and accurate preparation of the financial statements of the Company and of other financial and non-financial information to be presented to the board of directors in accordance with the applicable standards for financial statements and the accounting and other regulations and the relevant policies of the Company, as well as an objective assessment of the Company's financial situation;
- due diligence on investment and divestment projects and the related recommendations to the board of directors valued at more than € 10 million;
- Negotiating and concluding all real estate investment or divestment agreements valued at € 10 million or less;
- decisions on civil or tax proceedings of a judicial or administrative nature (including bringing an amicable end to a dispute or proceedings), of which the commitment or financial risk is less than € 1 million, with the understanding that decisions on criminal proceedings or involving a reputational risk fall under the powers of the board of directors without application of a threshold;
- acquiring or transferring securities for an amount of € 1 million or less, with the understanding that the acquisition and transfer of derivative or structured products used in the implementation

of the hedging policy are not subject to this limit, as long as they remain within the scope of the hedging policy or within budget;

- decisions on investments in liquid assets with maturities of less than 6 months;
- the commercial, operational and technical management of the real estate portfolio, e.g. within the context of investment and divestment decisions and monitoring the budget;
- transactions associated with the Company's tax management: processing of information requests from the tax authorities, signing all documents or declarations to tax administrations at federal or local level or to a foreign tax administration;
- communication with the administrative authorities, supervisory and market authorities (investigation and management of accreditation procedures, various reports, data update, etc.); and
- the organisation and management of support functions, such as:
  - human resources;
  - legal and tax matters;
  - the financial, administrative and legal management of the subsidiaries for the Company's account;
  - the management audit and internal audit: introducing internal controls (systems for identifying, assessing, managing and monitoring financial and other risks), based on the reference framework approved by the board of directors, without prejudice to the monitoring role played by the board of directors;
  - reporting to the board of directors, the FSMA and the Statutory Auditor(s) on the assessment of the internal control system;
  - internal and external communication (except for the communications referred to in Section 3 above); providing the board of directors in due time with all necessary information for the performance of its duties;
  - be responsible and accountable to the board of directors for the discharge of its responsibilities; and
  - after consultation with the Chairman the Management Committee takes the initiative to submit to the board of directors each transaction, even those clearly within its powers, which the Management Committee considers necessary to submit due to its nature, the associated risks or the parties involved. When an operation consists of different components or transactions, the above thresholds apply to the operation as a whole and not to each component or transaction separately.

Within the limits of the above matters, the Company will be validly represented by two members of the Management Committee acting jointly (more information in this respect is given in item 5.10).

This delegation of powers does not concern:

- outlining the strategy and general policy; and
- acts and decisions reserved by law or the articles of association to the board of directors.

### 5.3 Composition

The board of directors appoints and dismisses the members of the Management Committee, in consultation with the CEO, taking into account the need for a balanced executive team.

The Management Committee consists of the following persons:

- the Chief Executive Officer (CEO) of the Company;
- the Chief Financial Officer (CFO) of the Company;
- the Chief Investment Officer (CIO) of the Company;
- the Chief Legal Officer (CLO) of the Company; and
- the Chief Business Development Officer (CBDO) of the Company.

The CEO chairs the Management Committee.

### 5.4 Activity report

At least quarterly, the CEO and the other members of the Management Committee will report to the board of directors on the important aspects of operational management. They will provide the board of directors with all information of significance with regard to at least the following issues:

- developments that affect the Company's activities and the changes in its strategic context;
- the financial prospects and results of the Company;
- current or potential major disputes;
- the most important decisions of the Management Committee; and
- the state of affairs as regards the regular follow-up of all matters falling within the remit of the board of directors.

The Management Committee strives to present the activity report to the directors at the latest 7 days before the meeting of the board of directors for which it is intended.

The Management Committee will communicate with the board of directors in a transparent manner. The Chairman will at all times be kept informed.

### 5.5 Operation

#### Internal operation

The Management Committee is a decision-making body with collegial responsibility and operation.

The chair of the Management Committee may, at his/her initiative or at the request of two other members, submit the matter discussed to a vote. The decision is then adopted by majority vote of the members present or represented. In case of a tie, the chair has a casting vote. The members of the Management Committee take the necessary measures to create a climate of trust and close cooperation by contributing to open discussions and to the constructive presentation of the different views.

The Management Committee meets as often as necessary, under the chair of the CEO, and in principle once a week. It may, as necessary, be convened at any other time by the chair or at least two members of the Management Committee wishing to do so.

The Management Committee may invite to its meetings any person whose presence it considers useful.

The files of the meetings of the Management Committee are centralised and assigned by the Chief Legal Officer, who is also responsible for preparing the reports. The reports are a summary of the discussions, and contain the decisions taken by the Management Committee. They are approved by members of the Management Committee and a copy is kept in the archives of the Company. The CEO and the Chief Legal Officer are each authorised to certify the copies or extracts of the deliberation reports.

#### Responsibilities of CEO as chair of the Management Committee

The responsibilities of the CEO as chair of the Management Committee are:

- presiding over, leading and organising the proper functioning of the Management Committee;
- providing leadership, support and advice to the other members of the Management Committee in the performance of their individual operational responsibilities;
- acting as the main spokesperson for the Company to the outside world;
- reporting to the board of directors on the main initiatives and decisions adopted by the Management Committee in the performance of its duties.

#### Cooperation of CEO as chair of the Management Committee with the Chair of the board of directors

As chair of the Management Committee, the CEO is responsible for a constructive cooperation with the Chair of the board of directors. This entails:

- maintaining permanent communication and dialogue with the Chair of the board of directors in an open and positive climate;
- in consultation with the Chair, determining the objectives for the members of the Management Committee, evaluating their performance and formulating proposals for their remuneration to the remuneration and nomination committee;
- together with the Chair of the board of directors, preparing the agenda items of the board of directors and discussing with him/her all issues in all areas of information and orientation necessary for good harmony between the Management Committee and the board of directors.

### **5.6 Compliance with the Corporate Governance rules**

The members of the Management Committee undertake to comply with the rules applicable to the Company, in particular the CCA, the REIT legislation, the provisions of the 2020 Belgian Corporate Governance Code, the articles of association of the Company, the Corporate Governance Charter, the Dealing Code, the Company's Whistle-blower Policy and the Code of Conduct and any other codes the Company has adopted or will adopt in the future, as well as these internal rules.

### **5.7 Conflicts of interests and duties**

The members of the Management Committee act in the interest of the Company. They shall organise their personal and professional affairs in such a way as to avoid any direct or indirect conflict of interests with the Company.

They shall inform the Management Committee of potential conflicts of interest and shall abstain, as the case may be, from participating in the deliberations and the vote on the agenda item concerned, in accordance with the procedures for the prevention of conflicts of interests contained in the CCA, in the REIT-legislation and in the Company's Corporate Governance Charter.

In addition, the item or file to which the conflict of interests relates is put on the agenda of the meeting of the board of directors for deliberation and decision.

#### **5.8 Transactions relating to the Company's securities**

With regard to transactions relating to securities of the Company, members of the Management Committee are subject to the rules for the prevention of market abuse contained in the Company's Dealing Code.

They must inform the Compliance Officer prior to each transaction and follow the disclosure procedures provided for by applicable law.

#### **5.9 Determination of objectives, performance assessment and remuneration**

The remuneration of the members of the Management Committee is determined, in accordance with the remuneration policy of the Company, by the board of directors on a proposal from the remuneration and nomination committee after consulting the CEO with respect to the remuneration of the members of the Management Committee other than himself/herself.

Each year, the board of directors, on a proposal from the remuneration and nomination committee, will establish the objectives of the members of the Management Committee for the following financial year/years, and assess their performance over the past year in accordance with the Company's remuneration policy. This assessment must include the partial or full awarding of the variable portion of their annual remuneration.

#### **5.10 Representation of the Company**

The Company is validly represented in all transactions and for all obligations vis-à-vis all third parties or public or private administrations:

- either by two directors acting jointly;
- or, within the limits of the special mandate granted by the board of directors to the Management Committee, by two members of the Management Committee;
- or by the CEO within the limits of day-to-day management.

## **6 Remuneration policy**

### **6.1 General**

The remuneration policy has been adopted in order to achieve the following objectives:

- to attract, retain and motivate directors and members of executive management who meet the profile determined by the board of directors;
- to promote the achievement of strategic objectives in accordance with the Company's risk appetite and behavioural norms; and
- to promote sustainable value creation.

The board of directors ensures that the remuneration policy is consistent with the Company's overall remuneration framework.

The board of directors shall submit the policy to the general shareholders' meeting in case of any substantial change and at least every 4 years, in accordance with article 7:89/1 CCA. If the shareholders' meeting does not approve the proposed new remuneration policy, the Company will remunerate its directors and members of the executive management in accordance with the existing approved remuneration policy and will submit a revised policy for approval at the next general shareholders' meeting. If a significant proportion of the votes have been cast against the remuneration policy, the company should take the necessary steps to address the concerns of those voting against it, and consider adapting its remuneration policy.

The remuneration of the directors is determined by the general shareholders' meeting, based on the proposal of the board of directors after consulting the remuneration and nomination committee. The remuneration of the CEO is determined set by the board of directors after consulting the remuneration and nomination committee. No one shall decide on his/her own remuneration.

The directors shall be reimbursed for the normal and justified expenses and costs incurred in the performance of their duties, provided that these costs were previously discussed with and accepted by the Chair of the board of directors.

Moreover, in accordance with article 35 of the REIT Act, no remuneration may be granted to directors based on a specific operation or transaction of the Company or its subsidiaries, as explained in article 6.6 of this Charter.

### **6.2 Remuneration report**

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

The Company's remuneration report is drawn up in a clear and understandable manner and provides an extensive and complete overview of the remuneration, including all benefits of any kind that were granted or are payable to the directors, the other persons in charge of the effective management and the persons in charge of the day-to-day management, including new or former directors, in accordance with the remuneration policy as referred to in article 7:89/1 CCA. In accordance with article 3:6, § 3 CCA, the remuneration report contains the following information about the directors, the other persons in charge of the effective management and the persons in charge of the day-to-day management (CEO):

- 1° a) The total amount of the remuneration, broken down by components, paid by the Company or by any other enterprises belonging to the same group. This information is provided with a breakdown between:

- the basic remuneration;
  - the variable remuneration: all additional remuneration linked to performance criteria, indicating the form in which this variable remuneration was paid;
  - pension: the amounts paid or the costs of the services rendered during the financial year covered in the annual report, according to the type of pension plan, with an explanation of the applicable pension scheme; and
  - the remaining components of the remuneration, such as the cost or value of insurance and other benefits in kind, with an explanation of the details of the main components
- b) the proportion between the fixed and the variable remuneration;
- c) an explanation of how the total remuneration amount is in line with the remuneration policy, in particular how it contributes to the long-term performance of the Company; and
- d) information about the application of the performance criteria.
- 2° the number of shares, share options or other rights to acquire shares, granted, exercised or expired during the financial year covered in the annual report, their principal characteristics as well as the main conditions for the exercise thereof, including the price and date of the exercise and any changes thereof;
  - 3° in case of resignation, the justification and the decision by the board of directors, on the proposal of the remuneration and nomination committee, whether or not the persons concerned qualify for the severance pay and the basis for the calculation thereof;
  - 4° as the case may be, information about the possibility to recover variable remuneration;
  - 5° information about any derogations from the procedure for the implementation of the remuneration policy and about any derogations referred to in article 7:89/1, § 5 CCA, with an explanation as to the nature of the exceptional circumstances and with indication of the specific elements that are derogated from.

With respect to the directors and the persons in charge of the day-to-day management (CEO), this information is provided on an individual basis. With respect to the other persons in charge of the effective management, the information referred to in 1°, 4° and 5° is provided as a whole, whereas the information referred to in 2° and 3° is provided on an individual basis.

The remuneration report also describes the annual variation of the remuneration, the annual variation in the development of the Company's performance and the annual variation in the average remuneration, expressed in full-time equivalents, of employees of the Company other than the directors, the other persons in charge of the effective management and the persons in charge of the day-to-day management (CEO) over a period of at least five financial years and presented jointly in a manner that makes a comparison possible.

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

In its remuneration report the Company makes no mention of special categories of personal data of individual natural persons as referred to in article 9 paragraph 1 of Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EG, nor of personal data referring to the family situation of individual natural persons.



The Company uses the personal data of individual natural persons included in the remuneration report, in order to increase the transparency of the Company with regard to the remuneration of directors, the other persons in charge of the management and the persons in charge of the day-to-day management so it increases the Company's accountability and shareholders are more capable of supervision of their remuneration.

In accordance with article 3:6, § 3/1 *in fine* CCA and without prejudice to a longer period possibly determined in specific legal provisions, the Company will not retain the personal data of natural persons included in the remuneration report longer than ten years following the publication of the remuneration report.

### **6.3 Remuneration of non-executive directors and Chairman**

The remuneration of non-executive directors and the Chairman takes into account their role as ordinary directors and their specific roles as chairman or member of the audit committee or the remuneration and nomination committee, as well as the resulting responsibilities and time required.

Non-executive directors receive only a fixed remuneration, half of which depends on their attendance (i.e. 50% of the fee consists of a fixed amount and 50% of an attendance fee). They do not receive a performance-related remuneration directly related to the Company's results, such as bonuses or stock-related long-term incentive programmes, and no benefits in kind or benefits associated with pension schemes.

By way of derogation from provision 7.6 of the 2020 Code, the Company does not allot any shares to non-executive directors. The company feels that the legal framework and the nature of the Company (REIT), its general policy and its mode of operation already meet the objective of provision 7.6 of the Corporate Governance Code (which is to encourage the non-executive directors to act with the perspective of a long-term shareholder) and adequately guarantee that action is undertaken with a view to promoting long-term value creation. This perspective is embedded in the governance of Retail Estates as a regulated real estate company. The Retail Estates share has a strong track record and the company's directors strive for solid earnings per share year after year, an ambition that is certainly achieved. Retail Estates feels that the directors have proved in the past that this perspective, without the award of a remuneration in the form of shares, is sufficiently present in the directors' conduct.

If an agreement with a non-executive director would nevertheless provide for variable remuneration, this agreement should always be under the condition precedent of approval by the shareholders' meeting in accordance with article 7:92 paragraph 4 CCA. No variable remuneration can be granted to an independent director.

### **6.4 Remuneration of executive directors and members of the Management Committee**

The board of directors seeks to establish the level and structure of remuneration of the Management Committee in such a manner that qualified and skilled professionals can be attracted, retained and motivated, taking into account the nature and scope of their individual responsibilities.

On the advice of the remuneration and nomination committee, the board of directors approves the contracts for appointing the CEO and the other members of the Management Committee.

If a member of the Management Committee is also a member of the board of directors, the remuneration report shall state the amount of the remuneration that he/she receives in this capacity.



In order to match the interests of the CEO and any other members of the Management Committee to those of the Company and its shareholders, an appropriate part of their remuneration package will be linked to the overall performance of the company and the individual performances.

In accordance with articles 7:90 and 7:121, last paragraph of the CCA, the criteria for making the remuneration of an executive director, a person in charge of day-to-day management (CEO) or a member of the Management Committee variable, must explicitly be included in the contractual or other provisions governing the legal relationship in question. Payment of this variable remuneration may only take place if the criteria for the specified period were met. If the conditions of the above paragraphs are not met, this variable remuneration will not be taken into account when calculating the severance pay.

In accordance with articles 7:91 and 7:121, last paragraph, of the CCA, at least one fourth of the variable remuneration for an executive director, a person in charge of the day-to-day management (CEO) or a member of the Management Committee, must be based on predefined and objectively measurable performance criteria over a period of at least two years, and at least another fourth must be based on predefined and objectively measurable performance criteria over a period of at least three years, unless stipulated otherwise in the articles of association or explicitly approved by the general shareholders' meeting. This obligation does not apply if the variable remuneration concerns a fourth or less of the annual remuneration. The term "annual remuneration" includes all elements that require publication pursuant to article 3:6, §3, paragraph 3, 1° of the CCA. If the Company grants members of the Management Committee a variable short-term remuneration, this remuneration must be subject to a maximum limit.

Systems on the basis of which members of the Management Committee are reimbursed in the form of shares, share options or any other right to acquire shares will be pre-approved by the shareholders by a resolution at the shareholders' meeting. This approval must concern the system itself and not the individual allocation of share-based remunerations under the plan. In accordance with articles 7:91 and 7:121, last paragraph, of the CCA, subject to the express approval of the shareholders' meeting, shares may be permanently acquired, and share options or all other rights to acquire shares exercised by a director, a person in charge of the day-to-day management (CEO) or a member of the Management Committee, only after a period of at least three years after their awarding. The Company shall not facilitate the conclusion of derivatives contracts relating to such share options, nor hedge related risks, as this is not in line with the purpose of this incentive mechanism.

By derogation from article 7.9 of the Corporate Governance Code, the board of directors has not set a minimum threshold of shares to be held by the CEO and the members of the Management Committee. The board of directors feels that the legal framework and the nature of the Company (REIT), its general policy and its mode of operation already meet the objective of provision 7.9 of the Corporate Governance Code (which is to encourage the executive management to act with the perspective of a long-term shareholder) and adequately guarantee that action is undertaken with a view to promoting long-term value creation. This perspective is embedded in the management of Retail Estates as a regulated real estate company. The Retail Estates share has a strong track record and the management strives for solid earnings per share year after year, an ambition that is certainly achieved. The board of directors feels that the management has proven in the past that this perspective, without the award of a remuneration in the form of shares, is sufficiently present in the management's conduct. Without any obligation imposed by the remuneration policy, the CEO does have a shareholding in Retail Estates NV, based on a personal decision.

On the advice of the remuneration and nomination committee, the board of directors approves the principal conditions of the contracts of the CEO and the other members of the Management Committee. The board of directors includes provisions that enable the Company to recover variable remuneration paid or to withhold payment of variable remuneration, and specifies the circumstances under which this may be advisable, if legally enforceable. The contracts contain specific provisions relating to early termination thereof.

#### **6.5 Severance pay**

Each new contractual arrangement stipulated by the Company or its subsidiaries regarding the remuneration of an executive director, a person in charge of the day-to-day management (CEO) or a member of the Management Committee must clearly state that the severance pay granted in the event of early termination of the contract may not exceed 12 months' basic and variable remuneration.

Based on the reasoned opinion of the remuneration and nomination committee, the board of directors can award severance pay of more than 12 months, but no more than 18 months of basic and variable remuneration. The contract states when such higher severance pay may be granted. The board of directors shall justify such higher severance pay in the remuneration report.

If, despite the preceding provisions, an agreement with an executive director, the CEO or a member of the Management Committee provides for a severance pay that exceeds 12 or 18 months' remuneration, this agreement should always be under the condition precedent of approval by the shareholders' meeting in accordance with article 7:92 and 7:121, last paragraph, of the CCA.

The contract clearly states that the total of the severance pay or variable remuneration may not exceed 12 months of basic remuneration if the departing CEO or departing member of the Management Committee has not met the performance criteria referred to in the contract.

#### **6.6 Specific rules relating to remuneration under the REIT Act**

The fixed remuneration of the directors, the persons in charge of the day-to-day management and the Company's effective managers cannot be determined on the basis of the operations and transactions performed by the company or its perimeter companies.

Without prejudice to other mandatory provisions, a variable remuneration be granted to the persons referred to in the first paragraph if (a) the criteria for the granting of that variable remuneration or the part of the variable remuneration that depends on the results exclusively relate to the consolidated net result of the Company, to the exclusion of all variations of the fair value of the assets and the hedging instruments and (b) no remuneration is granted on the basis of a specific operation or transaction of the Company or its perimeter companies.

## 7 Dialogue with the shareholders

### 7.1 Shareholder structure

Based on the number of voting rights that appears from the information that the Company has received from its shareholders at the time of drawing up this Charter, the Company's shareholder structure is composed as follows:<sup>1</sup>

Shareholders	%
STAK 'Het Torentje' <sup>2</sup>	9.59%
The Belgian State <sup>3</sup>	5.24%
AXA SA <sup>4</sup>	5.42%
BlackRock, Inc. <sup>5</sup>	3.19%
Etienne Kaesteker <sup>6</sup>	4.15%
Petercam Degroof Asset Management SA	3%
Public	69.40%
Total	100%

Each share represents one vote. The main shareholders do not have preferential voting rights.

### 7.2 Relations between shareholders

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

### 7.3 Relations with the most important shareholders

Except for the usual commercial transactions subject to market conditions, there are no links between the Company and its major shareholders

### 7.4 Communication with shareholders

The Company respects the rights of all shareholders and encourages their involvement. The Company ensures equal treatment of all shareholders. It provides all necessary facilities and information for the shareholders to be able to exercise their rights with full knowledge of the facts/in an informed way.

The board of directors, through its Chairman, is in charge of communicating with the shareholders and potential shareholders. The board of directors encourages effective dialogue with the shareholders and potential shareholders. In order to promote this dialogue, the

<sup>1</sup> Taking into consideration the denominator that is valid on the date of drawing up this Charter (13,226,452 shares), this table, which is merely informative, shows the (presumed) shareholder structure. It should be noted that this does not necessarily correspond with reality (not for all shareholders in any case), since the company is not necessarily aware of share transactions that did not result in a triggering of a notification threshold, and thus did not result in a transparency notification.

<sup>2</sup> This information relates to shares held by Nextensa NV.

<sup>3</sup> This information relates to shares mainly held by Belfius Verzekeringen NV.

<sup>4</sup> This information relates to shares held by AXA Belgium SA.

<sup>5</sup> This information relates to shares held by different BlackRock entities.

<sup>6</sup> This information relates to shares mainly held by De Vleterbeek NV.

Company communicates through various channels with the shareholders and potential shareholders.

The Company communicates primarily through its website ([www.retailstates.com](http://www.retailstates.com)). It publishes on its website all information and documentation that is of interest to its shareholders, investors or other stakeholders. The Company also dedicates a specific part of its website to describing the rights of shareholders regarding participation and voting rights at the shareholders' meeting. The website includes a calendar of shareholders' meetings.

The Company's articles of association and the Charter are available at all times on the Company's website.

In addition, the Company keeps the shareholders and potential shareholders informed of new developments and financial results through press releases. The Company also issues at regular intervals an annual financial report and a half-yearly financial report. The website includes a timetable regarding the periodic information.

When price sensitive information or information related to changes in the rights of shareholders arises, the Company will in principle immediately announce this in accordance with the applicable legislation.

Finally, the shareholders' meetings are also used to communicate with the shareholders and to stimulate their involvement (see below).

## **7.5 Shareholders' meetings**

The Company encourages shareholders to participate in the shareholders' meetings. The shareholders who are not present have the opportunity to vote by proxy or, if so permitted by the board of directors in the convening notice, by ballot. A shareholder may only appoint one proxy holder for a given shareholders' meeting, without prejudice to the derogations provided for in the CCA.

Prior to the shareholders' meeting, the Company will make available the relevant information through its website.

When convening shareholders' meetings, the Company will provide an explanation of the agenda items and resolutions proposed by the board of directors. In addition to the formalities stipulated by the CCA in this respect, the Company uses its website to disclose all relevant information and documentation about the exercise by shareholders of their voting rights.

One or several shareholders collectively possessing at least 3% of the registered capital may, in accordance with the provisions of the CCA and within the limits thereof, request the inclusion of items on the agenda of any shareholders' meeting, and submit proposals for resolutions with respect to the items included or to be included in the agenda. Additional agenda items or proposed resolutions must be submitted to the Company no later than on the 22nd day before the date of the shareholders' meeting. The directors shall answer the questions asked of them by the shareholders during the meeting or in writing with respect to their report or the agenda items, insofar as communication of the information or facts is not of such a nature that it would damage the business interests of the Company or violate the confidentiality to which the Company or its directors are bound. As soon as the convening notice to a shareholders' meeting has been published, shareholders may ask questions in writing that will be answered at the meeting, provided that the Company has received the written questions no later than the sixth day before the meeting, and provided that the relevant shareholders comply with the formalities that must be fulfilled in order to be admitted to the meeting, as stated in the CCA.

The chairman leads the shareholders' meeting and takes the necessary steps to answer relevant questions from shareholders.

The Company will publish the results of the votes (within fifteen days after the shareholders' meeting) and minutes of the shareholders' meeting as soon as possible after the meeting on its website.

## **7.6 Investors**

The board of directors encourages investors, and in particular institutional investors, to play an important role in carefully evaluating the corporate governance of the Company. The board of directors strives to make institutional and other investors aware of the importance of all the relevant factors to which their attention is drawn.

The board of directors invites investors to carefully consider the statements given to justify a deviation from the Corporate Governance Code and, in all cases, to make a reasoned judgement. The board of directors shall enter into dialogue with the investors if they do not accept the position of the Company.

## **8 Internal control**

### **8.1 General**

In accordance with the corporate governance rules and the relevant legislation, the Company has developed an internal control and risk management system taking into account the nature, size and complexity of the Company's activities and its environment.

Internal control is a process which aims to provide reasonable guarantees to ensure that the following objectives are met:

- effectiveness and improvement of the operation of the company;
- reliability and integrity of information;
- compliance with policies, procedures, legislation and regulations.

In the implementation of its internal control process, the Company has used the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) as a reference framework. The components of this framework and their application at Retail Estates are discussed below.

Sound internal control and balanced risk management are an inherent part of the Company's corporate culture and are communicated throughout the organisation through:

- corporate governance rules and the existence of a remuneration- and nomination committee;
- the existence of a code of conduct, dealing in particular with issues such as conflicts of interest, professional secrecy, the acquisition and transfer of shares, prevention of abuse of company assets, communication etc.;
- a detailed human resource policy with staff recruitment rules, periodic evaluation of performance and determination of annual targets;
- follow-up of procedures and formalisation of processes.

The board of directors regularly evaluates the Company's exposure to risks, the financial impact of these risks and the actions that must be taken to monitor these potential risks, to avoid the risks and/or (where relevant) to limit the impact of these risks.

In particular, the Company has developed internal control and risk management systems for the most important processes within the Company, namely managing costs and expenses, repairs and maintenance, developments, collecting rents, vacancy and rent renewals.

## **8.2 Appropriate risk management policy**

The main risks the Company faces relate to (i) the market value of the properties, (ii) changes in the rental market, (iii) the structural condition of the buildings, (iv) financial risks, including liquidity risk, the use of financial instruments and banking counterparty and covenant risk, (v) technical permit-related risks, (vi) changes to the traffic infrastructure, (vii) soil contamination, (viii) risks associated with merger, demerger or acquisition transactions, and (ix) regulatory risks.

Measures and procedures are in place to identify and monitor each of the listed risks, to avoid these risks and/or to minimize their impact, if any, and to assess, control and monitor their consequences as much as possible. This is the role of the risk manager.

## **8.3 Integrity policy**

The integrity policy (overseen by the person entrusted with the "compliance function") covers various aspects, including the prevention of insider trading, conflicts of interest and incompatibility of mandates, non-corruption, professional secrecy etc.

The effective management examines (on a regular basis) which other areas and activities should be included in the scope of the compliance function. The "independent compliance function" is treated as an independent function within the organisation and focuses on investigating and promoting compliance by the Company 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. We discuss the most important of these below:

### **8.3.1 Prevention of insider trading**

In accordance with the principles and values of the company and within the framework of the implementation of the Corporate Governance Code, Retail Estates nv has included rules in its code of conduct ("Dealing Code") that must be observed by the directors, employees and appointed persons who want to trade in financial instruments issued by Retail Estates. The Dealing Code was harmonised with the applicable laws and regulations (in particular Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the Belgian Act of 2 August 2002 on the supervision of the financial sector and on financial services and the Corporate Governance Code). The Company's Dealing Code constitutes an integral part of this Charter (see Appendix 1) and can be consulted (separately) on the Company website.

The Dealing Code covers for example the disclosure of information relevant to such transactions and stipulates:

- restrictions on the execution of transactions in financial instruments of the Company during specific periods prior to publication of the financial results ("closed periods") or during any other period considered sensitive ("prohibited periods");
- the appointment of a compliance officer to oversee compliance with the Dealing Code by the directors and other designated persons;

- prior notification to the compliance officer by the designated persons of all transactions in financial instruments of the Company; and
- the disclosure of each transaction by the designated persons.

### **8.3.2 Internal procedure for reporting infringements – Whistle-blower policy**

In accordance with Article 69<sup>ter</sup> of the Belgian Act of 2 August 2002 (implementing among others Article 32, third paragraph of the Market Abuse Regulation), the Company has foreseen an internal procedure for reporting actual or potential infringements of among others the market abuse rules as laid down in the Market Abuse Regulation, the Belgian Act of 2 August 2002 and the Dealing Code (the “**Whistle-blower Policy**”). The Whistle-blower Policy is attached as appendix A to the Dealing Code (see Appendix 1) and is thus also an integral part of this Charter; it can also be consulted (separately) on the Company’s website.

### **8.3.3 Conflicts of interests and incompatibility of mandates**

Concerning the settlement of conflicts of interest, the Company is subject to legal rules (Articles 7:96 and 7:97 of the CCA and articles 36 through 38 of the REIT Act) as well as to the rules contained in its articles of association and in this Charter.

In accordance with the provisions of the REIT legislation, the board of directors ensures that the Company gives priority to the interests of the Company. Each director places the company’s interests above their own. The directors have the duty to look after the interests of all shareholders on an equivalent basis.

Each director and each member of the Management Committee manage their personal and business interests in such a way as to minimise the occurrence of direct or indirect conflicts of interests and in such a way that they are not involved in the decision-making process in the event of a conflict of interest in accordance with the applicable legal rules

However, if this is the case, the director or member concerned will inform the Chairman, or the chairman of the Management Committee (CEO), thereof, after which the Chair will take the necessary steps and, if required by law, the applicable provisions of the Belgian Companies Code and/or the REIT legislation in this regard will apply. Transactions between the Company and its directors or members of the Management Committee must be in accordance with the usual market conditions.

In this case, the Company must first inform the Financial Services and Markets Authority (FSMA).

The above-mentioned transactions, as well as the information contained in prior communications, are explained in the annual report and, if applicable, in the half-year report.

The above provisions do not apply to transactions outside the scope of the conflicts of interest procedure provided for by the REIT legislation.

In view of the Company’s activities, and in particular the fact that the negotiation and conclusion of certain agreements belong to day-to-day management and the powers of the CEO, without the intervention of the board of directors or the Management Committee being required in principle, the following transactions between the Company and its non-executive directors (and their associated persons) are not covered by the conflict of interests arrangement:



- lease agreements concerning commercial retail matters involving a nonexecutive director;
- insurance and finance agreements relating to tangible non-current assets.

To the extent relevant, these provisions are *mutatis mutandis* applicable to the members of the Management committee.

#### **8.3.4 Non-corruption**

Retail Estates strongly emphasises the principles of honesty and integrity, and expects a similar attitude on the part of third parties with whom the company does business.

#### **8.3.5 Professional secrecy**

It is expressly forbidden for members of the bodies of the Company and for personnel to use or reveal any confidential information they acquire during the course of their duties for improper purposes.

#### **8.3.6 Political activities**

In pursuing legitimate commercial objectives, Retail Estates acts in a socially responsible manner in accordance with the laws of the country in which it is active.

### **8.4 Independent supervisory functions**

#### **8.4.1 Risk management function**

Measures and procedures are in place to identify and monitor the risks that the Company faces, to avoid these risks and/or to minimize their impact, if any, and to assess, control and monitor their consequences as much as possible. This is the role of the risk manager.

As a large number of risks are legal in nature - in the opinion of the board of directors, the main risks relate to the acquisition activities rather than to portfolio management activities – Ms. Runa Vander Eeckt, chief legal officer (member of the transaction team), was appointed risk manager. She consults with the compliance officer in this context.

The risk manager was appointed for an indefinite term and has the required professional reliability and suitable expertise.

#### **8.4.2 Independent compliance function**

The board of directors has appointed Mr. Paul Borghgraef, Chairman of the board of directors, as compliance officer. Based on his position, he is in particular responsible for compliance with the integrity policy as described above.

The term of office of Paul Borghgraef as compliance officer is indefinite.

#### **8.4.3 Independent internal audit function**

The person in charge of the internal audit is responsible for the independent and ongoing assessment of the activities of the Company and analyses the quality and efficiency of existing procedures and methods of internal control.

The internal auditor will present his findings on a yearly basis.

The internal audit function is performed by an external consultant. The internal audit function (which is thus outsourced to an external internal auditor-legal person represented by a natural person) is performed under the supervision and responsibility



of Ms. Dorien Van den Bosch, the finance manager of the Company. She has the required professional integrity and appropriate expertise.

#### **8.5 Internal audit functions within Retail Warehousing Invest**

In accordance with Article 17, §2 of the REIT Act, internal control within the Company also concerns its subsidiary with the status of institutional REIT, Retail Warehousing Invest NV.