



## **Corporate Governance Charter**

**Approved by the board of directors  
on 19 December 2019**

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# 1 Introduction

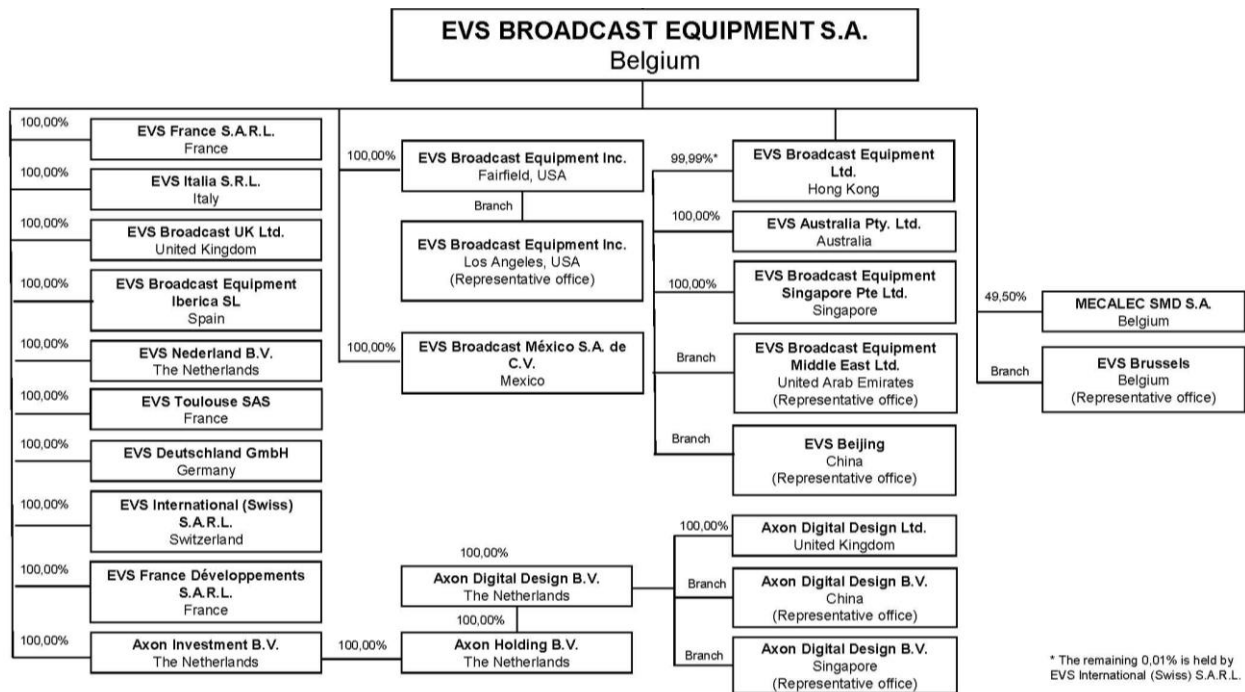
## 1.1 EVS Group

EVS Broadcast Equipment SA (“EVS”), parent company of the group, is a company with head office in Belgium and which owns about 15 offices in Europe, Middle East, Pacific-Asia and America. With about 450 employees, EVS sells its products and solutions in more than 100 countries and provides worldwide customer support. Founded in 1994, the company revolutionized live sports broadcasting thanks to its innovative Live Slow Motion system relying on state-of-the-art technology, and rapidly took a significant position in the broadcast market.

EVS provides its customers with reliable and innovative technologies to facilitate the production of enhanced video programs online, enable them to work more efficiently and to get the most out of their media content. Its market-leading media production and distribution systems are used by broadcasters, production and post-production companies, content owners and archival banks around the world.

EVS’ share is listed on the NYSE Euronext Brussels continuous market under the ISIN code BE0003820371. It went public in October 1998.

The legal structure of the EVS’ group is as follows (as of 30 April 2020):



## 1.2 Governance

In its Corporate Governance Charter, EVS describes the main aspects of its corporate governance. Corporate governance encompasses a set of rules and behaviors based on the principles of transparency and accountability that, by establishing an appropriate balance between entrepreneurship and control, must set the objectives of the company, the ways to achieve them and to assess performance.

Effective performance assessment and careful management of potential risks require effective and active control systems, a management of potential conflicts of interest and enough controls in place to avoid abuses of power likely to have particular interests prevail over those of the company.

Corporate governance encourages the board of directors and executive management to pursue objectives in line with the interests of the company, its shareholders and all stakeholders (staff, customers and suppliers). It contributes to the creation of long-term value.

EVS is committed to apply high standards of corporate governance and has adopted as a reference Code the Belgian Code of Corporate Governance 2020 (the "Code of Corporate Governance" or the "Code"), to which EVS commits to comply, subject to certain aspects about the Company will communicate appropriately. Indeed, in accordance with the "comply or explain" principle laid down in the said Code, the board of directors reserves the right to assess and adjust the application of these standards of good governance with regard to EVS' field of activity, its capabilities and its related constraints. EVS will therefore comply with the procedure by providing adequate justifications, while ensuring that the application and respect of the principles enshrined in this Corporate Governance Charter are improved at all times. These explanations will, if applicable, be specifically mentioned in the Corporate Governance Statement and will lead, if necessary, to an update of this Corporate Governance Charter.

The Charter is completed each year by a Corporate Governance Statement published in the annual report, which shall include more factual information on EVS' Corporate Governance.

The present Corporate Governance Charter will be adapted, and updated, as often as necessary to reflect, at any time, EVS' corporate governance.

## 2 Governance structure

The Company has adopted the one-tier governance structure, as authorized by the Belgian Companies Code. The one-tier structure consists of the board of directors, which is authorized to carry out all actions that are necessary or useful to achieve the company's purpose, except for those for which the general meeting is authorized by law.

This Charter reflects this one-tier governance structure. At least once every five years, the board reviews whether the chosen governance structure is still appropriate, and if not, it proposes a new governance structure to the general shareholders' meeting.

### 2.1 Board of Directors

#### 2.1.1 Role

The company is led by a collegial board of directors whose role is to pursue company's sustainable value creation by ensuring entrepreneurial leadership and notably by monitoring and managing the company's risk assessment.

#### Board of Directors

The board pursues sustainable value creation by the company, by setting the company's strategy, putting in place effective, responsible and ethical leadership and monitoring the company's performance. In order to effectively pursue such sustainable value creation, the board develops an inclusive approach that balances the legitimate interests and expectations of shareholders and other stakeholders. The board does its best efforts to support the executive management in the fulfilment of their duties and constructively challenges the executive management if it deems necessary. In case of emergency and considering their own availability, the board members are also available to give advices.

#### Strategy

The board of directors decides on and regularly reviews the company's medium and long-term strategy based on proposals from the executive management. The board assesses this strategy as often as necessary. The board of directors ensures that it approves the operational plans and main policies developed by the executive management to give effect to the approved company strategy. The board ensures that the company's culture is supportive of the realization of its strategy, and that it promotes responsible and ethical behavior. The board of directors determines the risk appetite of the company in order to achieve the company's strategic objectives.

#### Leadership

The board of directors appoints and dismisses the CEO. The board also appoints and dismisses the other members of the executive management, in consultation with the CEO taking into account the need for a balanced executive team. The board ensures that a succession plan can be implemented for the CEO and the other members of the executive management and, if applicable, reviews this plan periodically in case of changes in the structure of the company, or evolutions of its business. The board also determines the company's remuneration policy for executives and non-executive board members taking into account the overall remuneration framework of the company. The board reviews the executive management's performance and the realization of the company's strategic

objectives annually against agreed performance measures and targets taking into account the company's business. The board makes proposals to the general shareholders' meeting for the appointment or re-appointment of board members and should ensure that a succession can be implemented for board members in place.

## **Monitoring**

The board of directors approves the framework of internal control and risk management proposed by the executive management and reviews the implementation of this framework. The board takes all necessary measures to ensure the integrity and timely disclosure of the company's financial statements and other material financial and non-financial information in accordance with applicable law. The board ensures that the company presents an integrated view of the company's performance in its annual report and that it contains sufficient information on issues of societal concern and the relevant environmental and social indicators. The board ensures that there is a process in place for monitoring the company's compliance with laws and other regulations, as well as for the application of internal guidelines relating thereto. The board approves a code of conduct (or several activity-specific codes of conduct), setting out the expectations for the company's leadership and employees in terms of responsible and ethical behavior. The board monitors compliance with such code of conduct at least on an annual basis.

### **2.1.2 Organization**

The board of directors is organized in such a way to enable the efficient execution of its tasks. It ensures that it respects an internal regulation regarding its responsibilities, obligations, composition and operation within the limits set by the company's statutes.

The chair presides over the board of directors. The chair of the board of directors and the CEO should not be the same individual. The company admits, however, that in exceptional circumstances (e.g., departure of the CEO and the need to appoint an interim CEO), the chairman of the board of directors may perform the function of CEO.

The chair is attentive to developing a climate of trust, allowing for open discussions and constructive challenge. The chair ensures that there is sufficient time for consideration and discussion before decision-making. Once decisions are taken, all board members are supportive of their execution.

The chair of the board establishes a constructive relationship with the CEO, providing support and advice, while respecting the executive responsibilities of the CEO. The chair ensures effective interaction between the board and the executive management.

Despite the large number of shareholders, the chair of the board ensures effective communication with them. He also ensures that board members develop and maintain an understanding of the views eventually expressed by the shareholders and other significant stakeholders.

The chairmanship of the board of directors is exercised by a non-executive director.

### **2.1.3 Composition**

The composition of the board guarantees that decisions are taken in the interest of the company, thanks to the diversity and complementarity of experience, knowledge, skills, ages and genders of its members.

The board is small enough for efficient decision-making. It is also large enough for its members to contribute experience and knowledge from their different fields and for changes to the board's composition to be managed without undue disruption.

The board of directors comprises non-executive directors and, at least, three directors should qualify as independent.

An independent director is free from any business relationship, any close relationship, or any other relationship with the company, its controlling shareholders or its management, which could create a conflict of interests that may affect the independence of that administrator's judgment. In order to be appointed as an independent board member, a board member should meet the following criteria:

1. Not be an executive or exercising a function as a person entrusted with the daily management of the company or a related company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the company related to this position;
2. Not have served for a total term of more than twelve years as a non-executive board member;
3. Not be an employee of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry) of the company or a related company or person, and not have been in such a position for the previous three years before their appointment. Alternatively, no longer enjoying stock options of the company related to this position;
4. Not be receiving, or having received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the company or a related company or person, apart from any fee they receive or have received as a non-executive board member;
5.
  - a. Not hold shares, either directly or indirectly, either alone or in concert, representing globally one tenth or more of the company's capital or one tenth or more of the voting rights in the company at the moment of appointment;
  - b. Not having been nominated, in any circumstances, by a shareholder fulfilling the conditions covered under (a);
6. Not maintain, nor have maintained in the past year before their appointment, a significant business relationship with the company or a related company or person, either directly or as partner, shareholder, board member, member of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry) of a company or person who maintains such a relationship;
7. Not be or have been within the last three years before their appointment, a partner or member of the audit team of the company or person who is, or has been within the last three years before their appointment, the external auditor of the company or a related company or person;
8. Not be an executive of another company in which an executive of the company is a non-executive board member, and not have other significant links with executive board members of the company through involvement in other companies or bodies;
9. Not have, in the company or a related company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or employee of the senior management (as defined in article 19,2° of the law of 20 September 1948 regarding the organization of the business industry), or falling in one of the other cases referred to in 1. to 8. above, and as far as point 2. is concerned, up to three years after the date on which the relevant relative has terminated their last term.

The company publishes the list of the directors it considers to be independent. If one or more of the independence criteria are not met, the company will disclose the reasons why it nevertheless considers this director as an independent director.

An independent director who ceases to satisfy the requirements of independence should immediately inform the board.

#### **2.1.4 Functioning**

All board members are committed to demonstrating integrity and probity in the course of their mandates. The board functions as a collegial body in order to allow collective decision-making by all directors in order to prevent decisions taken by an individual, or group of board members.

##### **Chair**

The board of directors chooses a president among its non-executive members on the basis of its knowledge, skills, experience, professionalism, independence of mind, coaching skills, ability to build consensus, and communication and meeting management skills, for a period which is limited to the duration of his current mandate.

##### **Company secretary**

The board is responsible for appointing and dismissing the company secretary. The board oversees that the person appointed as the company secretary has the necessary skills and knowledge of corporate governance matters.

The role of the company secretary includes:

- supporting the board and its committees on all governance matters;
- preparing the CG Charter and the CG Statement;
- ensuring a good information flow within the board and its committees and between the executive management and non-executive board members;
- ensuring that the essence of the discussions and decisions at board meetings are accurately captured in the minutes; and
- facilitating induction and assisting with professional development as required.

Individual board members have access to the company secretary.

##### **Calendar, convocation and agenda of meetings**

The board of directors meets sufficiently regularly to discharge its duties effectively and, at least, four times a year at regular intervals. The board meets whenever the interest of the company requires it or, in accordance with Article 15 of the company's statutes, on the convening of its chairman, of a managing director or of two of its directors. Convocations are addressed to the directors by written letter, or electronically, at least five days before the date of the meeting. It contains the agenda. If a decision is to be made urgently and if two-thirds of the directors agree therewith, there can be deviations from the conditions of delay and form set forth above. Meetings are held at the head office of the company or at the location indicated in the convocations.

The board of directors fixes the schedule of its meetings at the beginning of the year. The company may organize – where necessary and appropriate – board meetings using video, telephone or other technical means.



The chair of the board of directors sets the agenda of the board meetings, in consultation with the CEO and the company secretary. The chair or, as the case may be, the chair and the CEO, ensures that procedures relating to preparatory work, deliberations, the passing of resolutions and the implementation of decisions are properly followed. The agenda specifies which topics are for information, for deliberation or for decision-making purposes.

The chair, assisted by the CEO and company secretary, ensures that board members are provided with accurate, concise, timely and clear information before the meetings and, where necessary, between meetings so that they can make a knowledgeable and informed contribution to board discussions. All board members should receive the same board information.

If necessary, the board draws up a procedure on how to choose a replacement chair for board meetings in the absence of the chair and for chairing discussions and decision-making by the board on matters where the chair has a conflict of interest.

The board should draft up procedures giving board committees access to independent professional advice at the company's expense.

Non-executive board members should meet at least once a year in the absence of the CEO and the other executives.

### **Presence et deliberation**

The board of directors deliberates in a collegial manner, in a spirit of constant search for consensus. Decisions are taken on a simple majority basis. In the event of a tie, the vote of the chair is decisive.

The board of directors may take its decisions by unanimous consent of the directors duly expressed in writing in cases justified by emergency and/or company's interest.

The chairman ensures that all directors can make a knowledgeable and informed contribution to the board's discussions and that they have sufficient time for consideration and discussion before decision-making. Directors have access to independent professional advice at company expense, in accordance with the procedure established by the board of directors.

In accordance with Article 16 of the company's statutes, the board of directors may only deliberate if the majority of its members are present or represented. If this condition is not met, the board of directors will have to be reconvened. During this new meeting, the board may validly deliberate regardless of the number of directors present or represented. Decisions are taken by a majority of the voters. In the event of a tie, the vote of the chair or of his substitute is decisive.

Any director may participate in the board's deliberations by conference call or any other technical means that allow effective deliberation between the members: any director participating to the deliberations through such means will be deemed present.

The board of directors may, in cases duly justified by emergency and company's interest take decisions by unanimous consent duly expressed in writing. However, this procedure cannot be used for the closing of annual accounts and for the authorisation of the authorized capital procedure.

Any director may give mandate to one of his colleagues in writing, fax, e-mail or any other means of communication supported by a written document, in order to represent him at a specific meeting of the board and vote in his/her place. The principal is in this case deemed to be present.

If a corporation is appointed as a director, it must appoint a permanent representative amongst its partners, managers, directors or workers to carry out that mission on behalf of of that legal entity, correspondingly with the Companies Code. In this regard, third parties will not be entitled to require proof of powers, since the mere indication of the status of representative or delegate of the legal person is sufficient.

The minutes of the board of directors, as well as excerpts of minutes to be provided in court or elsewhere, are signed by the president or by two (2) directors.

The proxies are attached to the minutes.

## **Minutes**

The minutes contain:

- the list of members present and excused;
- the agenda;
- where appropriate, a brief summary of the discussions on each issue;
- the decisions taken; and
- where appropriate, or at the express request of the directors concerned, the potential objections and reservations of some members to certain decisions.

The minutes of the meeting should summarize the discussions, specify the decision taken and note diverging views expressed by board members. The names of the interveners should only be recorded if specifically requested by them.

### ***2.1.5 Rights and commitments of directors***

#### **Integrity and independence of mind**

While executive and non-executive directors are part of the same collegial body, they each have a specific and complementary role to play on the board. Independence of judgement is required in the decisions of all directors, executive and non-executive alike, whether the non-executive directors are independent or not. Board members engage actively in their duties and are able to make their own sound, objective and independent judgements when discharging their responsibilities. The directors are committed to demonstrate independence of mind, to develop a personal conviction and, if needed, to assess and challenge the views of the executive managers or, when appropriate, of the other board's members by interrogating them in the light of the circumstances, issues and risks involved.

As far as needed, board members make sure they receive detailed and accurate information and spend sufficient time studying it carefully so as to acquire and maintain a clear understanding of the key issues relevant to the company's business. Board members seek clarification whenever they deem it necessary.

Executive directors provide all relevant business and financial information for the board to function effectively.

Directors cannot use the information obtained in their capacity as director for purposes other than for the exercise of their mandate. Directors have an obligation to handle the confidential information received in their capacity as director with caution.

Board members communicate to the board any information in their possession that could be relevant to the board's decision-making. In the case of sensitive or confidential information, board members should consult the chair.

### **Conflict of interests**

Each board member should place the company's interests above their own. The board members have the duty to look after the interests of all shareholders on an equivalent basis. Each board member should act according to the principles of reasonableness and fairness.

Each board member should inform the board of any conflict of interests that could in their opinion affect their capacity of judgement. In particular, at the beginning of each board or committee meeting, board members should declare whether they have any conflict of interests regarding the items on the agenda.

Each board member should, in particular, be attentive to conflicts of interests that may arise between the company, its board members, its significant or controlling shareholder(s) and other shareholders. The board members who are proposed by significant or controlling shareholder(s) should ensure that the interests and intentions of these shareholder(s) are sufficiently clear and communicated to the board in a timely manner.

The board should act in such a manner that a conflict of interests, or the appearance of such a conflict, is avoided. In the possible case of a conflict of interests, the board should, under the lead of its chair, decide to apply the procedure described in article 7:96 of the Companies Code under which all directors notify the board of directors of conflicts of interests when they arise and refrain from deliberating and voting on the relevant issue. However, where there is a substantial conflict of interests, the board should consider communicating in the most appropriate way on the procedure followed, the most important considerations and the conclusions.

The board of directors makes its decisions in the superior interest of the company. In this consideration, directors are attentive to not taking advantage of company's business opportunities for personal gain.

### **2.1.6 Transactions**

In the event of transactions or other contractual relationships between the company, including related companies, and directors, where such transactions or other contractual relationships are not covered by the legal provisions regarding conflict of interests, the policy described in the Code of Ethics must be applied.

Transactions, financial operations and/or business relationships between the company and the directors must be concluded under normal market conditions. Thus, any service rendered by the company or one of its subsidiaries to a member of the board of directors will be rendered on commercial terms in accordance with current market conditions. The director concerned must inform the chairman of the board of directors of such transactions prior any transaction.

The company is taking the necessary and useful measures described in the Code of Ethics to comply with the 2003/6/EC Directive on Insider Trading and Market Manipulation (Market Abuse).

### **2.1.7 Appointment of directors**

There is a transparent procedure for the appointment and re-appointment of board members.

The nomination committee recommends suitable candidates to the board. For any appointment to the board, the skills, knowledge and experience already present or required on the board should be evaluated and, in light of that evaluation, a description of the role and skills, knowledge and experience required should be prepared. When dealing with a new appointment, the chair of the board ensures that, before considering the candidate, the board has received sufficient information such as the candidate's curriculum vitae, an assessment of the candidate based on the candidate's initial interview(s), a list of the positions currently held by the candidate and, if applicable, any necessary information about the candidate's independence.

Non-executive board members should be made aware of the extent of their duties at the time of their application, in particular, as to the time commitment involved in carrying out those duties and ensure their availability taking into account the number and importance of their other commitments. Non-executive board members should not take on more than five board memberships in listed companies. Changes to their other relevant commitments and their new commitments outside the company should be reported to the chair of the board for approval at least one month before they arise.

The board of directors then proposes appointment or re-election to the general meeting, with a recommendation based on the opinion of the nomination and remuneration committee. The proposal specifies the term proposed for the mandate, which will not exceed four years in principle, and six years by exception duly justified under the applicable nomination proposal. It is accompanied by useful information on the candidate's professional qualifications as well as a list of relevant functions he already performs. The board of directors indicates whether the candidate meets the independence criteria. Without prejudice to the existing legal provisions, nominations proposals are communicated at least 24 days before the general meeting, along with the other items on the agenda.

The board should propose that the general shareholders' meeting votes on each proposed appointment separately.

The board should ensure that, when considering nominating the former CEO as a board member, the necessary safeguards are in place so that the new CEO has the required autonomy. If the board envisages appointing a former CEO as chair, it should carefully consider the positive and negative implications of such a decision.

The board should ensure that processes are in place for the orderly and timely succession of board members. It should satisfy itself that any appointment and re-appointment will allow an appropriate balance of skills, knowledge, experience and diversity to be maintained on the board and its committees.

### **2.1.8 Training of directors**

The chair ensures that newly appointed board members receive, if needed, an appropriate induction, geared to their role, including an update on the legal and regulatory environment, to ensure their capacity to swiftly contribute to the board.

Newly appointed board members should update, if needed, their skills and improve their knowledge of the company to fulfil their roles both on the board and on the board committees they serve on. The company should for that purpose make the necessary resources available.

### **2.1.9 Remuneration of the board**

The board adopts, upon the advice of the remuneration committee, a remuneration policy designed to achieve the following objectives:

- to attract, reward and retain the necessary talent;
- to promote the achievement of strategic objectives in accordance with the company's risk appetite and behavioral norms; and
- to promote sustainable value creation.

Such policy was submitted to the general meeting on 17 May 2016 and is summarized as follows:

- Flat-rate remuneration of EUR 20,000 per year per director (resp. EUR 40,000 for the chairman of the board of directors), covering a total of 6 meetings per year.
- Beyond 6 meetings, variable remuneration of EUR 1,500 (resp. EUR 1,500) per board attendance for each non-executive director (dir. the non-executive chairman of the council)
- Flat-rate remuneration of EUR 2,000 per year for the chairman of a committee.
- EUR 1,000 (resp. EUR 1,000) by attendance at a specialized committee (audit or nomination and remuneration) for each non-executive member (resp. the non-executive chairman of that committee).

Any new remuneration policy will be submitted to the general meeting in accordance with the same requirements. When a significant proportion of the votes have been cast against the remuneration policy, the company should take the necessary steps to address the concerns of those voting against it and consider adapting its remuneration policy.

With respect to executive directors, the board of directors undertakes to consider the possibility and the implications of setting a minimum threshold for shares that executives must hold, it being agreed that a final decision will only be made effective in 2021 after a study was carried out on that subject matter.

Regarding the non-executive directors:

- The remuneration policy of the non-executive board members should take into account their role as board members, and specific roles such as chair of the board, or chair or member of board committees, as well as their resulting responsibilities and commitment in time.
- Non-executive board members should not receive any performance-related remuneration, that is directly related to the results of the company.
- The board of directors will consider the possibility and the implications of allowing the non-executive director to receive a portion of his remuneration in the form of shares of the company. These shares would be retained at least one year after the non-executive director has left the board of directors, and at least three years after their award, it being agreed that a final decision will not be made in this regard until 2021 and after a study was carried out about it.

- Non-executive directors do not benefit from stock options.

### **2.1.10 Evaluation of the board**

On a regular basis (and ideally every three years), the board assesses its own performance and its interaction with the executive management, as well as its size, composition, functioning and that of its committees. The evaluation should be carried out through a formal process, whether or not externally facilitated, in accordance with a methodology approved by the board.

At the end of each board member's term, the board evaluates this board member's presence at the board or committee meetings, their commitment and their constructive involvement in discussions and decision-making in accordance with a pre-established and transparent procedure. The nomination and remuneration committee should also assess whether the contribution of each board member is adapted to circumstances and the evolutions of the company.

The board should act on the results of the performance evaluation. Where appropriate, this will involve proposing new board members for appointment, proposing not to re-appoint existing board members or taking any measure deemed appropriate for the effective operation of the board.

## **2.2 Specialized committees within the board of directors**

The board should set up specialized committees in order to advise the board in respect of decisions to be taken, to give comfort to the board that certain issues have been adequately addressed and, if necessary, to bring specific issues to the attention of the board. The decision-making should remain the collegial responsibility of the board.

Currently, the board has formed the following committees:

- Audit committee;
- Nomination and Remuneration committee.

The board of directors is free to set up other committees if it deems it necessary.

The chairman of the board of directors previously duly informed and after having followed the procedure established for this purpose, specialized committees are empowered to seek external professional advice at the company's expenses. Each committee may invite to its meetings anyone who is not a member of the committee but relevant to the performance of its mission within the following limits, including members of the executive management or management.

After each committee meeting, the board should receive a written report on its findings and recommendations from each committee and oral feedback from each committee at the next board meeting.

The chairman of the board ensures that the board appoints committee members and a chairman for each of those committees. Each committee counts at least three members. Each committee, as a whole, has a balanced composition and has the necessary independence, skills, knowledge, experience and capacity to execute its duties effectively. The appointments should not be for a term exceeding that of board membership.

## **2.2.1 Audit committee**

### **2.2.1.1 Generalities**

The board has set up an audit committee that assists the board in fulfilling its monitoring responsibilities in respect of control in the broadest sense, including risks, even if the decision-making remains a collegial competence of the board of directors.

The audit committee is composed exclusively of non-executive directors and at least one member is an independent director. At least one of them shall have accounting and auditing expertise. The CFO is invited to each audit committee meeting. The CEO may also participate to each audit committee meeting. No member of the audit committee or participant shall attend a meeting at which his own performance is evaluated, nor shall be involved in any recommendation regarding this matter in any way.

The board should satisfy itself that the audit committee has sufficient relevant expertise, notably in accounting, auditing and finance, to fulfil its role effectively.

The missions of the audit committee is determined by the board. Subject to the clarifications mentioned in the present section, such audit committee shall have in principle the following roles:

- disclosing to the board the results of the legal control concerning the annual and consolidated accounts and explanations how the legal control of annual accounts (and, if applicable, consolidated accounts) have contributed to the integrity financial information and the role that the audit committee has played in this process;
- monitoring the financial reporting process and presentation of recommendations or proposals to guarantee its integrity;
- monitoring the effectiveness of the company's internal control and risk management systems;
- monitoring the internal audit and its effectiveness;
- monitoring the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditor;
- reviewing and monitoring the independence of the external auditor, in particular regarding the provision of additional services to the company;
- recommendation to the board for the appointment of the external auditors responsible for the control of consolidated accounts; and
- reviewing the existing specific devices that company staff can use to confidentially raise concerns about potential irregularities concerning the financial reporting process, or any other subjects.

The board determines any additional roles of the audit committee.

Depending on the needs of the company, the audit committee meets at least twice a year. Every three years, it reviews its operating rules, evaluates its own effectiveness and recommends necessary adjustments to the board of directors. Given the changes that the company has undergone in recent years, the current audit committee notes that such mission has not always been completed in the past. The current audit committee will therefore undertake to define the evaluation criteria and the analyses to be carried out for this purpose during the year 2020. The first evaluation that will result from these analyses cannot be scheduled before 2021.

The audit committee shall report regularly to the board on the exercise of its duties, and at least when the board sets up the annual accounts, the consolidated accounts, and where applicable the condensed financial statements intended for publication.

The audit committee should also report regularly to the board on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as regards the steps to be taken.

Parent companies should ensure that the audit review, and the reporting on that review, covers the group as a whole.

#### 2.2.1.2 Skills

##### *2.2.1.2.1 Financial reporting process*

When monitoring the financial reporting process, the audit committee should, in particular, review the relevance and consistency of the accounting standards used by the company and its group. This includes the criteria for the consolidation of the accounts of companies in the group.

This review should involve assessing the correctness, completeness and consistency of financial information.

The review should cover periodic information before it is made public. It should be based on an audit program adopted by the audit committee.

Executive management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches.

The audit committee should discuss significant financial reporting issues with both the executive management and the external auditor.

##### *2.2.1.2.2 Internal control and risk management*

At least once a year, the executive management is supposed to submit to the audit committee the monitoring of the effectiveness of the company's internal control and risk management systems so that the audit committee can verify that the main risks (including those relating to fraud and compliance regarding the existing legislation and regulations) are properly identified, managed and disclosed.

Given the changes that the company has undergone in recent years, the current audit committee notes that such mission has not always been completed in the past. For this reason, the current audit committee has requested that this mission be the subject of a preliminary process of confirming its scope and responsibilities through the *Risk Program Project*, which will be executed in 2020. As a result, the current audit committee will not be able to reactivate and fully enforce this mission until 2021.

The audit committee reviews the statements included in the annual report on internal control and risk management.

The audit committee should review the specific arrangements in place which the staff of the company may use, in confidence, to raise concerns about possible improprieties in financial reporting or other matters. If deemed necessary, arrangements should be made for proportionate and independent



investigation of such matters, for appropriate follow-up action and arrangements whereby staff can inform the chairman of the audit committee directly. The current audit committee wishes to develop the existing procedure in order to increase its effectiveness by facilitating its exercise and, in this regard, by raising awareness among the company's staff.

#### *2.2.1.2.3 Internal audit process*

In principle, the Head of Tax, Accounting - Controlling (which reports to the CFO) performs the internal audit functions. The audit committee makes recommendations on the selection, appointment, reappointment and removal of the head of internal audit and should monitor management's responsiveness to the audit committee's findings and recommendations.

Given the changes that the company has undergone in recent years, the current audit committee notes that such mission has not always been completed in the past. For this reason, the current audit committee has requested that this mission be the subject of a preliminary process of confirming its scope and responsibilities through the *Risk Program Project*, which will be executed in 2020. As a result, the current audit committee will not be able to reactivate and fully enforce this mission until 2021.

The audit committee should review the internal auditor's work program, having regard to the complementary roles of the internal and external audit functions. It should receive internal audit reports or a periodic summary thereof. In the past, no periodicity had been agreed in this regard. For this reason, a program of internal audits and presentations within the committee will be planned in 2020.

If needed, the audit committee reviews the effectiveness of the internal audit. Given the changes the company has undergone in recent years, the current audit committee notes that such review has not always been completed in the past. The current audit committee will therefore undertake to define the evaluation criteria and analyses to be carried out for this purpose during the year 2020. The first review that will result from these analyses cannot be scheduled before 2020.

#### *2.2.1.2.4 External audit process*

The audit committee makes recommendations to the board regarding the selection, appointment and reappointment of the external auditor, as well as on the terms of his engagement. In accordance with the Companies Code, the board submits such proposals to the shareholders for approval. The audit committee's proposal regarding the appointment of the external auditor shall be included on the agenda of the general shareholders' meeting. The same applies for the renewal of his appointment.

The external auditor shall:

- annually confirm, in writing, to the audit committee, its independence from the company;
- annually inform the audit committee about the additional services provided to the company;
- examine with the audit committee the risks relating to its independence and the safety measures taken to decrease these risks as documented by him.

The audit committee monitors the external auditor's independence, particularly with regard to the provisions of the Companies Code and the Royal Decree of 17 December 2008. The audit committee obtains a report from the external auditor describing all relationships between (i) the external auditor and (ii) the company and its group.

The audit committee also monitors the nature and extent of the additional services provided. The audit committee proposes to the board and applies a formal policy specifying the types of additional services that are excluded, permissible after review by the committee and permissible without referral to the audit committee, taking into account the specific requirements of the Companies Code.

Without prejudice to the legal provisions, which require that the statutory auditor provides reports or warnings to the administrative bodies of the company, the external auditor shall report to the audit committee, on the key matters arising from the statutory audit of the annual accounts, and in particular on material weaknesses in internal control in relation to the financial reporting process.

The audit committee must be informed of the external auditor's work program. The committee receives timely information on any issues highlighted by the audit.

The audit committee reviews the effectiveness of the external audit process, and management's responsiveness to the recommendations made in the external auditor's management letter.

The audit committee investigates the issues giving rise to any resignation of the external auditor and should make recommendations regarding any required action.

### 2.2.1.3 Functioning

#### 2.2.1.3.1 *Chair*

The chair of the audit committee is held by a non-executive director. The chair is appointed by the members of the audit committee. He is responsible for setting the agenda and convening audit committee meetings. He ensures that the meetings are held properly, the debates are respectful and that the recommendations taken are clear.

The chair also ensures that the documents and minutes of the audit committee meetings are communicated in accordance with the rules covered below.

#### 2.2.1.3.2 *Remuneration*

The remuneration of the members of the audit committee is determined by decision of the general meeting of shareholders.

#### 2.2.1.3.3 *Access to information – Interaction with the external and the internal auditor*

The audit committee has access to all company documents, any staff member, the external auditor and any information it deems relevant.

At least once a year, the audit committee should meet the external and internal auditors to discuss matters relating to its terms of reference and any issues arising from the audit process, and in particular any material weaknesses in the internal control.

In addition to maintaining an effective working relationship with executive management, the internal and external auditors should be guaranteed free access to the board. To this effect, the audit committee should act as the principal point of contact for the internal and external auditors. The

external auditor and the head of the internal audit team should have direct and unrestricted access to the chairman of the audit committee and the chairman of the board.

#### *2.2.1.3.4 Convocation and agenda*

The committee will determine the schedule of its meetings at the beginning of the year, considering the board meeting's agenda.

At least three working days before each meeting, committee members receive the agenda and all the documents useful or necessary to prepare or review the items.

Points related to the audit plan and any problems arising from the audit process are on the agenda of each audit committee's meeting and are discussed specifically with internal and external auditors at least once a year.

In the event of an emergency, the committee may make recommendations by teleconference, telephone meeting or exchange of regular or electronic mail. These recommendations are endorsed at the next first meeting of the committee.

#### *2.2.1.3.5 Minutes*

The minutes contain:

- the list of members present and excused;
- the agenda;
- a brief summary of the discussions on each issue;
- the recommendations taken; and
- the various reports and notes in appendix.

The minutes of each audit committee meeting are submitted to the board of directors no later than two business days before the next board meeting.

### **2.2.2 Nomination and remuneration committee**

#### **2.2.2.1 Generalities**

The board of directors used the opportunity to combine the nomination committee and remuneration committee by establishing a unique nomination and remuneration committee in order to assist the board in the exercise of its responsibilities in the field of appointment and remuneration, on the understanding that decision-making remains a collegial competence of the board of directors.

The nomination and remuneration committee is exclusively composed of non-executive directors. At least a majority of its members is independent. For each nomination and remuneration committee's meeting, the CEO is a permanent guest, except when it comes to his own appointment or remuneration. The chairman of the board or another non-executive director chairs the committee. No member or participant of the nomination and remuneration committee will be able to attend a meeting at which his own appointment and/or remuneration is assessed and may not be involved in any recommendation on this subject matter in any way. The chairman of the board can be involved but should not chair the nomination committee when dealing with the designation of his successor.

The nomination and remuneration committee's members must have the necessary expertise in relation with the remuneration policy.

The nomination and remuneration committee is in charge of the following missions:

- make recommendations to the board regarding the appointment of board members, of the CEO and of the other members of the executive management;
- prepare plans for the orderly succession of board members;
- lead the re-appointment process of board members;
- ensure that sufficient and regular attention is paid to the succession of executives;
- ensure that appropriate talent development programs and programs to promote diversity in leadership are in place;
- make proposals to the board regarding the remuneration of directors and executive managers, including variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments, and regarding the arrangements on early termination, and where applicable, on the resulting proposals to be submitted by the board to the shareholders; and
- prepare and comment the remuneration report .

The nomination and remuneration committee considers proposals made by relevant parties, including management and shareholders. In particular, the CEO is entitled to submit proposals to, and be adequately consulted by, the nomination committee, especially when dealing with issues concerning executive directors or the executive management.

The nomination and remuneration committee meets whenever it deems necessary in order to carry out its duties and at least four times a year depending on the needs of the company. It regularly (at least every two to three years) reviews its terms of reference and its own effectiveness and recommends any necessary changes to the board.

The nomination and remuneration committee reports regularly to the board on the exercise of its duties.

#### 2.2.2.2 Skills

##### 2.2.2.2.1 *Nomination*

The role of the nomination and remuneration committee is to ensure that the appointment and re-election process is organized objectively and professionally, and assumed the following missions:

- draft appointment procedures for board members, the CEO and the other members of the executive management;
- periodically assess the size and composition of the board and make recommendations to the board with regard to any changes;
- give an opinion about for shareholder's appointments proposals;
- properly consider issues related to succession planning; and
- assist the board of directors in appointing executive management members on the recommendation of the CEO.

##### 2.2.2.2.2 *Remuneration*

The nomination and remuneration committee makes proposals to the board on the remuneration policy for non-executive board members and executives, including the variable compensation ratio and long-term incentive formulas whether or not related to shares granted in the form of stock options or other financial instruments, on the annual review of the executive management's performance and on the realization of the company's strategy against agreed performance measures and targets.

The remuneration policy of the CEO and other members of the executive management as proposed by the CEO concerns:

- the main contractual conditions, including the main features of pension plans and arrangements in the event of early termination;
- key elements used to determine remuneration, including:
  - o the relative importance of each component of remuneration; and
  - o benefits in kind.

### 2.2.2.3 Functioning

#### 2.2.2.3.1 *Chair*

The chairmanship of the nomination and remuneration committee is held by a non-executive director. He is responsible for setting the agenda and convening appointments of the nomination and remuneration committee. He ensures that the meetings are held properly, that the debates are calm and that the recommendations taken are clear.

The chair also ensures that the convocations and minutes of the meetings are communicated in accordance with the rules covered below.

#### 2.2.2.3.2 *Remuneration*

The remuneration of the members of the nomination and remuneration committee is determined by decision of the general meeting of shareholders.

#### 2.2.2.3.3 *Convocation & agenda*

The committee will determine the schedule of its meetings at the beginning of the year, considering the board meetings' schedule.

At least three working days before each meeting, committee members receive the agenda and all the documents useful, or necessary, to prepare or review the items.

In the event of an emergency, the committee may make recommendations by teleconference, telephone meeting or exchange of regular or electronic mail. These recommendations are endorsed at the next first meeting of the committee.

#### 2.2.2.3.4 *Minutes*

The minutes contain:

- the list of members present and excused;
- the agenda;

- a brief summary of the discussions on each issue;
- the recommendations taken; and
- the various reports and notes in appendix.

The minutes of each nomination and remuneration committee's meeting are submitted to the board of directors no later than two business days before the next board meeting.

## 3 Executive Management

### 3.1 Generalities

The board of directors should determine the powers and duties entrusted to the executive management and develop a clear delegation policy, in close consultation with the CEO. The executive management should:

- be entrusted with the running of the company;
- put internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other risks) without prejudice to the board's monitoring role, based on the framework approved by the board of directors;
- present to the board of directors a complete, timely, reliable and accurate company financial statements, in accordance with the applicable accounting standards and policies of the company;
- prepare the company's required disclosure of the financial statements and other material financial and non-financial information;
- present the board of directors with a balanced and understandable assessment of the company's financial situation;
- provide the board of directors with all information necessary in a timely fashion for the board of directors to carry out its duties; and
- be responsible and accountable to the board of directors for the discharge of its responsibilities.

The executive management formulates proposals to the board in relation to the company's strategy and its implementation. The executive management has sufficient latitude to implement the approved strategy in accordance with the company's risk appetite.

The nomination and remuneration committee assists the board of directors with the appointment and succession plan of executive managers, unless the board of directors decides otherwise. The board of directors, in close consultation with the CEO, agrees on the responsibilities, obligations, powers, composition and modus operandi of the executive management.

Each member of the executive management is responsible for certain aspects of the day-to-day life of the company and its activities by delegation of powers from the board of directors. Each member of the executive management is individually qualified to make decisions on the subjects assigned to them. However, each member of the executive management will ensure that every decision that could have a significant impact on the day-to-day management of the company is presented and discussed at an executive management's meeting before any decision is made.

Clear and actionable procedures exist for the executive management as regards its decision-making powers, its reporting of key decisions to the board and for the evaluation of the CEO and the other members of the executive management.

These procedures are reviewed and adapted if the effective exercise of the respective powers and obligations of the board of directors and executive management requires it.

The powers to represent the company solely or jointly and the extent of, and limitations on, those powers shall be clearly defined, taking into account the way in which the board has entrusted the executive management with the running of the company and the relevant provisions of the Companies Code. All staff concerned must be aware in detail of the extent of these powers. The

board of directors and the executive management decide whether executive managers can agree to sit on the boards of other companies. Time constraints and possible conflicts of interest must be considered and compared to the executive managers' professional development opportunities.

Interaction between board members and executives should take place in a transparent way. The chair should always be informed.

The " Rights and commitments of directors" section of this charter as well as the provisions relating to transactions between the company and directors, to the extent that they are relevant, apply mutatis mutandis to executive managers.

### **3.2 Remuneration of the executive management**

The board of directors determines the remuneration policy of executive managers and sets formal and transparent procedures for their remuneration. No individual can be involved in making decisions about its own remuneration.

The level and structure of the remuneration of executive managers are such that qualified and skilled workers can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities.

If a member of the executive management is also an executive director, the determination of his remuneration takes into account what he receives as a director.

The remuneration policy for executive managers describes the different components of their compensation and establishes an appropriate balance between fixed and variable remuneration, and between cash and deferred remuneration. In order to match the interests of executive managers with those of the company and its shareholders, an adequate part of their remuneration package is structured in such a way as to be linked to their individual performance and to that of the company as a whole. Since the members of the executive management are also shareholders of the company, the link between the company's performance and remuneration may remain limited. The board of directors sets a minimum threshold of shares that executives must hold. When the company grants variable short-term remuneration to executive management, this remuneration must be capped.

In the event that executive managers are likely to receive a bonus, it is determined on the basis of significant performance criteria and objectives intended to improve the value of the company. Procedures for evaluating and reviewing the performance of executive management are established.

Plans to remunerate executive managers through the allocation of shares, stock options or any other right to acquire shares are subject to prior shareholder's approval by a resolution taken at the annual general meeting. This approval relates to the plan itself, and not to the individual granting of the share rights provided in the said plan.

In principle, the Code of Corporate Governance recommends that shares cannot be awarded definitively, and that options cannot be exercised less than three years after they are awarded. The company has decided to step aside from this recommendation as part of its remuneration policy. Therefore, the board of directors has the possibility to set up periodically a plan of profit-sharing in accordance with the law. Such profit-sharing allows to allocate to staff free shares of the company which benefit from a favorable free of charge tax system and which are definitively acquired when they are awarded. If the company has taken this decision to deviate from the standards established



by the Code of Corporate Governance on this point, it is because it believes that this advantage is beneficial to the loyalty and motivation of members of its executive management.

The board should approve the main terms and conditions of the contracts of the CEO and other executives further to the advice of the remuneration committee. The board should include provisions that would enable the company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. The contracts should contain specific provisions relating to early termination.

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

The evaluation of the performance of the CEO and of the executive management is based on performance criteria and on objectives.

The objectives for executive management (except those of the CEO) are set by each executive manager with the CEO. The CEO evaluates the performance of executive management and gives each executive manager feedback on an individual basis regarding his performance. Evaluation criteria are a combination of profit, human resources, long-term growth and measures to promote quality.

The CEO's evaluation criteria will 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 feedback on his assessment. The CEO is not present when his performance is evaluated. The evaluation criteria are performance, leadership, potential for future developments, contribution to team spirit and ethical values.

## 4 Rights and participation of shareholders

### 4.1 Capital and Ownership

EVS capital is currently represented by 14,327,024 dematerialized shares. Since 15 December 2011, EVS shares are either registered or dematerialized and must therefore be registered in a securities account. EVS shares (ISIN BE0003820371) are quoted on the EURONEXT Brussels continuous market since October 1998.

### 4.2 Information of shareholders

The board ensures effective dialogue with shareholders and potential shareholders through appropriate investor relations programs to better understand shareholders' objectives and concerns. Such dialogue is reported to the board at least once a year.

### 4.3 General meetings

The general shareholders' meeting is used to communicate with shareholders. The company encourages the shareholders to participate in the general shareholders' meeting and provides all technology and means of communication needed in order to achieve that objective. Shareholders who cannot be present must be able to vote in absentia, for example by proxy.

The company treats all shareholders equally and respects their rights. The company ensures that all necessary facilities and information to enable shareholders to exercise their rights are available.

The chairman of the board conducts the general shareholders' meeting and takes the necessary measures to ensure that any relevant questions from shareholders are answered. At the general shareholders' meeting, the directors answer questions of the shareholders relating to the annual report and to items on the agenda.

Under the guidance of the chairman of the board, directors answer such questions, insofar as the answers are not likely to seriously prejudice the company, its shareholders or its employees.

For companies with one or more controlling shareholder(s), the board should endeavor to have the controlling shareholder(s) make a considered use of its/their position and respect the rights and interests of minority shareholders.

### 4.4 Institutional investors

The company discusses with institutional investors about the implementation of their policy on the exercise of institutional investors' voting rights in the relevant financial year and asks institutional investors and their voting agencies explanations on their voting behavior.

The board encourages shareholders, and in particular, institutional investors, to communicate their evaluation of the company's corporate governance prior to the general shareholders' meetings and at least through participation in the general shareholders' meeting.

## 5. Publication of the corporate governance

The present Corporate Governance Charter is available on the company's website. It is updated as often as necessary to adequately reflect the EVS' corporate governance at all times.

When the company does not comply with one or more provisions of the Corporate Governance Code, this Charter explains the reasons justifying such derogation. A description of these derogations is submitted to the board of directors once a year, at the initiative of the company secretary, in order to verify the validity of the explanations given. The board of directors approves the reasons explained to justify the waivers and endorses them.

As a result, for each derogation to a provision, the board of directors:

- a. explains how the company has deviated from the provision;
- b. describes the reasons justifying such derogation;
- c. indicates when the company plans to comply with a particular provision, when the derogation is time-limited; and
- d. if necessary, describes the action which has been taken instead of complying with the provision and explains how that action achieves the underlying objective of the provision or the Code as a whole, or clarifies how it contributes to the quality of EVS' corporate governance.

The explanations are submitted to the general meeting when the Corporate Governance Statement is presented. The board of directors ensures that shareholders carefully review the company's explanations when it deviates from the provisions of the Code and encourages them to form a reasoned judgment in each case. The board of directors establishes a dialogue with shareholders if they do not accept the company's point of view without omitting the size and complexity of the company and the nature of the risks, and challenges, with it must deal with.

The Corporate Governance Statement of the annual report should at least include the information set out below:

- a list of the members of the board indicating which directors are independent;
- a list of the members of the board's committees;
- an activity report on board and board committees' meetings including the number of board and board committees' meetings and the individual attendance records of directors;
- a list of the members of the executive management;
- the total amount of the remuneration and other benefits granted directly or indirectly by the company or its subsidiaries, to each non-executive director;
- the total amount of the remuneration and other benefits granted directly or indirectly to the other members of the executive management by the company or its subsidiaries. Such information should be disclosed providing a split between:
  - o basic remuneration;
  - o variable remuneration: any bonus relating to the financial year covered by the annual report;
  - o other components of the remuneration, such as the cost or monetary value of pension, insurance coverage and fringe benefits, with an explanation of the details of the main components;
- if an executive manager is also a member of the board, detailed and complete information on the amount of remuneration he receives in such capacity;
- for each executive manager, the number and key features of shares, share options or any other rights to acquire shares, granted, exercised or lapsed during the financial reported year;

- if applicable, the provisions of the Code to which it was derogated during the year and the explanation of the reasons for such derogations.