



GUBERNA
INSTITUUT VOOR BESTUURDERS
INSTITUT DES ADMINISTRATEURS

OUTLOOK 2017

HIGHLIGHTS 2016

CONTENT | NETWORK
INSPIRES | INSPIRES
NETWORK | CONTENT

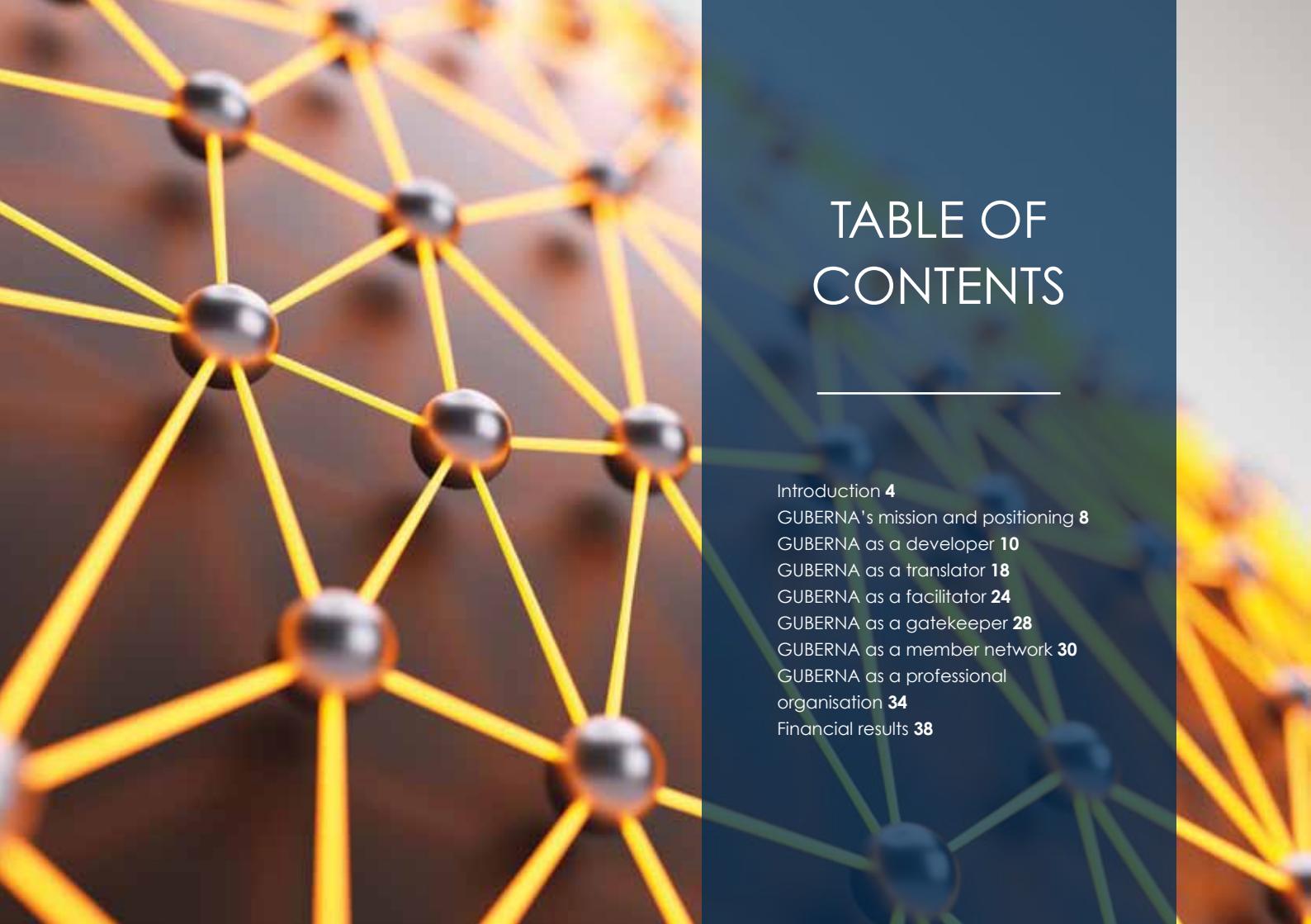


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FOREWORD

20 years ago, following the example of the Anglo-Saxon countries, corporate governance started to become a hot topic in continental Europe. Meanwhile, a lot of progress has been made through awareness creation, education, charters and legislation. As a member from day one and as a privileged observer, I can say that the GUBERNA team has done a magnificent job and substantially contributed to the in-depth change in attitude which took place in numerous companies and organisations.

Nevertheless, a lot of work remains to be done. Not only in the numerous small, big and even listed companies but also in sport organisations, public companies, municipal associations, social profit organisations, cultural organisations, hospitals and so many others. Because ultimately, every organisation requires on the one hand a clear purpose and on the other hand an adapted form of corporate governance to achieve this purpose. Therefore a lot of work remains to be done by GUBERNA.

Needless to say, good or proper governance deals with paying attention to the risks, maintaining value and ensuring that the proper controlling mechanisms have been installed. Or to express it by means of a metaphor: good brakes are required to avoid excesses.

Good or proper governance however also deals with opportunities, value creation and fostering entrepreneurship. Or to express it with the same metaphor: in addition to brakes, a powerful engine is needed. And too much braking, stifles the engine.

Corporate governance should not be reduced to complying to numerous rules, to box ticking and to mere "compliance". It is not a "one size fits all". Corporate governance is an attitude and a mindset. Corporate governance is all about a sound balance between entrepreneurship and control and should always make a substantial contribution to achieving the purpose of the organisation concerned. And this irrespective of the size of the organisation; whether it is public or private; listed or unlisted; "for profit" or social profit.

GUBERNA counts 2.206 members who – as managers, directors and leaders – can play an important role in spreading this message. This message is worth hearing; and should be heard more. I therefore look forward to the continued cooperation with the GUBERNA team and with all of you.

Thank you for your trust.

Gaëtan Hannecart
Chairman Board of Directors



INTRODUCTION



20 YEARS GUBERNA: CONTINUING “ONE-STEP-AHEAD” IN SUPPORT OF CORPORATE GOVERNANCE

In this annual report, we present you our activities of 2016 and our outlook for 2017. This introduction briefly summarizes the most important items.

During 2016, we celebrated 20 years GUBERNA at several occasions, including a dinner following our Annual General Meeting on March 14, 2016 and an exclusive concert on November 14, 2016 by musicians of the Queen Elisabeth Music Chapel.

There is a great feeling of proudness on what has been achieved during these 20 years, and gratefulness to all team members, the Board of Directors and Board of Trustees, Academic and Alumni Council, our partners and members for their continued support over those years.

But there are continuing challenges ahead to achieve our mission of supporting and promoting governance for all types of organisations.

Under the leadership of our new Chairman Gaëtan Hannecart, the Board of Directors and the Management Committee gathered on October 5, 2016 for an Ambition day, where we reflected on the strategic focus of our organisation.

From a segment perspective, our focus will be on unlisted companies - both family businesses and small and medium sized enterprises - as well as the public sector. Both have specific and increasing needs in the governance domain.

From a services perspective, we will continue to focus on our governance education offering which is well appreciated in the market.

This focus will obviously not take away our efforts in other segments or services, but will allow us to dedicate our resources to where the governance needs and the impact we can have, are the greatest.

LOOKING BACK - 2016

Board dynamics is receiving increasing attention as a driver for good governance and we intensified our research in this domain, hereby feeding our education programmes and board evaluation services. We also launched a new round table cycle on board dynamics, in close collaboration with institutional members.

During 2016, our Centre for Growth Companies organised the 5th cycle of “Cap sur la gouvernance des PME” and the 3rd edition of the “Groeien? Uw Raad weet Raad” programme. Breakfast meetings were held at Savonneries Vandeputte and Van Moer Logistics.

In collaboration with EY and FBNet, the 3rd Family Business Award was organised and won by La Lorraine Bakery Group, whom we wholeheartedly congratulate with this award.

The Centre for Public Governance during 2016 performed a survey of governance practices in public companies in Flanders. The research report “Deugdelijk Bestuur bij Vlaamse Publieke organisaties – Rapport over de verwezenlijkingen en de uitdagingen anno 2016” was presented to representatives of Flemish public organisations on October 20, 2016. Thanks to the input of several expert groups, followed by a public consultation, the Centre also developed a governance charter for public directors. This “Model charter for the director in the public sector” which was widely distributed in the public sector (available also on our website), already inspired political parties.

GUBERNA contributed to the increased attention for hospital governance by organising a high-level expert group to identify

the governance needs of hospitals and was involved as expert for a jury on the KCE report on "Governance models for hospital collaborations".

On its 3rd Yearly Day of the Listed Companies, the Centre for Listed Companies presented the results of the joint monitoring study with VBO-FEB and zoomed in on transparency.

GUBERNA continued to support the activities of the Corporate Governance Committee, with a.o. a working group on conflicts of interest.

For listed companies, we continue to interact on a European level, through our collaboration with ecoDa, but also through Annelies De Wilde, our lead for the listed companies, recently nominated member of the European Corporate Governance Codes Network (ECGCN).

Our centre for Shareholder Governance organised two roundtables on "Shareholder governance in Europe: lessons for Belgium" reviewing the UK and the French governance models. Building on the insights of these sessions and in collaboration with prof.dr. Tesolin from UCL, a research paper on the relation between shareholder characteristics and board composition is being finalised.

Our most recent Centre for Innovative, Knowledge-Based Enterprises focusses on the specific governance challenges of scale-up enterprises. During 2016, it was the theme of our annual meeting at Euronext. Moreover, several expert groups were organised to discuss a position paper developed in cooperation with Roger Barker from the Institute of Directors in the UK.

At a European level, we have played an active role in ecoDa, the European Confederation of Director's Associations through a presence in its board, working groups and committees. A three-stage project on the "comply or explain" principle was started in 2015 and GUBERNA leads the research of this project. During

2016, the second phase, focusing on the role of the board in governance matters, was started.

Our education programmes have again enhanced the insights of many participants in Director Effectiveness, Board Effectiveness, the newly launched Board Simulation programme as well as several in company trainings.

We have introduced the webinar as a tool in our education programme and held a first webinar on cyber security and the role of the director on September 30, 2016.

Thanks to its partners, GUBERNA also organised the third Edition of the Mentoring Programme at Board Level which gathered 18 mentors and 18 Mentees. The aim of the programme is to encourage the professionalism at board level.

We assisted several of our members in Board evaluation exercises.

GOING FORWARD – 2017

In 2017, we will of course continue our activity portfolio as highlighted for 2016. However a number of new developments deserve special attention.

In order to better address the specific governance needs of family businesses and small and medium sized companies, we have decided to split the Centre for Growth Companies in a Governance Centre for SMEs and a Centre for Family Governance. The Governance Centre for SMEs will focus on governance as a growth driver, and the specific added value of governance for SMEs. The action plan includes the programmes "Cap sur la gouvernance des PME" and "Groeien? Uw Raad weet raad", breakfast meetings, combined with the development of practical tools.

The aim of the Centre for Family Governance is to support family shareholders in the reflection on and implementation of family governance, to support family businesses in their specific governance needs, and to support the effective interaction between the family and the business.

In the Public sector, municipal organisations have drawn quite some attention recently. Building on the work we have done previously we will continue to support these and other public organisations to tackle their governance challenges. At the level of the individual director in public entities, we will valorise our model charter.

In 2017, our Centre for Listed Companies will update the study on remuneration of non-executive directors in listed companies, and start a research project on proxy voting statements. 2017 will see a revision of the 2009 Corporate Governance Code as well as changes to the Company Law. We are intensely involved in the revision of the Code and will assess the impact of the changes in Company Law on the governance context and practices.

2017 will also be a year of significant change for shareholder governance, due to the expected ratification of the EU Shareholder Directive. Besides, the Centre will focus on the impact for shareholders of the changes in company law, in the Corporate Governance Code, as well as in the Code Buysse and publish a booklet on "Shareholder Governance in Europe: Lessons for Belgium".

PARTNERS AND MEMBERS

Our partners and members are the key pillars of our organisation. We will continue to interact with our partners to develop projects that are mutually beneficial and have a positive impact on the quality of corporate governance.

During 2017, we will again organise multiple activities that allow our partners and members to gather around topical content, but also provide opportunities to network and share experiences.

We want to sincerely thank all our partners and members for their continued support.

Lutgart Van den Berghe & the GUBERNA team



GUBERNA'S MISSION & POSITIONING

GUBERNA WANTS TO BE THE PREFERRED PARTNER IN BELGIUM FOR CORPORATE GOVERNANCE ACTORS AND THIS FROM SEVERAL PERSPECTIVES

AS A DEVELOPER

GUBERNA conducts relevant research, invests in thought leadership and takes an independent position.

AS A TRANSLATOR

GUBERNA creates awareness, educates, provides insight in the governance dynamics, stimulates a governance reflex and develops practical support tools and instruments.

AS A FACILITATOR

GUBERNA stimulates and initiates exchange of experiences between all governance actors.

AS A GATEKEEPER

GUBERNA informs on all relevant governance developments on a national, European and international level.

All this is developed with respect to the different governance needs of its members and always being **a step ahead**. To realise its ambition as a content provider, GUBERNA develops "smart" partnerships with business organisations, other member organisations and academic circles.

Additionally, GUBERNA builds upon the large expertise available in its member network and governance bodies to bring its main competitive advantage to life:



GUBERNA AS A DEVELOPER



As part of its mission, GUBERNA wants to excel in thought leadership and be a pioneer in the development of governance thinking and best practices. In order to realise this goal, GUBERNA develops relevant and business oriented research. Recognised in Belgium and abroad as a knowledge centre, GUBERNA is often invited as content partner or consulted as expert on governance issues for policy makers.

In order to accomplish its mission of thought leadership, GUBERNA relies on a wide range of academic partnerships. To this end, GUBERNA is assisted by the Academic Council, functioning as a sounding board and composed of academics who are active in one or another discipline of governance research and teaching in Belgium.

On a European level, GUBERNA has set up various collaboration formulas with renowned academics in the field of governance. The aim is to conduct joint research and to exchange experience on the functioning of boards of directors.

RESEARCH TRACK ON BOARD DYNAMICS

In **2016**, GUBERNA started a new research track to unravel the mysteries of board dynamics and to provide handy leverages to foster board effectiveness. Next to an extensive literature review that will infuse GUBERNA's board evaluations and education programmes, a set of round tables was launched. The central theme of the kick-off (in collaboration with Egon Zehnder) was the potential pitfalls of decision making. In 2017, the second round table on board dynamics will take place and we intend to deepen our understanding of common biases in boardroom decisions.

GOVERNANCE IN BELGIUM A SEGMENTED APPROACH

The Board of Directors, the Board of Trustees, the Alumni Council and the GUBERNA team developed a common vision on the strategic positioning of GUBERNA. **A key element is segmentation.** GUBERNA has therefore further fine-tuned its research projects around several target groups.



GROWTH COMPANIES

Growth companies have been a spearhead for GUBERNA since 2010.

In **2016** the Governance Centre for Growth Companies has pursued its ambition to support those companies for which a tailor-made approach is required, in their governance exercise and to assist them in achieving growth and sustainable success.

Partners of the Centre for Growth Companies in 2016 were EY, ING, Sowalfin, SRIW and UWE.

In 2016, the fifth cycle of the project "**Cap sur la gouvernance des PME**" took place in Wallonia with UWE, Sowalfin and SRIW: 7 evenings, personal coaching and assistance in board evaluations for growth companies. A follow-up session took place in September 2016 about the crucial topic: "Votre entreprise dans la tempête: quel apport de la gouvernance?" with the testimonial of an experienced director.

The 3rd edition of the Flemish counterpart project "**Groeien? Uw Raad weet raad!**" ended in May 2016.

Two breakfast meetings (Savonneries Vandeputte and Van Moer Logistics) for growth companies with inspiring testimonials attracted more than 60 entrepreneurs and directors.

GUBERNA also organised, in collaboration with EY and FBNet Belgium, the 3rd "Family Business Award" in Belgium. This initiative aims to reward a family business that has a long term vision and shows a successful balance between the business and the family. The candidates were selected on the basis of specific criteria and qualitative interviews. At the gala ceremony on December 7, 2016 at Bozar, La Lorraine Bakery Group was awarded Belgian Ambassador of the Family Business Award of Excellence®.

In 2016, the Centre has developed several tools for SMEs, such as a toolkit for the selection and the recruitment of directors; and has continued to build a solid network of directors and leaders of SMEs.

2017 Given the specific characteristics of SME's and Family businesses in terms of governance issues, these companies face specific governance challenges.

NEW In order to cater best to these segments' governance needs, GUBERNA opted to create two separate centres: the **Governance Centre for SMEs** and the **Centre for Family Governance**, replacing the Governance Centre for Growth Companies.



SME GOVERNANCE

No governance without entrepreneurial spirit! SMEs are a vital foundation for the Belgian economy. Supporting them and accompanying them is a priority for GUBERNA.

In 2017, with the reconfirmed support of its partners UWE, SRIW, SOWALFIN and ING, the new Governance Centre for SMEs will focus on governance as growth driver and specific added value for SMEs. Particular attention will be given to pragmatism through concrete translation of the concepts and tailored instruments in order to be close to the needs of the SMEs. Every action taken by the Centre aims to improve the interaction between SME founders, shareholders, directors and managers in order to establish an agile governance, and improve the effectiveness of their decision-making bodies, while targeting the creation of sustainable value.

Research and practical applications are developed in line with the evolution of the codes and laws (code Buysse III, new Company Code). Specific guidelines will be proposed on relevant topics such as the remuneration for non-executive directors. In 2017 the Centre will continue to develop practical tools for SMEs.

Continued attention will be given, through all our targeted activities, to the difference of culture and offer between Flanders and Wallonia, and to answer accordingly. The dedicated education sessions "Cap sur la gouvernance des PME" and "Groeien? Uw raad weet raad" will be respectively promoted on both sides of the territory.

A sixth cycle of "Cap sur la gouvernance des PME" has started in February 2017 at UWE, with a group of 24 SME leaders. In January a fourth cycle of the Flemish counterpart "Groeien? Uw raad weet raad" started with 22 participants.

Also on the agenda: breakfast meetings and half day in-company sessions, exchange of experience events in collaboration with experts and practitioners from the field, as well as tailor-made services for SMEs on demand.

Since governance is a key driver for corporate success, GUBERNA wants to stimulate the governance reflex of young entrepreneurs as early as possible.

FAMILY GOVERNANCE



GUBERNA plays a pioneer role in the development of corporate governance for the family businesses. The aim of the new Centre for Family Governance is threefold:

1. Supporting family shareholders in the reflection and implementation of family governance.
2. Supporting family businesses in the reflection and the implementation of a corporate governance adapted to their specific challenges.
3. Supporting the effectiveness of interaction between the family sphere and the company.

Today, the partner of the new Centre for Family Governance is BNPPF.

The actions of the Centre aim to improve the interaction between shareholders, directors and management and to strengthen the role of the decision-making bodies, to increase

professionalism, strategic vision and company growth. While developing a holistic approach for Family governance, particular attention will be given to active and non-active concerns.

In 2017, four Family Governance sessions will be led by GUBERNA for BNPPF, and a "Forum Family Governance" for the family businesses and their owners/next generation will be organised on April 27, 2017 in Brussels.

GUBERNA is a content provider for the web-based platform "Family Governance" set up by BNPPF. Workshops about "Forum Family Governance" will take place at BNPPF headquarters. Tailor-made assistance based on the needs of the family companies will be provided by the Centre for Family Governance as well as monthly thematic papers.

Given the success of the first 3 national editions, a fourth edition of the "Family Business Award - A source of inspiration will be organised in 2017 in collaboration with EY.

PUBLIC GOVERNANCE



2016 The Centre Public Governance (with its partners Belfius and Deloitte) had two main focal points: governance practices in Flemish public organisations and a governance charter for public directors. All Flemish public organisations with a board of directors received a survey with questions on their governance practices. The responses have been processed and discussed in the report "Deugdelijk Bestuur bij Vlaamse Publieke Organisaties – Rapport over de verwezelingen en de uitdagingen anno 2016", which is available on our website. On October 20, 2016 we presented this report to representatives of the Flemish public organisations and a wider audience and went into debate about the future challenges of public organisations.

The Centre also organised several high quality expert groups in order to develop a governance charter for public directors. You can find the final version of this "Model charter for the director in the public sector" on our website. A paper version has been sent to all ministers, public organisations and municipal associations (intercommunales), both on the federal and the regional level. In autumn 2017, the Centre of Public Governance will organise a seminar to discuss the different elements of this governance charter for public directors.

2017 Municipal associations have been the centre of attention since the beginning of 2017. Therefore, the municipal associations will be a focal point for 2017. The Centre Public Governance will set up a reflection and support these associations in their governance challenges. Finally, we will keep you up-to-date on everything related to public governance through our e-flash which will be sent out twice a year.



INNOVATIVE, KNOWLEDGE-BASED ENTERPRISES

Given the specific characteristics of knowledge-based start-up and scale-up enterprises (such as biotech and I(C)T) in terms of growth path and development, these companies face different governance challenges. Challenges to which more "traditional" governance recipes do not always provide adequate answers.

The Centre for Innovative Knowledge-based Enterprises, established with the support of Allen & Overy and Gimv, focusses on these specific governance challenges and creates awareness for their specific needs in terms of governance. Several expert groups were organised in **2016** to discuss the position paper we developed in cooperation with Roger Barker

(IoD UK) and presented in January 2016. Entrepreneurs, investors, academics and board members were asked to give their feedback and share their experience.

In February **2017** a high-profile lecture has been organised on corporate governance in a digital and networked age. During the course of this year different topical seminars will be held and several cases will be developed to further create awareness and inspire companies and ventures in finding answers for their governance challenges and questions.



LISTED COMPANIES

To keep our members from listed companies fully informed on interesting topics, GUBERNA sends them a dedicated, half-yearly newsletter. All newly appointed directors in listed companies who are not yet connected with GUBERNA, receive a congratulatory letter.

The Governance Centre for Listed Companies (together with its partners VBO-FEB & EY) organised in **2016** the Yearly Day of the Listed Companies. The theme of this third edition was: "It's all about transparency". During this seminar we presented the results of the monitoring research which was conducted in collaboration with the FEB. In addition to the annual update on corporate governance practices, we also investigated compliance with governance recommendations and zoomed in on the quality of the "explains".

As a member of the Corporate Governance Committee, GUBERNA is closely involved in its activities. An informal working group on conflicts of interests was installed to investigate the points of attention in the practical application of the relevant legislation and recommendations. The Committee also adapted

its composition, opting to limit the number of members to 15, while ensuring that key stakeholders with respect to good governance in Belgium were sufficiently represented.

Annelies De Wilde also became a member of the European Corporate Governance Codes Network (ECGCN). This informal network privately shares views, experiences and good practices on issues relating to the corporate governance of listed companies.

GUBERNA also collaborated in various European working groups for listed companies (cfr ecoDa, page 17).

In **2017**, the Centre will organise a new edition of the Yearly Day of the Listed Companies which aims at keeping listed companies and the broader public up-to-date with recent Belgian and European developments and debating on the future for corporate governance.

GUBERNA will conduct an update of the study on remuneration of non-executive directors in listed companies (remuneration paid in 2016) as well as undertake a research project on the proxy voting statements. The aim of this last study is to further reflect and discuss how large proxy voters approach the "comply or explain" practices of Belgian listed companies. This study will be conducted in collaboration with ISS.

The Corporate Governance Committee will revise the 2009 Belgian Code on Corporate Governance. It intends to focus on a clearly readable Code that is suitable for any type of listed company, regardless of its size, its governance model or its shareholder structure. It will try to coincide the timing of the revision of the 2009 Code with the revision of the Company Law.



SHAREHOLDER GOVERNANCE

In **2016**, the Centre together with its long-term partners Ageas, KBC Securities, Deloitte & Laga organised two round tables and wrote a research paper (see below). The centre also validated its publication on internal governance via several incompany trainings on this topic.

The two round tables are part of the Centre's broader project on shareholder governance in Europe: lessons for Belgium. In this project we invite international experts to share their views on the shareholder governance model of their country with Belgian experts and confront the international governance models with the Belgian situation. The final goal is to reflect on the advantages and disadvantages of the different shareholder governance models throughout Europe and to detect potential adaptations to make the Belgian governance model more attractive. The first round table reflected on **the UK model**.

Belgian and UK experts discussed the main differences between the UK and Belgian governance model such as the widespread presence of institutional investors in the UK, but not in Belgium; or the dispersed (UK) vis-à-vis the concentrated (Belgium) ownership structure. Subsequently, a highly interesting discussion arose on the corporate governance requirements for premium listed companies on the London Stock Exchange. Particularly, the debate illuminated the role of a "relationship agreement" and "a senior independent director" as methods to strike a balance between majority and minority owners. Our second round table focused on **the French model** and particularly the Law Florange. During this round table, an interesting debate transpired on the benefits and disadvantages of multiple voting rights and other control enhancing mechanisms.

Building on the interesting insights gathered during brainstorm events with academics and practitioners, the Centre, in collaboration with prof. dr. Tesolin (UCL), developed a research paper on the relation between shareholder characteristics and board composition. A quick sneak preview: our research suggests that reference shareholders (largest shareholder holding 25 to 50% of the shares) seem to be less inclined to share power, than a majority owner (more than 50%) or shareholders in a dispersed ownership structure (largest shareholder holds less than 25%). This is reflected in their preferences with respect to board composition: a reference shareholder prefers more affiliated directors, a lower likelihood for an independent chair, as well as a lower probability for a legal direction committee. A second striking result is that the ownership structure is a crucial driver of board composition, but the primary predictor of board composition is the company's size. More to come soon.

In **2017**, much will change in the field of shareholder governance. The EU Shareholder Directive will in all likelihood be ratified. Minister Koen Geens will present his first draft of the reformed Company law. Updates of the Code Buysse II and the Belgian Code on Corporate Governance ("Code 2009") are in progress. As we see the world evolve, the Centre together with its partners Ageas, KBC Securities, Deloitte & Laga do not want to stay on the sidelines. Rather, we will jump on the bandwagon by organising round tables and expert groups to reflect with our members on some of these key developments. The output of these meetings will be used to react to the public consultation rounds related to the above discussed documents. Moreover, we will use the insights gathered during these events, the round tables and our research to write a booklet on shareholder governance in Europe: Lessons for Belgium.



HOSPITAL GOVERNANCE

The important changes which are taking place in the hospital sector and consequently the increased requests for advice which we receive from hospitals, has made this sector a priority for GUBERNA.

In **2016**, a high level expert group has been organised to identify the governance needs of the hospitals. In January 2017, a follow-up meeting took place in close collaboration with the Belgian Health Care Knowledge Centre. A recent study on "Governance models for hospital collaborations" was presented and debated.

Following the changes in the legislation, **2017** will be a very challenging year for hospitals. Therefore, GUBERNA will invest further in hospital governance and will organise one or more expert groups or round tables, based on the needs.



SOCIAL GOVERNANCE

Every year, GUBERNA receives numerous questions from non-profit organisations. We tackle these specific governance issues with tailor-made answers and in our activities and education programmes.

GOVERNANCE AT EUROPEAN LEVEL

GUBERNA plays an active role on a European level.

Through its presence in the board and in various committees and working groups, the GUBERNA-team is actively involved in **ecoDa**, the European Confederation of Directors' Associations.

In **2016**, ecoDa published a guidance document for audit committees on the EU audit legislation.

2017 At a European level, GUBERNA is also involved with ecoDa in a new project focussed on digital revolution. The qualitative survey is based on the experience of chairmen & non-executive directors in the field of digital revolution: what are the steps taken, lessons learned and future actions. Where does the board of directors stand on the digital agenda ? Thanks to our Alumni, several interviews were executed with chairmen, non-executive directors and digital experts in Belgium. The report is expected in May 2017 and the results will be presented during an event in June 2017.

In 2015, ecoDa launched a three-stage project on the "comply or explain" principle. GUBERNA leads these three research streams. End 2015, we finalised the first phase of this project. In 2016, we started the second phase which focuses on the role of the board in governance matters in general and in the development of the corporate governance statement more specifically. We made an overview of the legislation and code recommendations on the role of the board in respect to governance; and sent out a survey to a number of listed companies in different European countries. With the help of our alumni, we will in **2017** conduct interviews with board members on the governance discussions in the board.

Under the lead of Lutgart Van den Berghe, the policy committee of ecoDa drafted different position papers with respect to the call for evidence on the EU regulatory framework for financial services, the EC public consultation on non-financial reporting guidelines, the peer review on the implementation of the G20/ OECD Principles of Corporate Governance and the draft shareholders' rights directive.

GUBERNA AS A TRANSLATOR



As part of its mission, GUBERNA wants to translate its thought leadership in order to create awareness, provide insight into the governance dynamics and stimulate a governance reflex. To this end a broad portfolio of education programmes, seminars and conferences are organised.

OPEN & CERTIFYING EDUCATION PROGRAMMES FOR DIRECTORS



Director Effectiveness and Board Effectiveness

In 2017, due to the high interest we receive, we continue to organise two editions per year of these training programmes, both in Dutch and in French.

Board Simulation

This training programme is quite new and unique in our offer. During two days, a dozen participants have the opportunity to act as independent director and take part in several meetings of the board and of the committees, guided by experienced directors.

We also organise two editions per year, both in Dutch and in French, with the support of Diligent.

GUBERNA Certified Director

Participants have the option to engage in a (renewed) certification process and obtain the title "GUBERNA Certified Director".

SPECIFIC EDUCATION PROGRAMMES

GUBERNA organises a cycle of 7 evenings especially for **SMEs**. More information can be found on pages 12-13.

PERMANENT EDUCATION PROGRAMMES

In collaboration with IBR/IRE, we will organise two in-depth specialised cycles in 2017 (one in French and one in Dutch). In 3 sessions we will cover the Audit Reform, the role of the Audit Committees and the improvement of their functioning.

Other refreshment courses on topical matters will be added to the calendar depending on the needs of the market. These take place in addition to the GUBERNA events which support you in keeping yourself up-to-date as a director.

IN COMPANY & TAILOR-MADE COURSES

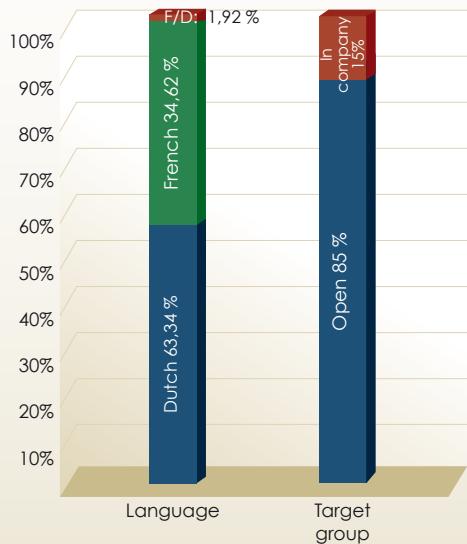
We regularly organise **tailor-made courses** at the request of various organisations and companies.

In order to continually improve the quality of our offer, all programmes are regularly reviewed in collaboration with our Alumni.

BEYOND CLASSICAL TRAININGS: SPREADING THE WORD

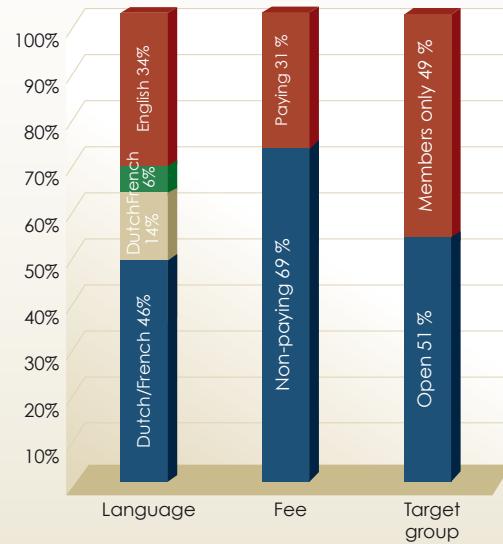
But our information efforts go beyond our education programmes. Team members are regularly invited to speak about governance related topics and interviews are given to newspapers and magazines. Additionally, we keep our members informed on recent developments of corporate governance in our publications (cfr. page 25), Newsletter and E-flash.

COURSES*



* Based on number of days

ACTIVITES



ACTIVITIES

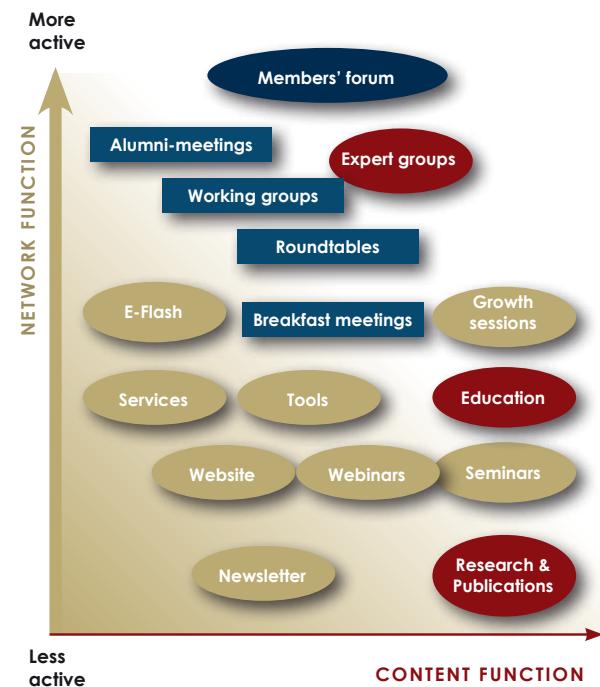
In **2016**, we celebrated our **20th anniversary** with a festive calendar. In addition to our regular offer, we organised a national event on the Audit Reform with IBR-IRE. Together with KPMG, GUBERNA set up an event dedicated to board priorities. And finally we held a lunch causerie around the "Director's Handbook" in partnership with KPMG and a first roundtable on "Board Dynamics". In October 2016, the third Mentoring Programme at Board Level has been launched at the Federation of Enterprises in Belgium.

In **2017** we will continue to present a **wide range of activities** to our member network, including well-established national & regional member fora and seminars, working groups and roundtables. We are very **grateful to the companies who hosted** one of these activities in 2016, more specifically Ageas, AIG, Bel&Bo, Belfius, Deloitte, Egon Zehnder, Euronext Brussels, EY, ING, KBC, KBC Securities, KPMG, Proximus, Vandepitte & VBO-FEB. Their collaboration enables us to offer a lot of interesting events for free!

In 2017 we will again combine a number of well-appreciated member activities with new themes and events. Member fora will take place at, amongst others, Barco, Microsoft, Milcobel and NBB. In 2017, two exclusive events for mentors and mentees will take place at Deloitte (April 19) and Solvay (October 18).

You can already mark the date of the "**Dag van de Bestuurder/Journée de l'Administrateur**" in your agenda which will take place on **November 28, 2017**.

PRODUCT PORTFOLIO



And finally we will continue to organise the **New Members Events** where we gladly welcome and meet our new individual and corporate members; as well as the exclusive **CEO & Chairmen's Platforms** for corporate members.

In 2017 the Chairmen's Platform will take place on June 21, 2017 at BARCO, hosted by Charles Beauduin. The Chairmen's platform is the unique opportunity to exchange experiences on governance related issues. Discussions with peer Chairmen take place in an informal setting and on a confidential basis.

NEW Based on the "Chairmen and CEO's Platforms" and thanks to our sponsor Diligent, GUBERNA will organise an annual event dedicated to the company secretaries and the secretaries of the board. The platform will be the unique opportunity to tackle topics related to company secretaries (or people acting as such) in listed and non-listed companies, large SMEs, etc. This platform will be open to GUBERNA's members and/or non-members.

Check out our upcoming training programmes and activities on guberna.be

ALUMNI

We are very pleased that we can rely on an active and dynamic alumni network to organise specific **alumni gatherings focussing on the individual director!**

Up to today, a total of **1.368 Alumni** followed one or more long-term course(s). This **significant increase** is due to the larger number of courses which are being organised. We are proud to say that **503** participants obtained a **certificate and/or diploma**.

In 2016, we also count 54 "**GUBERNA certified directors**": these persons are member of GUBERNA, have followed the entire education trajectory and committed themselves to permanent education.

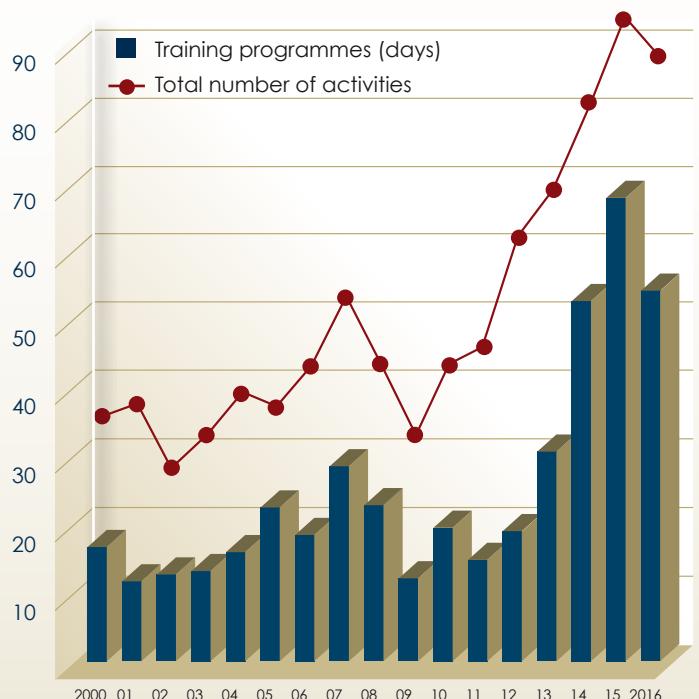
In 2016, our alumni organised the yearly **Alumni Day** in collaboration with AIG. In 2017 this will again be combined with the General Alumni Assembly.

The format "**GUBERNA Alumni visit X**" (= activities with other business organisations) worked well in 2016! We had gatherings with LEADIn and PMI. In 2017 the alumni will organise an event on Data Protection Regulation as well as its first Golf Cup.

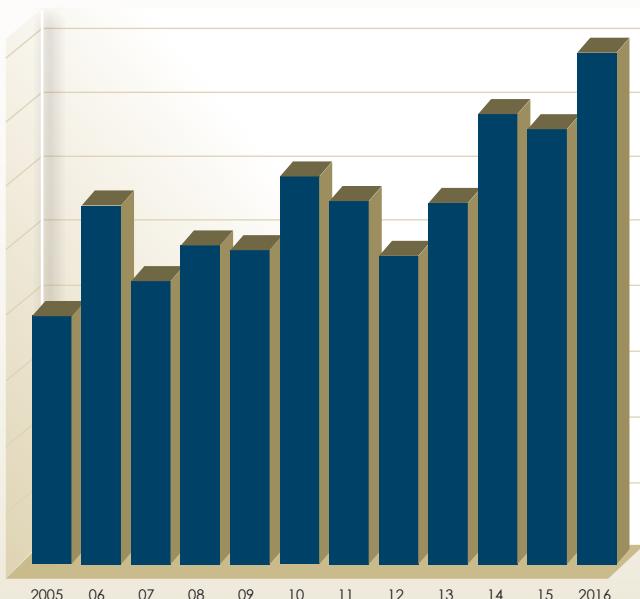
Stay tuned also for the Alumni **NextGen Project** (with partner Diligent Boards) which will put some of our alumni in the spotlights in 2017.

Finally, we also collaborate with our alumni on **European governance projects**.

NUMBER OF ACTIVITIES
AND
TRAINING PROGRAMMES



NUMBER OF
PARTICIPANTS*



* Actual participants

GUBERNA AS A FACILITATOR



The development of tools for directors and governance services for our individual and corporate members facilitate the professionalization and effectiveness of directors individually and boards of directors as a whole.

NEW

**NEW TOOLS
AVAILABLE FREE OF CHARGE**

FREQUENTLY ASKED QUESTIONS ON CORPORATE GOVERNANCE – NEW ONLINE TOOL

Many of our members face similar corporate governance questions:

NEW PUBLICATIONS

The following studies and reports have been published in 2016 and are available on guberna.be

- New **Governance Charter for directors in the public sector**.
- Study "Deugdelijk Bestuur bij Vlaams Publieke Organisaties– Rapport over de verwezelijkingen en uitdagingen anno 2016".
- **Monitoring research listed companies** – coming soon.
- Position paper: "**Re-designing corporate governance to promote innovation**".

- > What is the role of the president/ CEO/ shareholder?
- > What are the main points of attention for good board minutes?
- > How to install a committee?
- > How to deal with private equity and how will this influence our company?

Based on the existing tools, GUBERNA will tackle these questions by developing a set of practical "Frequently Asked Questions on Corporate Governance". The FAQ's will be available online in **June 2017** and the project is lead in collaboration with our partner KPMG.

MATURITY INDEX – COMING SOON

- > Can governance add value to my company?
- > Am I ready to implement an active board with external directors, or do I rather prefer an advisory board?
- > Am I ready to invest in good governance?

To help owners, directors and managers answer these and other questions related to their attitude towards corporate governance and the potential added value of governance, GUBERNA developed in 2016 a maturity index. In 2017, this index will be further validated based on some initial tests with GUBERNA members. We aim to launch a full blown maturity index by the end of 2017.

TOOLKIT FOR SELF-ASSESSMENT OF BOARD OF DIRECTORS – UPDATED ONLINE TOOL COMING SOON

The web-based toolkit for self-evaluation has been totally reviewed from a content perspective, in order to offer an updated tool for boards of directors of SMEs. This tool will allow them to auto-evaluate the functioning of their board of directors by means of an online tool. Currently we are working on an update of our website before re-launching this toolkit.

TOOLKIT RECRUITMENT & SELECTION OF DIRECTORS FOR SMEs – NEW TOOL

Based on the GUBERNA Toolkit Recruitment & Selection of Directors, and on lessons learned during the Growth Companies Sessions, a new tool for the recruitment of directors in SMEs will be published in 2017.

Above tools & publications are available upon request:
hnia.bensalah@guberna.be

SERVICES TO PROFESSIONALISE THE WORKING OF YOUR BOARD OF DIRECTORS

BOARD EVALUATIONS

GUBERNA offers you tailor-made support in the evaluation exercise of your board of directors, having developed its own unique methodology to assess your board. This methodology is based on academic research and the vision of experienced field experts. More and more companies rely on GUBERNA for the evaluation of their board and take advantage of the recommendations to enhance the added value of their board.

MENTORING PROGRAMME AT BOARD LEVEL

In October 2016, we launched the third edition of the Mentoring Programme at Board Level which aims to promote professionalism and diversity at board level. This unique initiative gathers 18 Mentors, experienced directors (men and women) willing to share their board experience, with 18 Mentees (men and women) who are mainly executive managers or experts (some of them are already active as director). The programme is comprised of various activities such as meetings, activity reports, exclusive events and documentation. The third edition will be closed June 2018.

In partnership with FBN, Mercuri Urval and Women on Board, supported by VBO-FEB.

D&O INSURANCE

Thanks to the partnership with AIG, GUBERNA members benefit from a free (limited) legal support insurance related to their director liability. For alumni the insurance cover is double compared to the one for non-alumni.

TAILOR-MADE SERVICES

GUBERNA can assist you with the development of charters, internal rules, codes of conduct, etc. We can also organise incompany trainings and in-depth, tailor-made courses for you.

BOARD VACANCIES

To support companies that are searching for new directors, GUBERNA provides the possibility to distribute open board mandates within our member network. This service is free of charge and we can additionally advise you on how to (best) present your board mandate vacancy. The vacancies for directors mandates are however only visible and available for GUBERNA members.

In 2016, GUBERNA dispatched 21 board mandate vacancies to its members for listed or non-listed companies, family enterprises, non-profit organisation as well as vacancies for "adviesraad/conseil d'avis".

The feedback we received from the companies that used this service in 2016 was very positive. Most of them point out the quality of the candidate profiles and the actual process. We will therefore continue this service in 2017.

"Our young and growing company was looking for a way to professionalise and support further growth. GUBERNA's independent board member network was exactly what we needed to quickly and easily find interested and highly skilled board members."

BERNHARD DOBBELS, TOREON



GUBERNA AS A GATEKEEPER



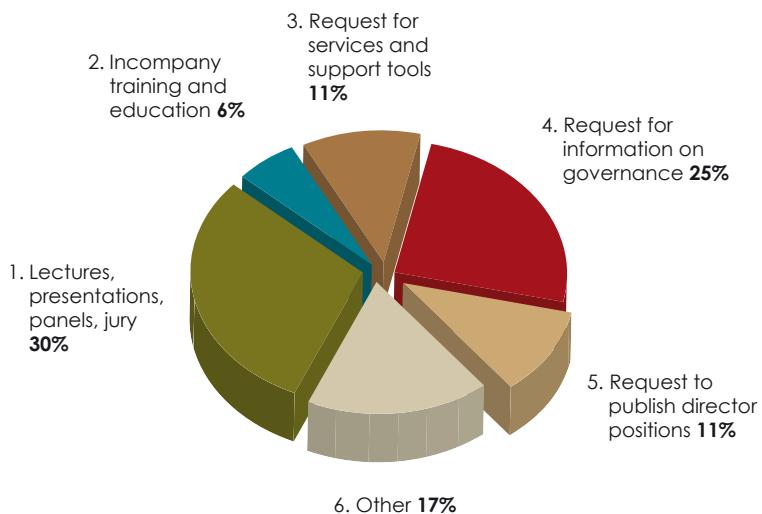
As part of its mission, GUBERNA wants to translate its thought leadership in order to create awareness, provide insight into the governance dynamics and stimulate a governance reflex. To this end a broad portfolio of education programmes, seminars and conferences are organised.

GUBERNA ANSWERS YOUR QUESTIONS

In line with its ambition of thought leadership, GUBERNA devotes special attention to all requests for support, detailed governance guidelines or specific information.

In 2016 we received and treated about 221 questions from members and non-members, originating from economic and academic sources, the press, etc.

The following types of questions reached us:



As a member, you have your personal space "My GUBERNA" on guberna.be which gives you access to additional information, tools, services and interesting literature.



GUBERNA AS A
MEMBER NETWORK

A strong network of both individual and corporate members support GUBERNA. We want to take this opportunity to thank them for their trust and support.

As part of its mission, GUBERNA wants to facilitate the exchange of experiences between its members and the broader governance actors.

To support this, we took the following initiatives in **2016**:

1. We improved the quality of our member database by carrying out a systematic update of our individual and corporate members. Contact details are continuously reviewed and updated. At any time, members can inform us of changes in e.g. their mandates, function, company and contact details, and we will update our database immediately.
2. We evaluated the needs of our corporate members (Partners & Institutional Members), analysed the feedback and took corrective actions.
3. We developed the membership formula by clearly presenting the advantages. Thanks to the Diligent sponsorship, GUBERNA members can implement Diligent Board solution at interesting conditions.

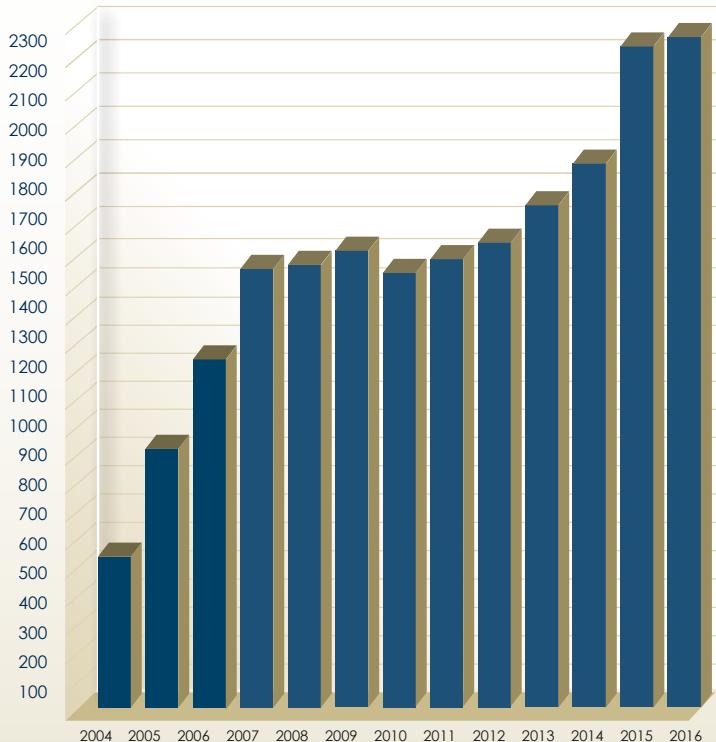
In **2017**, we will further reflect on the structure of our membership, particularly on who is doing what in our network, what is the level of participation of our members in the GUBERNA activities, who is consuming what (training programmes, services, tools) etc. How can we keep all our members – corporate, individual, young and experienced – on board? How can we attract the Next Gen?

2017 will also be dedicated to the evaluation of existing exchange partnerships and the possibility to create new bridges, broaden the horizon towards other professional organisations – like the agreement signed early 2017 with **the Belgian Venture Capital Association & Private Equity Association (BVA)**. BVA is a professional association representing the venture capital and private equity community in Belgium. Other ad hoc and structural partnerships will be further developed in the course of the year.

Twice a year we invite our new members to a welcoming event where they can meet the team and learn more about what GUBERNA can offer them.

The increase we see both in the number of members and questions which are asked, encourages us to continue on the chosen track. We are very glad that our member base continues to grow, both corporate and individual members. We currently **reached a total of 2.206 members** (versus 2.185 in 2015).

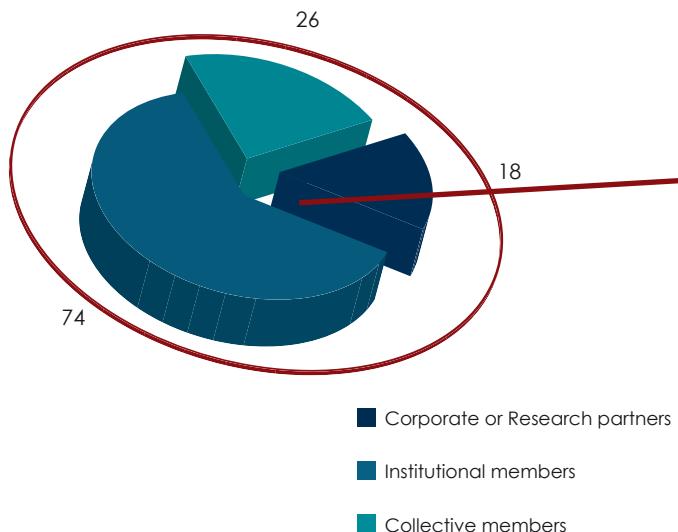
HISTORICAL EVOLUTION IN THE NUMBER OF MEMBERS



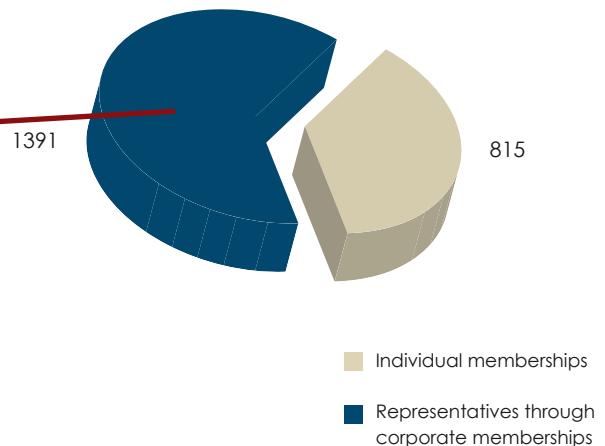
"We are very glad that our member base continues to grow, both corporate and individual members."

AFFILIATION TO GUBERNA THROUGH INSTITUTIONAL OR INDIVIDUAL MEMBERSHIPS

NUMBER OF CORPORATE MEMBERSHIPS

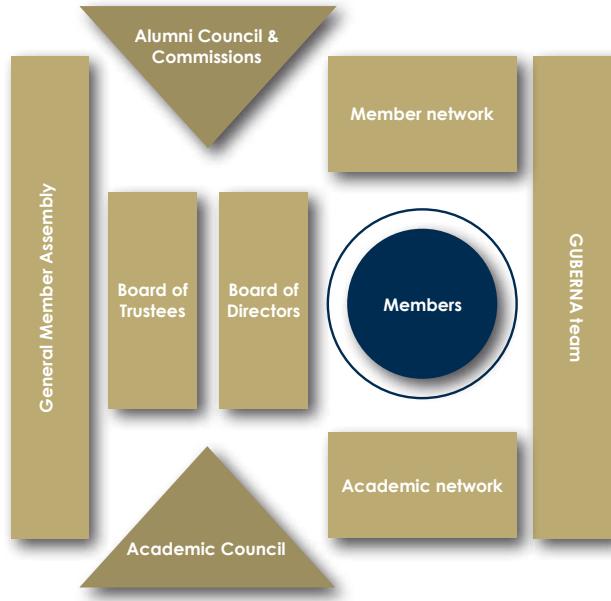


STRUCTURE OF MEMBERSHIPS



A photograph of a wooden tangram puzzle piece, specifically the square piece, resting on a red surface. The piece is composed of several smaller triangles and is set against a dark, out-of-focus background.

GUBERNA AS A PROFESSIONAL ORGANISATION



CORPORATE BODIES AND ADVISORY COMMITTEES

As a governance institute, we want to “walk our talk”. We believe in the added value of a regular board evaluation to ensure alignment of expectations and to foster continuous improvement.

In **2016** **Gaëtan Hannecart** was nominated as our **new chairman**, based upon the input of a board evaluation exercise, the input of the Nomination Committee and after a decision by consensus in the board.

Luc Bertrand became Chairman of the Board of Trustees, and succeeded **Luc De Bruyckere** who became honorary chairman.

GUBERNA can rely on three advisory bodies: **the Board of Trustees, the Academic Council, and the Alumni Council**.

All bodies are regularly reviewing their composition and functioning.

The updated composition of the GUBERNA advisory bodies can be found on guberna.be.

GUBERNA MEMBERS AND SMART PARTNERSHIPS

For its development, GUBERNA relies on four types of support and partnerships. Besides its own **team** (GUBERNA¹) and **governance bodies** (GUBERNA²), GUBERNA increasingly relies on its **member network** (GUBERNA³) as its “raison d’être”, its privileged research laboratory, as well as an important funding source. GUBERNA is very grateful to its institutional partners and members* for their continuous support and input, and to all of its individual members for their increasing involvement in the development of our activities and support tools. The growing interest in governance from so many diverse horizons necessitates GUBERNA to develop numerous **smart partnerships** with other organisations (GUBERNA⁴). For each focused segment, GUBERNA wants to develop a tailored governance approach in close collaboration with organisations that operate as segment specialist.

*The complete list can be consulted on guberna.be

THE DEDICATED AND ENTHUSIASTIC GUBERNA TEAM – EVERY DAY AT YOUR SERVICE

EXECUTIVE DIRECTOR



Lutgart Van den Berghe
lutgart.vandenbergh@guberna.be

MEMBERS OF THE MANAGEMENT COMMITTEE



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Liesbeth De Ridder
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Sibylle du Bus
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Abigail Levrau
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ADVISOR



Roger Barker
Advisor Innovative Knowledge-based enterprises

GUBERNA-TEAM



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Annick Vervaet
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We want to take this opportunity to thank Amélie Bodson, Sofie De Clerck and Eva Vande Voorde who left us in the course of 2016 and early 2017 to pursue other career opportunities.

BOARD OF DIRECTORS



Gaëtan Hannecart
Chairman Board of
Directors / Matexi Group
Managing Director



Pierre-Olivier Beckers
Honorary CEO Delhaize
Group Director D'leteren
and BOCIC



Alexia Bertrand
Ackermans & van Haaren
Director



Nicolas Boël
Solvay
Chairman Board of
Directors



Olivier Chapelle
Recticef
CEO



Bruno Colmant
Bank Degroof Petercam
Member of the Executive
Committee



Marion De Bruyne
Vlerick Business School
Dean



Pierre De Muelenaere
Proximus
Director



Chantal De Vrieze
Altran Europe
Country Manager Benelux



Xavier Dieux
Willkie Farr & Gallagher
Partner, Lawyer



Paul Dujardin
BOZAR
CEO



Sandra Govert
Chair Alumni Council
SUB ROSA
Managing Partner



Philippe Haspeslagh
ARDO
Chairman Board of
Directors



Dominique Moorkens
Alcopa
Honorary Chairman of
the Board



Duco Sickinghe
Fortino
Managing Partner



Michèle Sioen
Sioen Industries
CEO



Lutgart Van den Berghe
GÜBERNA
Executive Director



Philippe Vlerick
Cecan
Managing Director



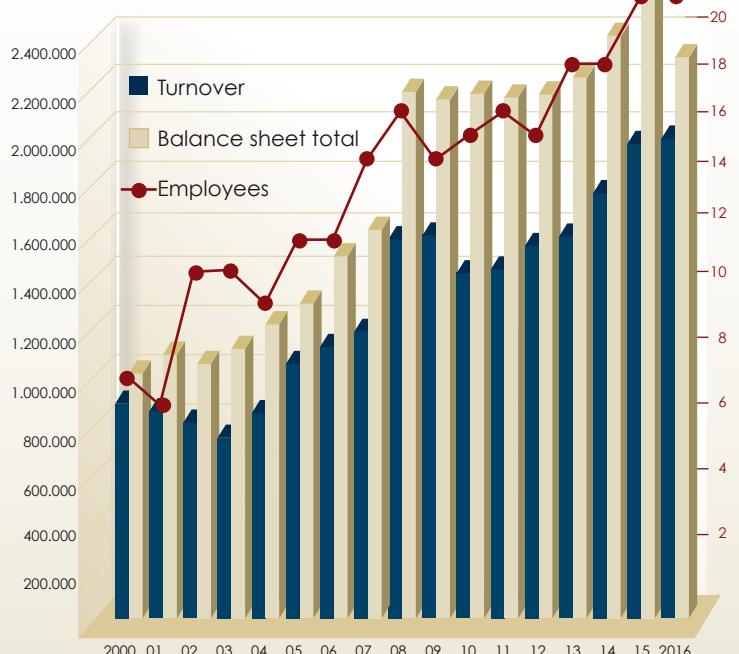
Luc Bertrand
Chairman Board of Trustees
Ackermans & van Haaren
Chairman Board of Directors

With a special thank you to outgoing Chairman Luc Bertrand and outgoing members Luc De Bruyckere, and Xavier Desclée for their support over the past years.

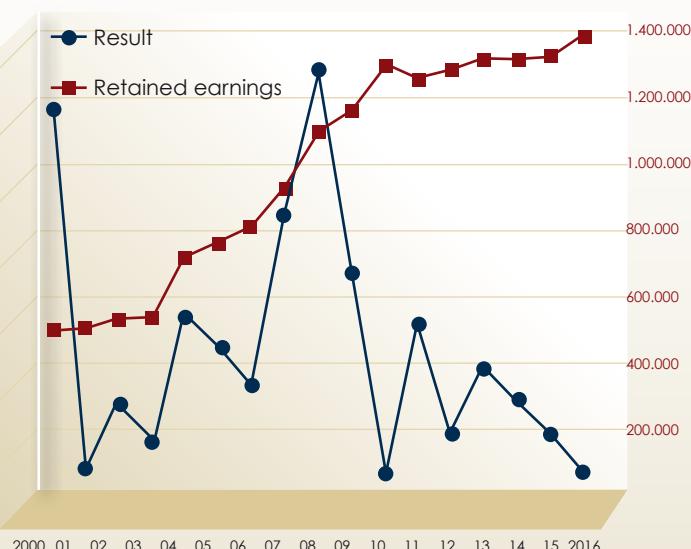
FINANCIAL RESULTS

| | Accounts 2015 | Accounts 2016 | delta 2015-2016 |
|----------------------------|---------------|---------------|-----------------|
| TOTAL OPERATIONAL INCOME | € 1.864.780 | € 1.943.888 | + 4 % |
| TOTAL OPERATIONAL EXPENSES | € 1.820.211 | € 1.940.806 | + 7 % |
| OPERATIONAL RESULT | € 44.569 | € 3.082 | - 93 % |
| NET RESULT | € 24.909 | € 6.145 | - 75 % |

TURNOVER
BALANCE SHEET TOTAL
NUMBER OF EMPLOYEES



RESULT
RETAINED EARNINGS





10 REASONS TO BE A MEMBER

1. You are continuously **informed** on governance in all its dimensions and for all types of organisations.
2. You join **a large network of directors** where you meet peers and exchange relevant experiences; you participate to numerous activities such as forums, company visits, roundtables, seminars and discussion groups.
3. You keep yourself up-to-date by following our courses for directors and can obtain the title **GUBERNA Certified Director**.
4. You use our **services** to professionalize your board of directors.
5. You receive useful **instruments and tools** that help you put your governance into practice.
6. You stay up-to-date on **research results** on governance.
7. You have a professional, **dedicated team** at your service.
8. You can **make your voice heard** and contribute to a professional and recognised organisation.
9. You receive our **publications** and have exclusive access to additional information and a personal space "My GUBERNA".
10. You stay up-to-date on **governance evolutions in Europe and abroad**.