

# Corporate Governance Charter

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## Barco nv

# Corporate Governance Charter

# Corporate Governance Charter

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## Foreword

*On 22 January 2004 the Corporate Governance Committee was established. This committee was set up at the initiative of Belgium's Banking, Finance and Insurance Commission (BFIC), the Federation of Belgian Enterprises, and Euronext Brussels. In 1998, each of these three institutions had drawn up recommendations for best practice on corporate governance.*

*These recommendations were compiled by the committee in a single unique reference code for listed Belgian companies. This code sets down a number of principles of good management and transparency that should promote the development of the companies and their image with the investors and the public.*

*This original Corporate Governance Code of 2004 was replaced by the revised Code, itself published on 12 March 2009.*

*The Code is based on principles and provisions. Principles define the fundamental aspects of best practice on corporate governance. Each principle is further explained in the provisions.*

*Listed companies will have to adhere to the principles and provisions of the Code. In certain specific circumstances, however, deviations from the provisions of the Code can be justified.*

*If a company thinks it must deviate from the principles and/or the provisions of the Code (in the interest of the company or, for example, to ensure continuity in policy), it has to justify and explain the deviation. This is the so-called 'comply or explain' approach.*

*Barco NV subscribes to the principles of good management and transparency as set down in the principles and provisions of the Code. In the exceptional cases in which it decides to deviate from these principles, this deviation will be explained.*

*In the Corporate Governance Statement of the annual report, possible deviations from the Code, with their explanation, shall be incorporated. During the annual general meeting, Corporate Governance shall be on the agenda as a point of information.*

*The revised Code applies to the reporting years starting on 1 January 2009 or later.*

*Barco NV – The Board of Directors*

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## Definitions

In this Corporate Governance Charter, the following definitions apply:

**The "Code":** is the 'Belgian Code on Corporate Governance' of 12 March 2009. This code can be consulted via the link: [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

**The "Law":** is the Company Code.

**The "Articles of Association":** are the articles of association of Barco NV, which can be consulted on the Barco website: [www.barco.com](http://www.barco.com).

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## TITLE 1. GOVERNANCE STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

PRINCIPLE 1.	THE COMPANY APPLIES A CLEAR GOVERNANCE STRUCTURE
PRINCIPLE 2.	THE COMPANY HAS AN EFFICIENT BOARD OF DIRECTORS WHICH TAKES DECISIONS IN THE INTEREST OF THE COMPANY
PRINCIPLE 3.	ALL DIRECTORS GIVE EVIDENCE OF INTEGRITY AND DEDICATION
PRINCIPLE 4.	THE COMPANY HAS A RIGOROUS AND TRANSPARENT PROCEDURE FOR THE NOMINATION AND EVALUATION OF ITS BOARD AND THE MEMBERS OF THE BOARD

### 1.1 Composition of the board of directors

The board of directors, consisting of at least five directors, and including at least three independent directors, leads the company. At least half of the directors are non-executive directors. The independent directors comply with both the criteria contained in the Law (Article 524 §4) and the criteria contained in the Code (Appendix A). If an independent director no longer meets the criteria, he or she shall inform the board of directors without delay.

The general meeting appoints the directors for a term that in principle does not exceed four (4) years. It is the intention of the board of directors in its proposals to the general meeting to limit the duration of the directors' mandates to four (4) years.

The appointment is made on the recommendation of the board of directors, which bases its decision on the advice of the remuneration and nomination committee. This committee shall watch over the diversity of the members of the board of directors. The proposal contains all the useful information relating to the candidate director, including a detailed curriculum vitae, and indicates whether the candidate is independent or not.

The term of service comes to an end at the closing of the annual meeting that takes place in the year in which the mandate expires. Directors can be reappointed at the



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end of their mandate. The directors can be discharged at any time by the general meeting.

The age limit is set at 65. This means that a director's mandate automatically ends at the closing of the annual meeting in the year the director turns 65.

The leadership of the board of directors is entrusted to the Chairman, who creates a climate of confidence and encourages open and constructive discussion. The board of directors chooses this chairman from its members for a period that is limited to four (4) years or the remaining duration of his or her current mandate.

The board of directors appoints the secretary of the board of directors, who is charged with the duties stipulated in the Code (Principle 2.9).

## **1.2 Appointment of directors**

New directors are nominated by the remuneration and nomination committee, based on a profile drawn up beforehand by the board of directors, considering the knowledge and experience already present within the board of directors

Executive directors are required to have in-depth experience in operational management of companies.

Directors may not have more than five (5) director's mandates in listed companies, including the director's mandate at Barco. Any changes in these mandates or additional mandates shall be brought to the notice of the Chairman of the board of directors without delay.

The Chairman of the board of directors shall provide for the necessary introduction of the new directors in order to ensure their rapid participation in the activities of the board.

## **1.3 Evaluation**

The Barco board of directors has four responsibilities:

- (a) Under the supervision of the Chairman, the board of directors evaluates, on a regular basis, the size, the composition and the performance of the board of directors and its committees, as well as its interaction with executive management.
- (b) To establish, evaluate and adjust the strategy of the Barco group in ongoing consultation with the CEO and management.
- (c) To oversee the use of the available resources, the compliance with the societal, social and legal obligations and the upholding of the standards and values and ethical behavior of the group.
- (d) To coach management of the Barco group in the implementation of the strategy and group structure.

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The evaluation shall be performed on the basis of this set of responsibilities. On a regular basis, the Chairman shall organize individual consultations with the directors on the basis of a list of questions made available beforehand. The following points shall be dealt with in this consultation:

- (a) The relationship between the board of directors and Barco management
  - Is there enough information available?
  - Is this information made available in a timely manner?
  - Are questions answered completely and in a timely manner?
- (b) Operation of the board of directors
  - Is an open discussion possible in the board of directors?
  - Can all points of view be heard?
  - Are the discussions professional and relevant?
  - Are the discussions concluded with a clear decision process?
- (c) Contribution of the individual directors
  - Does the director in question participate sufficiently in the discussions?
  - Does the specific expertise of the director add sufficiently to the discussion?
- (d) Chairmanship of the board of directors
  - Does the Chairman lead the board in an effective manner?
  - Is everyone given the right to speak?
  - Do the decisions reflect the discussion and the consensus of the directors?

The Chairman shall submit a written report on this evaluation to the board of directors, after which, if necessary, the directors will draw the appropriate conclusions. In the Corporate Governance Statement in the annual report, information shall be given about the main characteristics of the evaluation report of the board of directors, its committees and its individual directors.

## **1.4 Operation of the board of directors**

The board of directors takes all actions that are required to achieve the objectives of the company, except for those actions that only the general meeting is qualified to undertake according to the Law.

The board of directors meets at least eight (8) times a year on preset dates, as well as anytime the need arises.

The Chairman is responsible for ensuring that at each meeting the board receives the most recent information concerning the different divisions of the company: key information and detailed financial reports at group level with consolidated key figures per division shall be made available each month. The uniformity of this reporting makes it possible to make comparisons in time and between the different divisions and business units.

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The board of directors can deliberate and make decisions on matters listed on the agenda, on the condition that at least half of its members are either present or validly represented at the meeting. The members of the board of directors shall have the right to ask all questions and to discuss all the points that they wish to discuss. If an important decision must be taken, however, then it shall be included as an item on the agenda of a following meeting.

The aim is to achieve maximum participation of all members of the board at each meeting, either through physical presence or, if necessary, via telephone or videoconference links.

The Chairman draws up the agenda of the meeting in consultation with the CEO. The secretary of the board of directors takes the minutes of the meeting. At the following meeting, these minutes are presented to the members who were present at the meeting in question for their approval and signing off.

The board of directors shall deliberate and make decisions in accordance with the provisions of the Articles of Association (Article 21), with the understanding that the board of directors shall endeavor insofar as possible to make unanimous decisions in the interest of the company. In the exercise of these duties, all directors shall maintain the necessary independence.

Furthermore, the directors shall not use the information they acquire in their capacity as a director for any other purposes than the exercise of their mandate as a director. Insofar as possible, they shall also keep their personal and business interests separate in order to avoid (direct and indirect) conflicts of interest with the company. Directors, who have an interest relating to property that is in conflict with a decision or action, falling under the authority of the board of directors, under the Law (Article 524), shall inform the board of directors of this fact without delay.

The board of directors has established guidelines for transactions or contractual obligations between the company, including its subsidiary companies, and the members of the board of directors.

## **1.5 Most significant topics discussed by the board of directors**

The board of directors decides on the values and strategy of the company, with regard to its readiness to take risks; and sees to the translation of these values and strategies into policies. The board of directors a.o. discusses the medium-term plan, the short-term plan (profit plan), the annual and quarterly results, financing, legal problems related to company law, acquisitions and strategy, both of the parent company and its subsidiaries. Other subjects, such as major organizational changes, personnel matters (e.g. stock option plans), external communication, quality management and current affairs (e.g. major IT projects and technological evolution) are frequent topics on the agenda of the board of directors.

## **1.6 Supervision of day-to-day management**

The board of directors has delegated day-to-day management to the company CEO. He is assisted by an internal executive committee, which consists of the managers of the various divisions and regions of the company and managers with group

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management responsibilities. Under the supervision of the members of the executive committee, including the CEO and the CFO, extended responsibilities have been delegated to these managers for management purposes of their divisions.

These individuals are also regularly invited to the board meetings to provide information on the results of their divisions, short- and long-term planning, and important investment projects.

The board of directors monitors the performance of executive management and evaluates the implementation of the company's strategy. For this purpose, the board of directors approves a framework of internal supervision and risk management, drawn up by executive management.

## **1.7 Execution of the management function**

The directors make decisions based on an independent judgment, taking into account the legal and statutory provisions related to the matter they decide on. Regardless of the general powers of representation of the board of directors as a collegiate body, the company is legally bound, both in court and for all extra-judicial matters, by two directors acting jointly.

With respect to day-to-day management, the company is also legally represented, both in court and for all extra-judicial matters, either by the Chief Executive Officer or by an executive manager, who has been entrusted with the day-to-day management by the board of directors or the Chief Executive Officer.

In addition, the company is legally bound by specially appointed representatives, within the limits of the authority granted to them.

## **1.8 Remuneration of directors**

The general meeting grants fixed and/or variable remunerations to the directors, which are charged to the general costs.

The board of directors distributes the total remuneration package granted by the general meeting among the directors in accordance with the following principles:

- (a) The non-executive directors receive
  - (i) only a fixed remuneration;
  - (ii) attendance fees for being present at the meetings of the board of directors and the committees;
  - (iii) no performance or results-linked remuneration.
- (b) Executive directors receive a fixed remuneration, as well as a performance and results-linked remuneration.

The board of directors is also authorized to grant remuneration to directors entrusted with special functions or tasks. These are charged as general costs.

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## TITLE 2. COMMITTEES SET UP BY THE BOARD OF DIRECTORS

### PRINCIPLE 5. THE BOARD OF DIRECTORS SETS UP SPECIALIZED COMMITTEES

#### 2.1 Committees set up by the board of directors

The board of directors has set up a number of specialized committees to analyze specific matters and advise the board. The (final) decision, however, remains the responsibility of the board of directors. Currently these committees are the audit committee, the remuneration and nomination committee and the strategic committee.

The board of directors may decide to set up any other committees that it may deem necessary.

The board of directors determines the composition and responsibilities of each committee that it sets up. The role and competences of each committee are specified in this charter. At the initiative of the Chairman of the board of directors, the members and the chairman of each committee are appointed by the board of directors. The remuneration and nomination committee assists the Chairman in this matter. Each committee consists of at least three members.

In the selection of the members of the committees, special attention shall be given to the specific requirements or skills that are needed for the optimal operation of each committee.

Each committee may invite individuals of its own choosing to attend its meetings.

After informing the Chairman of the board, each committee may seek external professional advice at the company's expense concerning subjects that fall under its competence.

After each meeting of a committee, the board of directors shall receive an oral or written report on its deliberations and recommendations.

#### 2.2 Audit committee

The audit committee is composed of three members, all of whom must be non-executive directors. The audit committee meets under the chairmanship of a non-executive director other than the Chairman of the board of directors.

The board of directors sees to it that the audit committee possesses sufficient relevant expertise, particularly regarding financial, accounting and legal matters, to be able to carry out its function effectively.

The members of the audit committee are appointed for a period that does not exceed the duration of a director's mandate.

The board of directors assigns the following tasks to the audit committee:

- (a) Relating to the external audit function:
  - Determine the selection criteria for the statutory auditor;

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- Make the selection on the basis of these criteria;
- Submit a proposal regarding the appointment, reappointment or dismissal of the statutory auditor;
- Propose the remuneration and conditions of recruitment of the statutory auditor;
- Evaluate the independence of the statutory auditor;
- Establish policy regarding deployment of the statutory auditor for non-audit services;
- Follow up this policy;
- Evaluate the effectiveness of the external audit;
- These assignments are to be executed in line with the powers reserved to the board of directors and the general meeting.

(b) Relating to the internal audit function:

- The audit committee sees to it that there is an internal audit function in the company with the necessary resources and know-how to do its job.
- The audit committee approves the appointment and the dismissal of the head of the internal audit.
- The audit committee participates in planning the internal audit operations.
- The audit committee monitors the internal audit operations and evaluates their effectiveness.

(c) Relating to the periodical reporting:

- The audit committee evaluates all the proposals of the executive management relating to the accounting principles used in the company.
- The audit committee ensures that the financial reporting is done in a truthful, honest and clear manner.
- The audit committee ensures that a sound system for making reliable forecasts is implemented.
- The audit committee inquires into the quality of financial information before it is presented to the board of directors.
- The audit committee verifies the information that is periodically made public.
- All of the above is discussed with both the executive committee and the external statutory auditor.

(d) Relating to the occasional reporting:

Important occasional information that can have a serious impact on the share price must be checked by the chairman of the audit committee before publication.

(e) Relating to the internal control system:

- Evaluation of the internal control system set up by executive management.

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- Analysis and approval of the notes about internal controls published in the annual report.
  - The audit committee also develops a procedure to enable company employees to express concerns about possible irregularities in a confidential manner.
- (f) Relating to risk management:
- The audit committee assesses the effectiveness of the systems that were introduced to identify, evaluate and manage the risks inherent to the activities of the company.
  - The audit committee assesses the notes about risk management published in the annual report.
- (g) Relating to compliance:  
The audit committee evaluates the effectiveness of the systems which were established to ensure compliance with the laws and regulations applicable to the company and with the codes of conduct (insofar as applicable).
- (h) Relating to reporting to the board of directors:  
The audit committee reports regularly to the board on the performance of its tasks. These reports list all items that, according to the audit committee, require measures to be taken or that require improvement. In addition, recommendations are made concerning the measures to be taken.

The above tasks are carried out for the entire group.

The audit committee meets at least four times a year. Each year, the audit committee assesses its composition and its operation, it evaluates its own effectiveness, and it makes the necessary recommendations regarding these matters to the board of directors.

The audit committee meets at least twice a year with the statutory auditor and the head of the internal audit to consult with them about matters falling under the power of the committee and about any matters arising from the audit. Normally this happens at the semi-annual and annual closing of financial figures.

The CEO, the CFO and the statutory auditor also attend the meeting of the audit committee, unless the members of the audit committee wish to meet separately. At least once a year the audit committee meets in the absence of executive management and the executive director(s).

Both the statutory auditor and the head of the internal audit shall have direct and unlimited access both to the chairman of the audit committee and the Chairman of the board of directors.

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## **2.3 Remuneration and nomination committee**

The board of directors sets up a remuneration and nomination committee composed of non-executive directors.

The company board of directors has made use of the possibility to combine the remuneration committee and the nomination committee into a single committee. Either the Chairman of the board of directors or a non-executive director chairs this committee. The Chairman of the board of directors does not chair the remuneration and nomination committee when it is dealing with the remuneration of the Chairman.

The remuneration and nomination committee meets at least twice a year, as well as anytime changes are necessary in the composition of the board of directors, be it appointments or reappointments.

The CEO participates in the meetings when the remuneration and nomination plan proposed by the CEO for members of executive management is discussed, but not when his own remuneration is being decided.

In fulfilling its responsibilities, the remuneration and nomination committee shall have access to all resources that it deems appropriate, including external advice.

The remuneration and nomination committee shall see to it that the appointment and reappointment process proceeds as objectively and professionally as possible. In this regard, the remuneration and nomination committee shall make recommendations to the board of directors concerning the appointment of directors. More specifically, it must:

- (a) Draft appointment procedures for directors;
- (b) Periodically assess the size and composition of the board of directors and make recommendations to the board of directors regarding any changes;
- (c) Identify and nominate, for approval by the board of directors, candidates to fill vacancies if and when they arise; candidates proposed by management and/or shareholders shall be taken into account in this process;
- (d) Perform a thorough analysis of the aspects that are related to succession planning;
- (e) Assist the board of directors in the appointment of the members of executive management upon recommendation of the CEO, unless otherwise decided by the board of directors.

The remuneration and nomination committee sees to it that the remuneration policy is implemented as objectively and professionally as possible.

The board of directors charges the remuneration and nomination committee with the drafting or assessing of proposals for the board relating to:

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- (a) The remuneration policy for non-executive directors and the proposals that must be submitted to the shareholders;
- (b) The remuneration policy for the CEO, relating to:
  - (i) the main contractual terms, including the most important characteristics of the pension plans and the arrangements provided for terminating the contractual relationship;
  - (ii) the remuneration, including:
    - the relative importance of each component of the remuneration;
    - the performance criteria that apply to the variable elements;
    - the fringe benefits.
- (c) The approval of the appointments and the remuneration policy, as proposed by the CEO relating to executive management (excluding the CEO), all of this relating to:
  - (i) the main contractual terms, including the most important characteristics of the pension plans and the arrangements provided for terminating the contractual relationship;
  - (ii) the remuneration, including:
    - the relative importance of each component of the remuneration;
    - the performance criteria that apply to the variable elements;
    - the fringe benefits.

The remuneration and nomination committee also assists the board in the determination of the individual remuneration, including (depending on the situation) bonuses and long-term incentives – whether or not related to company shares – in the form of warrants/stock options or other financial instruments, unless otherwise decided by the board of directors.

The remuneration and nomination committee is also responsible for establishing the selection criteria and selecting and stipulating the competences of each consultant who advises the committee. A statement is also made as to whether or not each consultant has any other relationships with the company.

## **2.4 Strategic committee**

The board of directors sets up a strategic committee consisting of a minimum of three members, including the Chairman and the CEO. The Chairman presides over this strategic committee.

Members of executive management and other members can be invited to attend meetings of the strategic committee.

The committee meets when an issue is introduced by the CEO. The committee meets at least once (1) a year to evaluate the existing strategy.

On the CEO's proposal, the strategic committee shall discuss options that could influence the strategic path followed by the company. Possible points that may be discussed in this committee include acquisitions, mergers and the sale of a given activity.

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Other important strategic choices shall also be discussed in the committee, such as investing in new technologies, markets or regions that could have an important impact on the future of the company.

This relates to investments running over a number of years that involve a minimum engagement by the company of ten million Euro (€ 10 million) over the entire duration of the project.

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## TITLE 3. EXECUTIVE MANAGEMENT

PRINCIPLE 6. THE COMPANY DEVELOPS A CLEAR EXECUTIVE MANAGEMENT STRUCTURE
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### 3.1 Executive management structure

#### Definition

The executive management is composed of all executive management committee members. These include:

- the CEO;
- division managers;
- region managers;
- corporate managers.

#### Appointment

The board of directors decides on the selection and nomination of the CEO.

The CEO proposes the selection and nomination of the executive management to the remuneration and nomination committee for approval.

The contracts concluded on or from 1 July 2009 onwards refer to the criteria taken into account to determine the variable remuneration. The contract includes specific provisions with regard to early termination of the contract.

#### Role

The board has delegated to the CEO the responsibility for day-to-day operations. The Chairman works closely together with the CEO and offers him support and advice, with respect to the executive responsibility of the CEO. The CEO executes this responsibility with an executive management committee by assigning the proper responsibilities to the business divisions, regions and corporate positions. The day-to-day operations include investments in tangibles and intangibles, purchase and sales contracts, and hiring and dismissing personnel, all in line with the profit plan agreed by the board of directors.

Once a year (December), the CEO proposes a profit plan for the next year. This plan details the day-to-day operations for the following year. This profit plan contains orders, sales, profit, working capital and manpower per division and per region. The board approves or amends this plan. This plan is to be executed and followed up by the CEO. The CEO issues a monthly report to the board to give an update on the status of the implementation of the profit plan.

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Once a year (June), the CEO proposes a strategic plan for the next three years. The board comments on this plan and either approves or amends it.

At any time in the year, the board can call for a review of this profit or strategic plan.

Executive management further sees to:

- (a) the production of internal controls based on the framework approved by the board of directors;
- (b) the preparation and publication of the annual accounts and other tangible financial and non-financial information in conformity with the legal and statutory provisions.

Finally, executive management provides the board of directors with a justification and an account of the execution of its tasks.

## **3.2 Accountability to the board**

On a monthly basis, the CEO and executive management provide an overview of the financial status of the company with respect to orders, sales, profit, working capital, manpower, etc. per division and per region. This information is provided within the third week of each month and also covers information relating to the previous month. This information is discussed during every meeting of the board of directors.

If necessary, executive management prepares action plans not yet defined in the profit plan of the current year, to respond to changes in market conditions or in supplier or customer positions, and it discusses this plan with the board of directors.

On a quarterly basis, the CEO and executive management discuss the financial position of the company in depth with the audit committee by giving more detailed information than the information contained in the monthly reports.

## **3.3 Decision-making policy**

Each year the CEO draws up a profit plan to be presented for approval to the board of directors. Authority is delegated to the CEO to implement the profit plan as approved by the board of directors and without the board's further authorization or consent. The CEO can delegate the implementation of the profit plan, either entirely or in part, to one or more executive managers. Should it become apparent in the course of the year in question that important points of the profit plan approved by the board of directors cannot be realized, the CEO shall inform the board of directors of the fact and the board can then commission the drafting and elaboration of an adjusted plan which, after approval, shall be implemented by the CEO.

In any event, the following management decisions are subject to the prior approval of the board of directors:

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- The granting of a loan to a subsidiary or a third party in which the company does not hold a majority interest;
- The acceptance of loans or other credit facilities exceeding € 50 million;
- Any acquisition exceeding € 3 million;
- Any acquisition outside today's core businesses;
- Any divestiture of a business activity with sales exceeding € 5 million;
- The granting of any corporate guarantee in favor of a third party, exceeding € 5 million;
- The acquisition, sale or the granting of or entering into a long-term lease, rent or concession of real estate for a cumulative period exceeding 9 years;
- Long-term leases of investment goods of more than 5 years and exceeding a lease cost of € 100,000;
- The granting of mortgages, liens or other encumbrances on any property;
- Any discontinuation of a business activity with sales exceeding € 5 million;
- The hiring of executive management or people with a yearly gross salary exceeding € 300,000;
- Any acquisition of shares and assets of another company exceeding € 3 million.

In addition, the board should approve major decisions that are not in line with the profit plan.

For all major investments, at least two board members need to sign.

The board delegates the day-to-day operations, in line with the profit plan, to the CEO. The CEO and executive management shall make the decisions concerning day-to-day operations on the basis of their role and responsibility in the company, in conformity with the statutory provisions and internal policies and procedures. In the event that two executive managers share the same responsibility, they should reach a consensus. Otherwise, the CEO shall make the decision.

### **3.4 Evaluation of the CEO and executive management**

Evaluation and review of the performance of the CEO and executive management is based on performance and objectives.

The objectives for executive management (except the CEO's) are agreed between the individual executive managers and the CEO, after consultation with the remuneration and nomination committee. At least once a year the remuneration and nomination committee and the CEO evaluate the performance of executive management and give each executive manager feedback on an individual basis regarding his/her performance. The evaluation criteria are a combination of profit, working capital, the company's long-term growth and measures to promote quality.

The evaluation criteria for the CEO shall be proposed by the CEO and approved by the board of directors. At least once a year, the board of directors evaluates the CEO and gives him/her feedback with regard to this evaluation.

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The CEO is not present when his/her performance is evaluated. The evaluation criteria are:

- (i) performance;
- (ii) leadership;
- (iii) potential for future development;
- (iv) contribution to team spirit;
- (v) ethical values.

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## TITLE 4. REMUNERATION

PRINCIPLE 7. THE COMPANY REMUNERATES THE DIRECTORS AND THE MEMBERS OF EXECUTIVE MANAGEMENT IN A FAIR AND JUSTIFIED WAY

### 4.1 Remuneration of the CEO and executive management

#### 4.1.1 Remuneration of the CEO

The board determines the remuneration policy of the CEO based on a proposal by the remuneration and nomination committee. The remuneration will ensure a competitive package and will consist of:

- (a) a fixed remuneration;
- (b) a variable remuneration determined by the company's performance of the previous year;
- (c) a contribution to the insurance and pension funds;
- (d) a long-term incentive based on warrants/stock options.

#### 4.1.2 Remuneration of executive management

The remuneration and nomination committee approves the remuneration of executive managers upon a proposal by the CEO. The remuneration shall be a competitive package and shall consist of:

- (a) a fixed remuneration;
- (b) a variable remuneration determined by the company's performance of the previous year and a management fee based on the results of his/her division;
- (c) a contribution to the insurance and pension funds;
- (d) a long-term incentive based on warrants/stock options.

The provisions with regard to remuneration of executive managers, under which they are entitled to shares, warrants/stock options or any other right to obtain company shares, shall be subject to prior shareholder approval.

### 4.2 Evaluation of executive management remuneration [now see 3.4]

The remuneration of the CEO and of every member of executive management shall be reviewed on a yearly basis:

- the fixed remuneration shall be determined by job responsibility;
- the variable remuneration shall be determined on the basis of formal objectives set at the beginning of the year and evaluated at the end of the year;
- the contributions to insurance and pension funds shall be based on the fixed remuneration;

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- the number of warrants/stock options shall be determined by his/her responsibility on the one hand and the long-term contribution to the company on the other hand.

## **4.3 Remuneration report**

The Corporate Governance Statement in the annual report shall include the remuneration report drawn up by the company in application of the provisions of the Code.

## **4.4 Termination of contracts and termination arrangements**

In the event of a contract being terminated, local legislation and jurisdiction shall apply to all executive managers who are employees of the company. The termination arrangements shall be determined in line with the specific provisions included in the employment contract of the executive managers concerned.

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## TITLE 5. RELATIONSHIP WITH THE SHAREHOLDERS

PRINCIPLE 8. THE COMPANY ENTERS INTO A DIALOGUE WITH THE SHAREHOLDERS AND THE POTENTIAL SHAREHOLDERS, BASED ON A MUTUAL UNDERSTANDING OF ONE ANOTHER'S GOALS AND EXPECTATIONS

### 5.1 Equal treatment of shareholders

The company shall treat all shareholders in an equal manner.

### 5.2 Communicating with shareholders and potential shareholders

In view of a good relationship with all shareholders, the company organizes a number of activities aimed at optimal communication with and information of shareholders and potential shareholders. Amongst others, the company organizes road shows, company visits and analyst & investor days on an international scale. A mutual understanding of expectations and concerns is aspired to in this manner.

A specific section of the company's website is reserved for providing information to the (potential) shareholders.

The investors' section of the Barco NV website offers all the regular and occasional information that should enable the shareholder to exercise his or her rights in a knowledgeable manner.

This section contains the most recent version of the coordinated Articles of Association and the Corporate Governance Charter.

Shareholders who exceed the three (3) percent limit on a fully diluted basis must make themselves publicly known in accordance with Article 50 of the Articles of Association and the relevant legal stipulations. A subsequent declaration is stipulated at five (5) percent and each multiple of five (5) percent. These shareholders will be mentioned by name in the annual, semi-annual and quarterly reports. No special control rights have been granted to certain categories of shareholders.

### 5.3 General meeting of the shareholders

The Chairman shall preside over the general meeting and shall lead it in such a way that there will be sufficient time to answer any questions shareholders may have relating to the annual report and/or the items on the agenda. The results of the ballots shall also be posted on the website as soon as feasible after the meeting.

Shareholders who wish to add certain items to the agenda of a general meeting must present them for consideration to the board of directors in a timely manner. When submitting items for the agenda, the interests of the company, the legal periods of

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notification for the general meeting and a reasonable period of time for consideration by the board of directors must be taken into account.

Shareholders who represent more than one-fifth of the share capital can, in accordance with the Articles of Association (Article 30) and the Law (Article 532), request the convening of a special general meeting.

Proposed items to be added to the agenda of the ordinary general meeting must be communicated at least two (2) months in advance to the board of directors.

On the website of the company, shareholders will find the necessary information and documents enabling them to attend the general meetings and to cast their vote.

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## **TITLE 6. PUBLICATION**

**PRINCIPLE 9. THE COMPANY GUARANTEES THE SUITABLE PUBLICATION OF ITS CORPORATE GOVERNANCE POLICY**

The company shall use the Code as a reference code for its Corporate Governance Policy.

This Charter contains the main aspects of the Corporate Governance Policy of the company. This Charter shall be updated on a regular basis and is published on the company's website.

In application of the Code, the company will add to its annual reports a Corporate Governance Statement containing all relevant corporate governance events, as well as the corporate governance events required by the Code, of the year considered.

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## TITLE 7. SPECIFIC BINDING GUIDELINES

### 1. TRANSACTIONS IN FINANCIAL INSTRUMENTS RELATED TO BARCO (TRADING BY INSIDERS)

#### Financial instruments

Financial instruments include without limitation

- shares;
- stock options;
- warrants issued by the company;
- warrants issued by third parties;
- bonds;
- convertible bonds;
- ...

#### Trading by insiders

The guidelines below shall apply to all members of the board of directors, the members of executive management and all employees who, by virtue of their position, have access to market-sensitive information about Barco and/or other (listed) companies with which Barco NV and/or its subsidiaries maintains relations, insofar that the information on these other companies may impact the value of the financial instruments related to Barco. The members of family living under the same roof as the aforementioned individuals (husband, wife, adult children, parents...) are also subject to these rules. These provisions shall also apply to transactions within the framework of programs for the purchase of own shares by the company.

The compliance officer, appointed by the board of directors, oversees compliance with these regulations and is responsible for the specific tasks entrusted to him or her within this context. In case of doubt, he or she can appeal to the company's General Counsel for advice. Should the compliance officer not be available, the CEO or CFO can take over his or her role in urgent cases.

#### Market-sensitive information

Market-sensitive information is precise and decisive information that, if it were made public, would probably have a considerable effect on the price of the share or derivative financial instruments. This information can, for example, relate to:

- quarterly, semi-annual, annual results;
- new forecasts of results;
- acquisitions;
- very important contracts and orders;
- significant restructuring;
- important procedures, disputes and arguments;

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- unexpected decisions about dividend payments; etc.

## Reporting of market-sensitive information to the compliance officer

Anyone who receives information concerning Barco and/or other (listed) companies with which Barco NV and/or its subsidiaries maintains relations, and is advised thereof or should be aware that such information is sensitive, must inform the compliance officer.

## Disclosure of market-sensitive information

The board of directors undertakes to disclose market-sensitive information within the shortest possible time and in as clear a manner as possible.

The directors, the members of executive management and the employees who may have knowledge of potentially sensitive information (the "employees") shall maintain the confidential character of the market-sensitive information and not distribute it in any form whatsoever or let it be known, except with the prior written authorization of the Chairman of the board of directors.

## Trading windows

Anyone who has or can have access to periodical sensitive information can do transactions involving shares or other financial instruments related to Barco as of the day after the communication of the results of the previous quarter till and including the fifteenth calendar day of the third month of the current quarter. Before and after that period no transactions can be done by insiders.

In exceptional cases, the compliance officer can allow deviations from this principle.

## Occasional sensitive information

The compliance officer can announce occasional closed periods on the basis of market-sensitive information that is known to the board of directors and/or executive management.

The occasional closed period shall start as of the moment the market-sensitive information is available to the board of directors and/or executive management and shall last until the end of the day on which the public announcement has been made. The occasional closed periods shall also apply to all Barco employees who have the same information at their disposal.

## Lists of insiders

The compliance officer shall make up a list of the insiders who are always restricted to trading windows for their trading.

For every occasional closed period, the officer shall also make up a list of all additional people who, apart from the members of the board of directors and

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executive management, have had foreknowledge of the results and/or access to potentially market-sensitive information.

The compliance officer will inform these additional people thereof by e-mail.

## Transactions which are never allowed

Are never allowed:

- (a) Speculative short-term transactions are never allowed. This means that any transaction, including without limitation short-term warrants and/or stock options trading, short selling and hedging of warrants/stock options awarded within the framework of warrant/stock option plans, is not allowed.
- (b) On the other hand, hedging of shares in portfolio to protect the value of these shares is allowed.

## Transactions which are always allowed

The following transactions are always allowed and cannot be subject to an occasional closed period, even when they are performed outside trading windows.

- (a) The exercise of warrants/stock options awarded within the context of a warrant/share option plan. The sale of shares acquired within this exercise, however remains forbidden. The partial sale of shares in order to finance the exercise price or potential capital gains taxes is also forbidden during these periods.
- (b) The acquisition of shares within the context of the distribution of dividends.
- (c) Transactions within the context of fully discretionary management of capital contracted out to third parties.

## Purchase or sales orders with price limits

When orders with price limits to purchase or sell Barco shares are given to a third party, these orders must be limited in time to the duration of the trading windows.

## Duty to report

Before implementing any transaction in financial instruments related to Barco, the members of the board of directors<sup>1</sup> and executive management<sup>2</sup>, as well as the employees, must notify the compliance officer of their intention, and within ten (10) days after the end of the quarter they must report to the compliance officer all purchases and sales of financial instruments related to Barco, including a statement of amount, price and date of the order and transaction.

For all the aforementioned individuals, this also applies to the exercise of warrants/stock options and sale of shares acquired through exercising warrants/stock options.

The Corporate HR Department shall report to the compliance officer all warrants/stock options awarded and all warrants/stock options exercised by the members of the board of directors, the members of executive management and the aforementioned employees within the above-mentioned timeframe.

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Besides the duty to report to the compliance officer, there is also a legal obligation of notification (Article 25bis of the Law of 2 August 2002 and Article 13 of the Royal Decree of 5 March 2006, as amended) stipulating that all persons having management responsibilities within listed companies<sup>3</sup> and persons closely associated with them<sup>4</sup>, are obliged to notify the BFIC (Banking, Finance and Insurance Commission, known in Belgium as the CBFA) of any transactions involving shares or other financial instruments related to Barco within five business days after the transaction. Notification can be delayed until 31 January of the following year as long as the total amount relating to the transactions does not exceed € 5,000 per calendar year. However, as soon as that amount has been exceeded, each and every single previous and following transaction must be reported within five business days. All the notifications are published on the BFIC website ([www.cbfa.be](http://www.cbfa.be)).

A copy of the notification obligation form and the supporting documents that have been sent to the BFIC, must also be sent to the compliance officer

The BFIC can impose an administrative fine on those who fail to make the required notifications.

## Publication

Each transaction of the type described above – about which the compliance officer has been informed – will be published on the Barco website within thirty (30) days after every quarter, whereby the purchase and sale of financial instruments related to Barco (including accepting and exercising of warrants/stock options) – total per category (directors, members of executive management, employees) – will be reported.

- <sup>1</sup> Both during the exercise of their mandate as well as the following six (6) months.
- <sup>2</sup> Both during the exercise of their function as well as the following six (6) months.
- <sup>3</sup> Members of the board, members of executive management during the exercise of their mandate or function.
- <sup>4</sup> Husband/spouse/partner, children under the responsibility of another member of the household, legal entities under the control of the relevant person.

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## 2. CONFLICTS OF INTEREST

### Basic principles

The Law provides a means of settling conflicts of interest that arise within the context of a director's mandate.

In the interest of the company, the board of directors has decided in this matter that its members must assume a number of additional obligations, which can be summarized as follows:

- (a) Independence: in exercising their mandate, the directors must be totally independent in their judgment.
- (b) Conflicts of interest: any sign of conflicting interests between Barco NV and its directors must be avoided.
- (c) Transparency: any potential conflict of interest must be reported during the relevant board meeting of Barco NV.

### Interests relating to the director's mandate

The legal provisions on conflicts of interest for directors apply to the decisions that fall under the power of the board of directors and that meet the following conditions:

- (a) It must concern an interest relating to property: this means that it must be an interest of financial significance.
- (b) Only a conflicting interest is intended: the "conflicting interest" relates to the decision to be taken, and not necessarily to the company: in this sense, "conflicting" means that the position of the director in question differs according to the decision taken.

The direct consequences of the applicability of these provisions are that the directors in question:

- (a) Must report their conflicting interest relating to property to the board of directors before a decision is taken;
- (b) Shall leave the meeting while this item of the agenda is being dealt with;
- (c) Shall not be permitted to participate in the deliberations and decision-making in relation to the topic in question.

### Functional conflict of interest

A director who is a director or business manager of a customer or supplier or who is employed by a customer or supplier shall report this fact to the board of directors prior to the deliberations concerning a topic on the agenda relating (whether directly

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or indirectly) to this customer or supplier. This obligation also applies when a family member of the director has the above-mentioned position.

The same rule applies when a director or his family members (whether directly or indirectly) hold more than 5% of the shares with voting rights of a customer or supplier.

Subsequently, the director in question:

- (a) Shall leave the meeting while this item of the agenda is being dealt with;
- (b) Shall not be permitted to participate in the deliberations and decision-making in relation to the topic in question.

These legal provisions are not applicable when the customer or supplier is a listed company and the participation of the director (or his family members) takes place within the framework of assets that have been placed under the management of an asset manager who manages these assets in accordance with his own judgment, without taking the director (or his family members) into account.

The directors are aware of the great importance of the above rules in relation to the good management of Barco NV and they commit themselves to taking the utmost care to ensure that these rules are observed.

## 3. ABUSE OF COMPANY PROPERTY

### Principle

The directors are forbidden to make use of the property or the creditworthiness of Barco NV for personal purposes without being legally authorized to do so.

### The Criminal Code

The above-mentioned principle is broader than the Criminal Code, which sanctions a director who:

- a with fraudulent intentions and for personal (whether direct or indirect) gain
- b has made use of the property or the credit of a company
- c all the while knowing that this course of action was (significantly) financially detrimental to this company (and its creditors or associates).

The area of application of this provision is quite broad:

- (a) Use: not only are embezzlement or waste under consideration, but also the simple appropriation or the mere use;

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- (b) The property of a company: not only moveable property is intended, but also real estate and even tangible goods; the company does not even need to be the owner of the property;
- (c) The credit of a company: this is used, for example, when a director uses the company as personal or business security for a private debt.

The main limitation that is found in the Criminal Code is that the company must be harmed in a significant manner for there to be a question of criminal abuse of company property: this is to prevent trivial cases from being brought up.

## Obligation to report

A director who doubts whether an action falls under the above provisions must request prior authorization from the Chairman of the board of directors. Naturally, such authorization will not serve to shield the director in question from possible criminal liability.

## 4. GIFTS AND ENTERTAINMENT

### Principles

Directors and members of the executive committee undertake not to accept any benefits whatsoever from customers or suppliers, with the exception of the provision mentioned below.

The directors and members of the executive committee shall be permitted to accept gifts from customers or suppliers only when the acceptance of these gifts is consistent with the normal and accepted standards of business ethics.

## 5. BRIBERY

### Principle

Bribery penalizes directors who (whether directly or indirectly) propose, request or accept an offer, a promise or a benefit of whatever kind, either for him/herself or for a third party.

The Criminal Code here is aimed at:

- (a) Actions which are performed in his/her capacity as director; or

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(b) Actions which are facilitated by his/her capacity as director.

## Obligation to report

Directors and members of the executive committee undertake to report to the Chairman of the board of directors any circumstance involving any effort to bribe them in the sense stipulated above.