



## Corporate Governance Charter of Indaver nv

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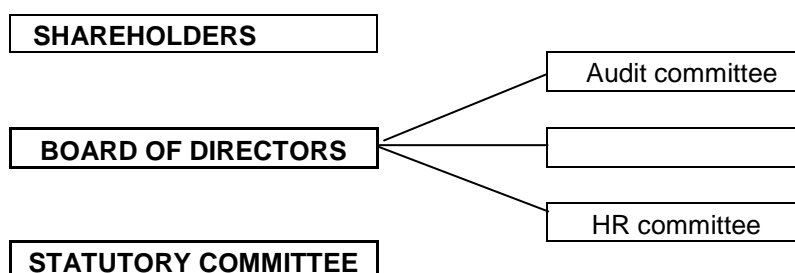
## Introduction

Indaver as a company attaches great importance to making its corporate governance system accessible and comprehensible to its shareholders and other stakeholders (general public, clients, personnel, suppliers). We realise that the sustained confidence of both shareholders and other stakeholders is a key element in the positive development of the company. That is why Indaver aspires to continuous transparency with respect to the rights of shareholders and with respect to the management and control of the company.

Indaver is not a listed company and as such has no formal obligation to comply with any corporate governance code. Nevertheless, Indaver supports the principles of the Belgian Corporate Governance Code and undertakes to comply with the provisions of this code wherever possible and in so far as the provisions are useful. Indaver undertakes to constantly refine its own corporate governance principles to meet local and international developments in this area and to meet the needs of its shareholders and other stakeholders.

Indaver will, therefore, report regularly on the status of its corporate governance, both in its annual report and in a dedicated section of its website.

The corporate governance structure of Indaver can be presented as follows:



The following subjects will be dealt with in this report:

- Section I: Indaver shares and shareholders
- Section II: Board of directors of Indaver
- Section III: Committees of the board of directors of Indaver
- Section IV: Statutory Committee of Indaver
- Section V: Assurance and control of good governance

N.B. This document is for information and explanatory purposes. In the event of any conflict between the text of this report and the articles of association of the company or the agreements between shareholders, the articles of association and the shareholder agreements will prevail.

## 1 INDAVER SHARES AND SHAREHOLDERS

### 1.1 The share

Indaver nv is a private company under Belgian law and is subject to the regulations of the Belgian Company Code.

#### 1.1.1 Number and type

The share capital of the company amounts to EUR 87,352,745.05, divided into 1,906,745 registered shares of no par value. At the present time, 1,430.058 "A" shares are held by DELTA nv, and 476,687 "B" shares are held by Flemish Environmental Holding NV and 6 shareholders of industrial origin.

#### 1.1.2 Share transfer

The Indavershares enjoy the rights and benefits assigned to them under the articles of association. Article 10 covers share transfer. The names and addresses of all shareholders are listed in a shareholders' register. Shareholders may obtain an extract from the register on request. The shareholders' register is available for inspection at Indaver's registered office.

#### 1.1.3 Dividends

The criteria for paying out dividends have been agreed between the "A" and "B" shareholders and are set out in the "Dividend Policy", which forms part of the shareholders' agreement concluded between them (see also section 1.2.2 below).

### 1.2 The shareholders

#### 1.2.1 Information to shareholders

Indaver will ensure that all shareholders have the best possible access to all relevant information and the company encourages all shareholders to exercise their rights under company law.

Indaver will also ensure that all regulations concerning periodic and occasional provision of information are strictly complied with.

Indaver is engaged in a dialogue with shareholders that is based on a mutual understanding of aims and objectives.

#### 1.2.2 Shareholders' agreement

The "A" and "B" shareholders of Indaver drew up a shareholders' agreement on March 16, 2007.

The appendices to this agreement contain the "Dividend Policy" mentioned earlier and the "Long-term Strategic Plan". The 6 industrial shareholders have concluded their own syndicate agreement.



### 1.2.3 Indaver nv as part of DELTA nv

DELTA nv is a market-driven multi-utility company based in Zeeland. DELTA aims to maintain its autonomy while running a profitable business and expanding its activities, especially its activities abroad. Environment, energy and water are defined as the three spearheads for growth in DELTA nv. Within the DELTA organisation, Indaver occupies a parallel position alongside the original Environment Division to form together a new, stronger division. As far as the relationship with the other shareholders is concerned, DELTA has expressed the intention of building up as transparent and constructive a partnership as possible.

## 1.3 The general meeting of shareholders

The general meeting of shareholders is the body with the supreme authority in the company. The position of the general meeting of shareholders is regulated in section 20 ff. of the articles of association, while for some issues that come under the authority of the general meeting of shareholders, agreements have been made between the “A” and “B” shareholders in the Shareholders’ Agreement referred to in 1.2.2.

## 2 THE BOARD OF DIRECTORS OF INDAVER

### 2.1 Appointment of directors. End of directors’ mandates

Under articles 11 to 18 of its articles of association, Indaver is managed by its board of directors made up of 9 directors, of whom 7 or 8 are nominated by the “A” shareholders and provided the “B” shareholders hold more than 10 % of the shares in the company, one or two directors are nominated by the “B” shareholders depending on whether the “B” shareholders hold less than 15 % or at least 15% of the shares of the company. All directors shall have the company’s interests as their first priority. They will prepare thoroughly for meetings and take an active part in debates.

### 2.2 Chairman of the board of directors

A chairman and a vice-chairman of the board are elected from members nominated by the holders of “A” shares. They do not have a casting vote.

The chairman chairs the meetings of the board of directors. In his absence, the vice-chairman fulfils this role. The chairman is advised and assisted by the committees and he has a permanent invitation to attend their meetings.

The chairman is responsible for ensuring that the board of directors operates in accordance with this Charter.

The chairman leads the board and is responsible for its effective working. He plans the meetings of the board of directors and, after consulting the CEO, sets the dates for the board meetings. He prepares the general agenda of the board by setting out the issues that need to be discussed during the course of the year, and he also sets the agenda for each meeting, indicating which items are for information, for discussion or for resolution.

The chairman monitors the quality of the ongoing interaction and dialogue at board level. He ensures that the board of directors receives up-to-date and relevant information about important aspects of company strategy, business activities and the financial state of Indaver, including



developments relating to its competitors. He takes initiatives which help to develop and perpetuate a climate of respect, trust and openness within the board of directors in general, and between members of the board and the statutory committee in particular.

The chairman ensures that the composition of the board sufficiently guarantees that the economical, social and environmental aspects of the company and the business are monitored.

The chairman ensures that new board members are given a suitable induction programme and that individual board members' training needs are identified and met.

The chairman chairs the general meetings of shareholders and ensures that they are conducted efficiently. In the absence of the chairman, the vice-chairman takes over his duties and responsibilities.

### 2.3 Operation of the board of directors

The function and position of the board of directors is laid down in the articles of association of the company (art. 11 ff.). The board of directors meets at least four (4) times a year. In addition to these meetings, a meeting of the board can be convened at any time at the request of at least two directors. The dates of the meetings for the coming year are set at the last meeting of the year that is coming to an end.

Invitations with the agenda for the board meeting are sent out at least ten calendar days before each meeting. In urgent circumstances, this period may be shorter. All documents for the meeting must also be sent out on time. The convening notice contains the agenda. Each item on the agenda must be marked:

- for information
- for discussion
- for approval or resolution

Agenda items "for discussion" can be used to hear the views of the board of directors at a sufficiently early stage on items which later will be put to the meeting "for resolution". This allows management to include these elements in preparations for later decisions.

Documents and resolutions are prepared by the most appropriate bodies in the company or by the chairman of the board. In some cases, this is the statutory committee .

In others, it is the appropriate specialised committee set up within the board of directors, which as a rule is prepared for the task by the statutory committee.

The board of directors pays particular attention to ensuring efficient decision-making. The board of directors can only consult with one another and pass valid resolutions on matters that are on the agenda and then only on condition that at least two directors are present, one of whom must have been nominated by the "A" shareholders and, provided at least 20 % of the shares are held by the "B" shareholders, one must have been nominated by the "B" shareholders. Resolutions can only be passed on matters that are not on the agenda if all of the directors are present and if they all agree. In exceptional and urgent cases, decisions can be taken by unanimous written agreement of all the directors. This procedure cannot be used to adopt the annual accounts or to take decisions on the use of capital. An extraordinary meeting of the board can be convened when necessary, certainly in the event of important urgent matters. It is the chairman who decides whether this is the case. In the event of a written procedure, a document will be

prepared setting out the background and explaining the issue in question. The requested decision will be clearly set out. The document should also state why the matter is urgent and the latest date by which the directors have to give their approval or disapproval. In the event of a written procedure, the approval has to be unanimous. As a matter of form, decisions which have been approved through a written procedure will be placed on the agenda of the next meeting of the board of directors as a separate item.

The board of directors is entitled to request advice and assistance from members of the statutory committee or any other third party or expert, and/or to request the attendance of these persons at a board meeting, if their assistance or attendance is deemed necessary or useful. The costs incurred are borne by Indaver.

In theory, meetings of the board of directors are attended by the CEO, CFO and the COO, except meetings where their remuneration, appointment, dismissal, terms of employment or legal status are to be discussed.

The board of directors passes resolutions by simple majority of votes but operates as a collegial entity.

Minutes are taken at every meeting and, after they have been confirmed at the next meeting, they are kept in a special register and signed by the chairman and at least the majority of the board members present. The minutes include a record of which documents were sent out before the meeting and which minutes were specifically requested by a particular director.

## 2.4 Duties and obligations of the individual directors

Each director is bound by a duty of confidentiality and shall take the utmost care to preserve the confidentiality of the deliberations of the board of directors and of other information relating to Indaver.

Directors may not engage directly or indirectly in any activity that is in competition with Indaver or its subsidiaries. As far as possible, each director shall regulate his personal and commercial interests so that no conflict of interest with Indaver can arise. If, despite his best efforts, a conflict of interest does arise, the director concerned must inform the chairman of the board immediately, after which the chairman will take the necessary steps with a view to applying the rules in force for dealing with conflicts of interest prescribed by the Belgian Company Code and the articles of association of the company.

Natural persons, members of the board of directors, have, in their capacity as director, the status of self-employed persons for the purposes of the application of employment law and social security law.

## 2.5 Powers and representation of the board of directors

The board of directors has the authority to do anything that is necessary or useful to attain the company's goals, apart from anything that the law or the articles of association specify as being a power reserved to the general meeting of shareholders. This includes:

- The general policy of Indaver. This includes defining strategic lines of force which will be discussed periodically at board meetings where all the members are present, the approval of budgets and important projects, important structural reforms and the management of relationships between Indaver and its shareholders.



- Matters that the Company Code specifies as being reserved to the board of directors, such as convening the general meeting and drawing up its agenda, adopting the annual accounts, preparing the annual report, paying out interim dividends and preparing the special reports required by the Company Code.

Indaver shall be duly represented at law and otherwise, either by the chairman of the board of directors, or by the vice-chairman, or by two directors nominated by the “A” shareholders acting together.

Pursuant to the articles of association, the board of directors delegates the day-to-day management of the company to an EXECUTIVE COMMITTEE, whose members are appointed and dismissed by the board of directors. The executive committee is chaired by one of its members who is appointed by the board of directors and given the title Chief Executive Officer (CEO). Within Indaver nv, the executive committee goes by the name of Statutory Committee.

The board of directors has approved a set of proxies which has been published in the Belgian Official Gazette. These special proxies are regularly improved, amended or cancelled as necessary. The CEO ensures that these proxies and any improvements, amendments and cancellations under the responsibility of the board of directors are published in the correct manner.

## 2.6 Directors' remuneration

Pursuant to article 11.4 of the articles of association, the general meeting of shareholders can decide whether or not to remunerate the directors for performing their duties by awarding fixed or variable remuneration. The suggested remuneration proposed by the board of directors to the general meeting of shareholders is based on proposals and recommendations of the human resources committee, taking account of the responsibilities and time spent by the directors concerned on the board and on the committees, and also taking account of fees paid to directors in companies with the same or similar activities and/or companies of similar size.

## 3 THE COMMITTEES OF THE BOARD OF DIRECTORS OF INDAVER

### 3.1 General

The board of directors may set up specialised committees within the board to meet the needs arising in connection with the day-to-day management of the company.

As a minimum, the board of directors will set up an audit committee and a human resources committee, will specify their duties and appoint and dismiss their members.

These committees are set up and their function determined by resolution of the board of directors, passed by a simple majority. The function and composition of the committees can be reviewed at any time and the committees can be dissolved by resolution of the board of directors, passed by a simple majority.

Each committee consists of at least two up to a maximum of six members, who are elected by a simple majority vote from the directors who put themselves forward on the basis of their experience or specific competences.



In the audit committee and the human resources committee, at least one member nominated by the “B” shareholders is appointed, provided they have at least a 10% share in the company.

A committee may decide whether to invite the CEO and/or the CFO to its meetings. Committees may seek advice and assistance from professionally qualified personnel in the company.

The role of the committees is to advise the board of directors on matters with which the committees have been entrusted in preparation for decisions that the board has to take. The committees have no decision-making powers.

The committees endeavour to formulate unanimous recommendations. If they do not manage to do this, the committee will state that it has been unable to reach unanimity and consequently it either cannot make a recommendation or it has to express a divided opinion.

Each committee can draw up its own charter defining its own internal procedures. The charters have to be approved by the board of directors.

The board of directors confirms that at the present time, the following committees exist and are in operation:

**Audit committee:** the duties of this committee include advising and assisting the board of directors with its supervision of the financial state of the company and with the preparation of the annual accounts and the budget. The composition, powers, duties, functioning and decision-making of this committee are regulated in the “Charter of the Audit Committee”, which was drawn up by the committee and has been approved by the board of directors. The most recently approved version of this charter is attached as an appendix to this document.

**Human resources (HR) committee.** This committee has the following duties:

- developing and advising on the general personnel policy and remuneration policy of the company;
- advising and proposing the appointment and dismissal of members of the statutory committee and also specifying their duties, employment conditions and remuneration;
- advising and proposing on the granting of regular proxies to members of the statutory committee.

The composition, powers, duties, functioning and decision-making of this committee are regulated in the “Charter of the Human Resources Committee”, which was drawn up by the committee and has been approved by the board of directors. The most recently approved version of this charter is attached as an appendix to this document.

### **3.2 The Charter of the Audit Committee**

Please refer to the Charter of the Audit Committee attached as an appendix.

### **3.3 The Charter of the HR Committee**

Please refer to the Charter of the HR Committee attached as an appendix.

## 4 MANAGEMENT OF INDAVER

### 4.1 Organisation of management

To promote effective business operations, the board of directors has divided the organisation into regions which are controlled by management at group level.

The board of directors may resolve by simple majority at any time to change the regional structure of the company, by enlarging, reviewing or rearranging regions or by creating new regions, in the interests of effective day-to-day management of the company.

Next to the statutory committee Indaver nv has a BLG (Business Leadership Group) and a BDG (Business Development Group).

The BLG monitors the daily management of the on-going operations while the BDG coordinates the business development projects of the Indaver-group.

### 4.2 Executive committee

#### 4.2.1 General

The board of directors delegates the day-to-day management of the company to an "EXECUTIVE COMMITTEE", whose members are appointed and dismissed by the board of directors. The executive committee is chaired by the "CEO". Within Indaver nv, the executive committee goes by the name of "Statutory Committee".

The statutory committee aims to operate as a collegial entity both internally and in its relations with the board of directors, within the limits laid down by the board of directors and as recorded in the set of proxies granted by the board and in the published proxies.

The board of directors together with the statutory committee has drawn up and approved a set of rules defining the responsibilities, composition and functioning of the statutory committee and how it is to interact with the board of directors (Management Rules).

#### 4.2.2 Responsibilities of the statutory committee

The responsibilities of the statutory committee within the proxies granted include but are not restricted to:

- representing company policy at group level on a day-to-day basis in the broadest sense of the word;
- carrying out the decisions of the board of directors, including those which define the strategy of the group;
- seeking out, sourcing and developing business opportunities and projects;
- defending the interests of the company to third parties;
- regularly reporting on each of these aspects in line with guidelines issued by the board of directors.

### 4.2.3 Proxies

The proxies granted by the board of directors will be exercised by the mandatories in accordance with the publications in the Belgian Official Gazette.

### 4.2.4 Relationship between the board of directors and the statutory committee

The statutory committee reports periodically to the board of directors. The board may call upon the statutory committee to explain any aspect of day-to-day management at any time.

The periodic reports cover but are not restricted to:

- the day-to-day management of the company;
- the status of the implementation of the strategy determined by the board;
- the financial and operational status of the company;
- important initiatives, business opportunities and projects presenting themselves from the company;
- important contracts and agreements entered into.

Reports from the company to the board of directors, just like communications from the board of directors to the company go through the CEO and the CFO. They are normally invited to attend board meetings, apart from meetings (or parts of meetings) where their own appointment, remuneration, dismissal, terms of employment or legal status are to be discussed.

### 4.2.5 Remuneration of the statutory committee

The annual remuneration of the members of the statutory committee is proposed by the HR committee and then set by the board of directors. The remuneration and benefits of the members of the statutory committee may be fixed, variable, or a combination of the two.

## 5 ASSURANCE AND CONTROL OF GOOD GOVERNANCE

### 5.1 General

The board of directors has set up a.o. an audit committee to assist the board with its important supervision and control tasks. The main duties and responsibilities of this committee, as well as its purpose, composition, meetings and approach are described in the Charter of the Audit Committee.

### 5.2 External audit

The external auditor performs the external audit of Indaver nv.

The external auditor of Indaver nv also fulfils the role of group auditor to the Indaver Group.

The board of directors proposes an external auditor who is appointed by the general meeting of shareholders.

After consulting the CEO and the CFO, the audit committee advises the board of directors on the appointment or reappointment of the external auditor of Indaver nv and on the level of his remuneration.



Based in part on this advice, the board duly submits its proposal on the appointment or reappointment of the external auditor, with the proposed level of remuneration, to the general meeting of shareholders of Indaver nv.

The external auditor undertakes to produce:

- an annual audit and audit opinion on the annual accounts of Indaver nv and the consolidated annual accounts of the Indaver Group;
- a half-yearly limited review of the annual accounts of Indaver nv and the consolidated annual accounts of the Indaver Group.

For the purposes of his examinations, the external auditor may make use of the external audits or half-yearly limited reviews of the main subsidiaries of Indaver nv.

The appointment or reappointment of the other external auditors, where required or laid down by law, in subsidiaries or in companies in which Indaver nv has a participation, are matters for the shareholders of the companies concerned. For companies in which Indaver nv holds at least 50% of the shares, these appointments are proposed by the statutory committee under the supervision of the audit committee and then the appointments are made by the board of directors of Indaver nv.

The principles followed here have been incorporated in a procedure approved by the audit committee of Indaver. Departures from this procedure have to be discussed with the Indaver audit committee and approved by the board of directors.

The external auditor attends the meetings of the audit committee, with a view to facilitating and monitoring good cooperation between the external auditor and the management, as well as integration and complementarity between the external and internal audits, and where good exchange of information and complementarity is pursued in relation to the internal audit systems within the group, as part of a continuous process of improvement.

### 5.3 Internal audit

An internal audit department at group level is responsible for producing regular audits for Indaver and its main subsidiaries and participations.

The purpose of these internal audits is a.o. to assist the audit committee and the board of directors of Indaver in the fulfilment of their duties and responsibilities and to contribute to the continuous process of improvement referred to above.

The planned audit programme is submitted to the audit committee for approval once a year.

The internal audit department also reports regularly to the audit committee on adherence to the approved annual programme and on the results of the audits performed.

The appointment and dismissal of the head of the internal audit cell has to be approved by the audit committee.

The audit committee and the board of directors may at any time entrust the internal audit cell with a specific audit assignment or other assignment without consulting or informing the management.

With respect to cooperation and complementarity with the external auditor of Indaver nv and other external auditors of the group companies, please see the notes above.

#### 5.4 Other assurance instruments

In addition to the various quality assurance systems and certificates (ISO, EMAS, etc.) that are maintained in the group, a great deal of importance is also attached to integrated, and where possible automated or IT-based, internal control systems in a number of areas: safety, environment, quality, financial reporting, etc. These systems are also re-evaluated on a regular basis by the external and internal audit and explained to the audit committee.

An integrated approach of annual targets (personal, departmental and business targets) which are systematically followed up should ensure that a continuous process of improvement can be sustained.

#### 5.5 Follow up and evaluation

The board of directors subjects its activities to an evaluation at least once every two years to check that the board is fulfilling its duties and responsibilities properly and efficiently.

Based on this evaluation, the chairman of the board will propose appropriate measures to the board of directors. The audit committee and the HR committee produce a report on their activities at least once a year and perform an annual self-assessment. The assessments are put before the full board of directors and discussed.

#### 5.6 Other definitions

Indaver endeavours to identify and reduce the main risks by means of suitable risk analyses, improvement projects and emergency plans.

Where possible and appropriate, suitable insurance policies are taken out or back-up facilities arranged.

This is a.o. the case for third-party liability risks, including specific cover for the liability of directors and management, environmental risks and risk cover for business activities.

### 6 APPENDICES

Audit Committee Charter (revised)

HR Committee Charter (revised)

Management Rules (new) Delegation of proxies (approved by the board of directors 18/04/2007)

Published proxies

**Approved by the board of directors on June 10, 2009**

