

4. CORPORATE GOVERNANCE DECLARATION

4.1. Principles

The Charter of Corporate Governance of Compagnie du Bois Sauvage, approved on 19 December 2005 by the Board of Directors, was last amended on 6 December 2010. It is available on the website: www.bois-sauvage.be

This Charter complies with the Belgian Corporate Governance Code.

The point below includes an explanation of the differences between the practices adopted by the Company and the recommendations of the Belgian Corporate Governance Code.

4.2. Exemption from the Belgian Corporate Governance Code

The exemptions are summarised as follows:

- **Point 4.5 (Director Age Limit):** The Board of Directors has preferred the formula of a 6-year term of office exceptionally renewable only once for the independent directors rather than the 4-year term of office twice renewable recommended by the Code. The primary reason for this choice is that most independent directors fulfil only one term of office, and that this formula offers an extra period which can be used to maximise the director's contribution.
- **Point 4.6 (Board Independence):** One independent director of the Company, Luc Vansteenkiste, does not meet this criterion due to his role as an executive or as a notable influence in one of the Company's strategic holdings. The Board of Directors has examined this case and has found that this director was sufficiently independent for it not to impair the quality of his independence within it.
- **Point 5.2./28 (Audit Committee Operation):** The Board of Directors has taken the view that two meetings a year (instead of four as recommended by the Corporate Governance Code) are sufficient for enabling the Audit Committee to function correctly. One or more additional meetings could be organized according to need.
- **Point 5.3 (Appointment and Remuneration Committee):** The Board of Directors has not considered it necessary for the Managing Director to participate formally in the meetings of the Appointment and Remuneration Com-

mittee when it is dealing with the remuneration of the other members of the executive management. The Appointment and Remuneration Committee can consult the Managing Director at any time.

- **Point 7.12 (Executive Director and Executive Manager Remuneration):** The evaluation criteria refer to the dividend policy, the trend displayed by intrinsic value and discretionary aspects. The evaluation will be done on a year basis. It will be asked to the Annual Meeting of Shareholder to approve these criteria including the discretionary one and the annual evaluation and to delegate their management to the Board of Directors.
- **Point 7.17-18 (Executive Director Contracts):** The Managing Director's service contract contains a clause providing that in the event of departure on the Company's initiative and in the absence of any serious deficiency on the part of the Managing Director, the latter shall be entitled to a flat-rate benefit corresponding to roughly two years of his current fixed and variable remuneration, even three in the event of a change of control, whereas the Belgian Corporate Governance Code recommends a maximum of eighteen months.

4.3. Conflict of Interest

No decision taken by the Board of Directors in 2010 required the application of Article 523 of the Companies Code.