



Helping implement the Water Framework Directive remains our greatest challenge.

Corporate Governance Statement

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In line with the provisions of the Belgian Corporate Governance Code of 9 December 2004, the first charter was approved by the Board of Directors on 26 January 2006. The corporate governance charter was reviewed in the light of general developments in the area of corporate governance and the Board of Directors approved a new charter on 6 February 2014. Following the appointment of a General Manager, the corporate governance charter was brought into line with this decision. The Board of Directors approved this new charter on 15 September 2016. The latest version – applying from 1 November 2016 – is available at www.aquafin.be. The

latest composition of the Board of Directors and the Committees is available on our website as well.

→ BOARD OF DIRECTORS

Composition

The composition of the Board of Directors was changed in 2016: by cooptation Luc Bossyns was replaced as an individual by VOF Luga Consult. His term of office as Managing Director came to an end on 31 October 2016. However, he will remain a director. The proposal to confirm this appointment by cooptation will be submitted to the General Meeting.

As of 1 November 2016, the Board of Directors is composed as follows:

NAME	TYPE OF DIRECTORSHIP/INDEPENDENT/(NON-)EXECUTIVE	END OF TERM OF OFFICE
VOF Materie, represented by Erik Matthijs	Independent, non-executive	2019
VOF Luga Consult, represented by Luc Bossyns	Non-executive	2019 ¹
Alain Bernard	Non-executive	2019
Frieda Brepoels	Independent, non-executive	2019
Koen Helsen	Independent, non-executive	2019
Marijke Mahieu	non-executive	2019
Ludo Suy	Independent, non-executive	2019
Francine Swiggers	Non-executive	2019
Jean Vandecasteele	Independent, non-executive	2019
Flemish Environmental Holding NV, represented by Marleen Evenepoel	Non-executive	2019

¹ If the General Meeting confirms the cooptation on 18 April 2017.

On 24 November 2016, Frieda Brepoels announced her resignation as member of the Board of Directors and as Chairman of the Audit Committee with effect from 1 January 2017. The company thanks Ms Brepoels for the knowledge and experience she has brought to Aquafin since her appointment as director in April 2014. On 16 March 2017 the Board of Directors coopted Ms Kathleen Depoorter as director. The proposal to confirm this appointment will be submitted to the General Meeting as well.

In 2016, the Aquafin Board of Directors had five non-executive directors who meet the criteria set out in Article 526bis of the Companies Code: VOF Materie represented by Erik Matthijs, Ludo Suy, Koen Helsen, Frieda Brepoels and Jean Vandecasteele. These directors also meet the independence criteria stated in Schedule A to the Belgian Corporate Governance Code. As such, the Board of Directors complies with Section 2.3 of the Corporate Governance Code, which states that at least three Board members must be independent.

The Board of Directors is assisted by its secretary, Alain Vanden Bon.

Report of activities and attendance

As well as exercising the powers defined in the charter, in the last financial year, the Board of Directors also discussed the various aspects of the relationship with the regulator and the procedure for the replacement of the CEO was followed. The composition of the Appointments and Remuneration Committee was reviewed following the changes in the Board of Directors.

During 2016, the Board of Directors met six times. Two meetings were attended by all directors. One director did not attend one meeting and two directors did not attend two meetings. One meeting went ahead with seven directors attending. Five directors were present at all meetings in 2016. Four more directors attended five meetings and two directors were absent from two meetings.

→ AUDIT COMMITTEE

Composition since June 2015:

Chairman	Frieda Bepoels (until 1 January 2017)
	Marijke Mahieu
	Francine Swiggers
	Jean Vandecasteele
	Koen Helsen

Report of activities and attendance

Besides the usual oversight of the integrity of the financial information, evaluation of the internal controls at organisation level, discussion of internal audit reports and approval of the audit plan, the independence of the statutory auditor and the management representation letter was evaluated. The committee paid particular attention to the issue of delivery and increasing subsequent costs, the points for attention raised by the statutory auditor regarding the monitoring of municipal activities and subsequent costs. A number of exceptional matters were also discussed in 2016, including the management of interest rate risk, the drafting of an integrity policy and the procedure for reporting integrity violations. The committee also took

note of the results of the ICT audit and reviewed the investigations of the internal auditor following reports of irregularities and/or fraud.

The Audit Committee reports on its activities to the Board of Directors.

The Audit Committee met four times in 2016. All members took part in two meetings. Four members were present at one meeting and four members were absent from or represented at one meeting. Two directors took part in all meetings, two directors were absent from one meeting. One director took part in two meetings.

Responsibility of at least one member of the Audit Committee for independence and expertise in the field of accountancy and auditing

Francine Swiggers holds a degree in Applied Economics and an MBA. She acquired professional experience in the field of accountancy and auditing partly as a member of the board of directors and audit committee of VDK-Savings bank.



→ APPOINTMENTS AND REMUNERATION COMMITTEE

Composition:

Chairman	Flemish Environmental Holding, represented by Marleen Evenepoel
	Alain Bernard
	Ludo Suy
	VOF Luga Consult, represented by Luc Bossyns (since 24 November 2016)

Report of activities and attendance

During the meetings in the past financial year, the objectives of the Management Committee for 2015 were reviewed. The committee then decided on the objectives for 2016. Besides the overall remuneration for 2016, the remuneration of the Management Committee was also discussed. At the request of a director, the risk of underfunding in the group insurance scheme was discussed.





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The succession of the CEO was discussed at length in the committee. The Appointments and Remuneration Committee also discussed the proposal for the collective labour agreement on time credit and the launch of an updated remuneration policy. Following the election of employee representatives, the new distribution of seats was also explained. The modification of the car policy to include a range of more environmentally friendly options was also proposed to the committee.

The Appointments and Remuneration Committee met three times during the past financial year. All directors took part in all meetings in 2016.

→ MANAGEMENT COMMITTEE

Composition

The composition of the Management Committee was changed in the course of 2016. The Board of Directors appointed Jan Goossens as General Manager as of 1 October 2016. Since then he has been a member of the Management Committee. Until 31 October 2016, the Management Committee was headed by Luc Bossyns, Managing Director. Jan Goossens took over as chair as of 1 November 2016. The table below shows the composition of the Management Committee as of 1 November 2016:

General Manager	Jan Goossens
Asset Management	Bart Van Eygen
Finance	Johan Maes
Infrastructure	Dirk De Waele
Marketing & ICT	Danny Baeten
Operations	Hans Bruynooghe
Organisational Development	Sabine Schellens

The Management Committee meets on a weekly basis. The Management Committee also meets once a quarter to review progress towards the objectives contained in the Strategic Aquafin Management Plan.

→ KEY ELEMENTS OF THE EVALUATION PROCESS OF THE BOARD OF DIRECTORS, THE COMMITTEES AND THE INDIVIDUAL DIRECTORS

The members of the Board of Directors regularly evaluate the size, composition and functioning of this body. The current composition is evaluated in terms of the desired composition. The relationship and interaction with the Management Committee are also reviewed. In this respect, the directors were provided with an analysis of the Appointments and Remuneration Committee. For the purpose of evaluating this interaction, the non-executive directors meet at least once a year, without the General Manager being present.

The following elements are discussed during the evaluation process for the Audit Committee: internal regulations, composition and appointments, meetings, training of members and resources available for this, the whistleblower procedure and relations with the Board of Directors. An evaluation is also made of the responsibilities with respect to the company's financial reporting, internal controls and risk management systems and both internal and external audits.

The Appointments and Remuneration Committee evaluates its own effectiveness and efficiency once every two years. For the purpose of this self-evaluation, an individual questionnaire is sent to each member of the

committee. The results are discussed at a meeting of the committee and submitted to the Board of Directors. An analysis is also carried out of the interaction between the Management Committee and the Board of Directors. Finally, the committee issues an opinion on the performance of the individual directors, with a view to their possible reappointment, focussing in particular on the evaluations of the various chairmen.

→ REMUNERATION REPORT

Non-executive directors

In 2005, the General Meeting decided to pay a fixed annual remuneration, supplemented by an attend-

ance fee per meeting of the Board of Directors or one of its committees. These amounts are 20% higher for the Chairman of the Board of Directors and for the chairmen of the committees. If the directors perform a duty that is distinct from their normal duties as director, they receive an expense allowance in accordance with the resolution passed in 2009. This only relates to duties assigned to individual directors by the Board of Directors or the Management Committee from time to time. These payments come under general expenses.

NAME	TOTAL AMOUNT RECEIVED (IN EUROS)
Alain Bernard	11,729.39
Frieda Brepoels (C)	11,665.99
Koen Helsen	12,416.25
Marijke Mahieu	11,782.23
Ludo Suy	15,005.17
Francine Swiggers	11,465.22
Jean Vandecasteele	12,786.10
Flemish Environmental Holding NV, represented by Marleen Evenepoel (C)	12,733.26
VOF Luga Consult, represented by Luc Bossyns (as from 1/11/2016)	3,821.74
VOF Materie, represented by Erik Matthijs (C)	24,283.00

((C) = CHAIRMAN)

Managing director up to and including 31 October 2016

The total gross remuneration invoiced to Aquafin for 2016 by Bamboss BVBA or VOF Luga Consult is broken down as follows:

- basic remuneration: 349,254 euros
- variable part: 91,201.86 euros
- pension entitlements: n/a
- other remuneration components: 3,557.50 euros

Up to 31 October 2016, he received no remuneration as a director (within the Board of Directors).

Management Committee

The total gross remuneration paid to the members of the Management Committee for 2016 – including the General Manager as from 1 October 2016 –, with exception of the Managing Director amounts to:

- basic salary: 873,908.68 euros
- variable part: 134,839.76 euros
- pension entitlements: 101,302.45 euros
- other remuneration components: 152,646.24 euros.

The variable remuneration for the 2016 financial year will be paid in 2017 in the form of warrants.

General

Based on the advice of the Appointments and Remuneration Committee, the Board of Directors determines the remuneration policy, both for the executive management team and the Managing Director. The aim of this policy is to attract, retain and motivate knowledgeable people. The amount of the remuneration takes into account the individual tasks and responsibilities of the members of the Management Committee.

The performance of the Management Committee is evaluated once a year in the presence of the Managing Director/General Manager. The appraisal of the Managing Director/General Manager takes place in their absence. The Appointments and Remuneration Committee closely monitors the entire procedure, which is also approved by the Board of Directors. Corporate, personal and commercial objectives are set each year, based on the regulations. A certain weighting is assigned to each objective within the evaluation in advance. For 2016, the elements of the evaluation related to organisational, budgetary, economic and environmental aspects and/or results, among other factors. The overall performance of the member of the Managing Board is also evaluated, in addition to the evaluation based on the objectives set. The evaluation relates to the performance from 1 January 2016 to 31 December 2016.

The contract of employment entered into with the General Manager complies with the provisions of the corporate governance charter.

Remuneration for mayors' advisory body

As part of its activities outside the Management Agreement, Aquafin has set up an advisory body for mayors. This group meets several times a year to exchange views about a variety of water-related subjects or Aquafin puts a range of questions to this group. The mayors sitting on this advisory body receive a gross remuneration of 250 euros for every meeting they actually attend. In this context, an overall amount of 10,500 euros was paid out in 2016.

→ NOTES ON DEVIATIONS FROM THE CODE

Aquafin applies the provisions contained in the Belgian Corporate Governance Code for listed companies. Deviations are made from the Code in certain instances, due to the specific nature of the company's share ownership. Further details of the provisions of the Code with which the company does not comply are given below.

To ensure efficient water drainage, we inspect our infrastructure closely.



Section 5.2/4: majority of independent directors on the Audit Committee.

The Audit Committee consists of five members, all of whom are non-executive directors. Since June 2015, three members are independent in accordance with the Belgian Corporate Governance Code. As of that date, the majority of the Audit Committee is made up of independent directors.

Section 5.4/1: majority of independent directors on the Appointments and Remuneration Committee.

As of November 2016, the Appointments and Remuneration Committee consists of four non-executive directors, of which one director can be regarded as independent according to the criteria of the Belgian Corporate Governance Code. This is because it is only possible for members to make a meaningful contribution to the Appointments and Remuneration Committee if they have a thorough knowledge of the company and the specific context within which it operates.



Section 8.8: convening of/submission of motions for General Meetings

The company's Articles of Association stipulate the statutory threshold of 20% for convening a General Meeting. In view of the specific shareholdership characteristics of the company, there is no reason to lower the threshold for submitting motions for the General Meeting at this point.

→ INSIDER DEALING AND MARKET ABUSE

As Directive 2003/6/EC on insider dealing and market manipulation applies to the company since the debenture loan was issued, measures were taken in the charter to comply with the provisions of this directive. This debenture was redeemed in September 2015. The role of the Compliance Officer concerning compliance with relevant provisions and the necessary provision of information is defined. If necessary, the Board of Directors will draw up a dealing code.

Alain Vanden Bon, Secretary to the Board of Directors, has been appointed as the Compliance Officer.





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