

7. Corporate governance

1. Corporate governance

In accordance with Article 96(§2)(1°) of the Belgian Companies Code (as amended by the Belgian Act of 6 April 2010 reinforcing corporate governance at listed companies) and the Belgian Royal Decree of 6 June 2010 setting out the mandatory corporate governance code for listed companies, WDP Comm. VA must meet the Belgian Corporate Governance Code of 12 March 2009. The Belgian Corporate Governance Code is available [online](#).

WDP makes every effort to meet the principles of the Belgian Corporate Governance Code at all times, and uses the code as a reference. Due to the special management structure of WDP – detailed further under 2. *Some background: the Comm. VA and the statutory manager* – the corporate governance principles are primarily relevant to this special management structure.

Since its founding, the company has put honesty and fairness in business first. Thus, WDP attaches a great deal of value to striking the right balance between the interests of shareholders (and bondholders) and those of other parties dealing directly or indirectly with the company, also known as stakeholders.

The Corporate Governance Code applies the Comply or Explain principle, meaning that any deviations from the recommendations must be justified. WDP only deviates from the recommendations of the Corporate Governance Code on a few points, which can mostly be explained by the activities of the company and the associated small size of the Board of Directors of the manager of WDP:

- ▶ the Corporate Governance Code recommends that the chairman of the Board of Directors be a non-executive director. WDP currently deviates from this rule, as the chairman of the Board of Directors, Mark Duyck, fulfils the role of executive chair, though he is not part of the executive management team. At the time, WDP opted for a special active role for the

chairman, who serves as a sounding board for the executive management and offers advice. However, he does not take part in decisions of the management. His executive duties also include preparation of strategic initiatives for discussion (and decision-making) by the Board of Directors. In the opinion of WDP, this role optimises synergy between the other members of the Board of Directors and the executive management and, in general, the functioning of the company. In order to perform these tasks properly, Mark Duyck is present at the company offices three days a week on average. The Corporate Governance Code allows the chair to take on special responsibilities aside from leading the Board of Directors and its meetings.

The role of the chairman will change in the first half of 2019. For more details, please refer to 4. *The Board of Directors of the statutory manager De Pauw NV – Changes in the composition of the Board of Directors during the 2019 financial year*;

- ▶ Annex D. 5.3./1 of the Corporate Governance Code recommends that the majority of the nomination committee comprises independent non-executive directors. Given the small size of the Board of Directors, the nomination committee of WDP comprises of all members of the Board of Directors and is chaired by the chairman of the Board of Directors. The nomination committee consists of seven members, three of which – i.e. not a majority, as recommended by the Corporate Governance Code – are independent non-executive directors. The chairman of the Board of Directors (who has certain executive tasks) chairs the nomination committee, whereas the Corporate Governance Code recommends a non-executive director for this. Given that the chairman of the Board of Directors, despite having some executive tasks, is not the CEO, the Board of Directors believes that the chairman of the Board of Directors can take on a specific and typical task of the

chairman, such as chairing the nomination committee.

Taking the changes in the composition of the Board of Directors in the 2019 financial year into account, the Nomination Committee will comprise seven members as from April 2019, four of which, being the majority, are independent directors;

- ▶ Principle 2.9 of the Corporate Governance Code recommends that the Board of Directors appoints a secretary to provide advice on all governance matters. Given the small size of the Board of Directors and the efficiency of its decision-making process, formal appointment of a secretary is not necessary for the time being. In principle, the CFO is always present on the Board of Directors and handles these tasks, with necessary support from the Legal Council.

The Board of Directors must devote a separate section of its annual financial report to corporate governance, detailing the company's practices in this area during the relevant financial year, including the specific information required under the applicable laws and the Corporate Governance Code.

This Chapter of the *Annua financial report 2018* provides the contents of WDP's Corporate Governance Statement and describes the situation as at 31 December 2018.

The [Corporate Governance Charter](#) and [Dealing Code](#) are also available online.

2. Some background: the Comm. VA and the statutory manager

WDP is a public Regulated Real Estate Company under Belgian law (GVV/SIR) that has taken on the legal form of a partnership limited by shares under Belgian law (Comm. VA). A Comm. VA has two categories of partners. The first category is the managing partner, which bears unlimited and joint and several liability for commitments of the company. The managing partner of WDP Comm. VA is De Pauw NV, with registered office

at Blakebergen 15, 1861 Meise (Wolvertem), Belgium. The other category is the limited or silent partners, who are shareholders and only bear liability for the amount of their contribution.

A characteristic feature of a Comm. VA is that the company is managed by a statutory manager, which must have the capacity of a general (managing) partner, which has a power of veto over all major resolutions of the General Meeting and which it is practically impossible to dismiss.

The manager is appointed by an Extraordinary General Meeting taking into account the requirements for amendment of the Articles of Association. The manager can always resign of its own volition. In contrast, it is only possible to withdraw the manager's mandate by a court decision requested by the General Meeting on legal grounds. For this resolution the manager cannot participate in the votes cast by the General Meeting.

The General Meeting is only permitted to deliberate and take decisions in the presence of the manager. The manager must grant assent for any amendments to the Articles of Association and any resolution of the General Meeting related to actions that affect the Company's interests with respect to third parties, such as dividend disbursement and any resolution affecting the capital of the Company.

The Company is represented by its statutory manager, De Pauw NV, represented by its permanent representative. In addition, based on the four-eyes principle, a second director of the manager in principle always takes part in major actions. The company may also be represented by a special proxy.

The manager De Pauw NV, has been appointed for an unlimited term. Since 1 September 2002, Tony De Pauw has been appointed as permanent representative of De Pauw NV within the framework of its appointment as statutory manager.

WDP (and/or WDP's manager De Pauw NV) meets Article 17 of the GVV/SIR Act, and specifically features its own governance structure, an administrative, bookkeeping, financial and technical

organisation that enables the organisation to carry out its activities as a GV, as well as suitable internal control (refer to 10. Internal control).

3. The shareholders

All other circumstances being equal, the company shall treat all shareholders of WDP the same and shall respect their rights. They have access to the investors section of the website including all useful information to enable trading with knowledge of the current state of affairs. Here, shareholders can also download the documents required in order to vote at the General Meeting.

As at 31 December 2018, the capital of WDP amounted to 184,951,687.81 euros and is represented by 23,061,390 fully paid-up ordinary shares without par value. There are no preference shares. Each of these shares bestows the right to one vote at the General Meeting and these shares therefore represent the denominator for the purposes of notification within the framework of transparency regulations (i.e. notification in cases of reaching, exceeding or falling below thresholds as per the law or the Articles of Association).

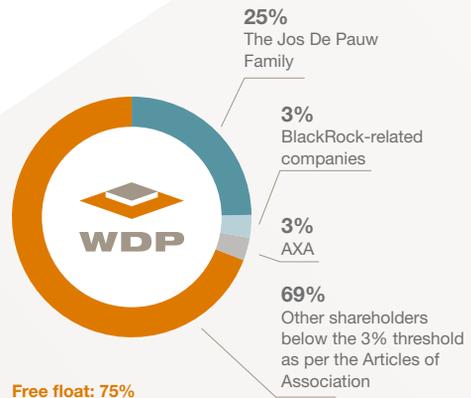
In accordance with the conditions, terms and modalities stipulated in Articles 6 to 13 of the Belgian Act of 2 May 2007 on the disclosure of major stakes in issuers whose shares are admitted for trading on a regulated market, any natural person or legal entity that, either directly or indirectly, purchases or transfers voting securities in the company, is obligated to inform the company and the FSMA of the number and the percentage of the existing voting rights they hold as a consequence of the purchase/transfer, if the voting rights associated with these voting securities fall above or below the thresholds indicated below. On the one hand, we have the threshold of 3% as per the Articles of Association, and on the other the statutory thresholds in 5%-brackets of the total number of existing voting rights.

Special rights of control are not granted to any categories of shareholders. WDP currently has a single reference shareholder, with a single representative on the Board of Directors (refer to

4. The Board of Directors of statutory manager De Pauw NV – Appointment of the director).

The obligations of the company and the rights of the shareholders with regard to the General Meeting are published on the investors section of WDP's website from the meeting notice until participation and voting in full. This information will remain accessible there for a period of at least five years, counting from the date of the General Meeting to which it refers.

In such cases, the Extraordinary General Meeting may only pass valid resolutions to amend the Articles of Association if the proposed amendments are expressly indicated in the meeting notice, if meeting attendees represent at least half of the share capital and if the manager is present. If this quorum is not achieved or if the manager is not present, then it will be necessary to convene a new meeting.



The second meeting will deliberate and adopt a valid resolution regardless of the portion of capital present or represented and regardless of whether the manager is present.

An amendment to the Articles of Association will only be adopted if approved in advance by the FSMA and if it passed with three quarters of the votes associated with the shares present or represented and obtained approval of the manager in person or by representation.

4. The Board of Directors of statutory manager De Pauw NV

Duties of the Board of Directors

The Board of Directors has various duties with respect to the GW/SIR. The Board of Directors:

- ▶ outlines the strategy and policy;
- ▶ approves all major transactions with a view to achieving the objectives of WDP;
- ▶ monitors the quality of the management, such as by a thorough review and in-depth discussion of the financial statements and by an annual evaluation of the operation;
- ▶ ensures that management is carried out in accordance with the strategy;
- ▶ outlines and evaluates a diversity policy;
- ▶ handles the company's financial communications with the media and analysts.

Functioning of the Board of Directors

The Board of Directors of the manager meets at least four times a year at the invitation of the chair. These meetings are also intended to discuss the strategy of the company. The times are set in advance for the entire year to minimise absences. Additional meetings will also be called whenever required in the interests of the GW/SIR or when two directors request this.

The chair is responsible for running and monitoring the progress of the meeting of the Board of Directors and determines the meeting agenda in consultation with the two CEOs. The agenda consists of a fixed series of items with thorough preparation and documentation, so all directors have the same information at the same time. At least three days before the scheduled date for the meeting of the Board of Directors, these documents must be provided to every member of the Board of Directors, so they can prepare accordingly.

The role of chairman of the Board of Directors and of CEO cannot be performed by the same person.

The person presiding over the meeting may designate a secretary (possibly a director).

Only the members of the Board of Directors may take part in deliberations and voting. In principle, votes of the Board of Directors are only valid if the majority of the members are present or represented. The decisions of the Board of Directors are taken by simple majority. If the vote is tied, the proposal is rejected.

At the invitation of the chair, members of the management who are not directors or specialists in a particular field may attend meetings of the Board of Directors in order to inform or advise the Board of Directors. For matters concerning financial information or accounting procedures, the chairman may call upon the internal organisation and/or statutory auditor of the company directly.

Activity report of the Board of Directors

The Board of Directors met seventeen times during the 2018 financial year, mainly to discuss the following items:

- ▶ operating and financial reporting;
- ▶ communications policy;
- ▶ strategy and investment policy;
- ▶ financing policy;
- ▶ composition and evaluation of the Board of Directors;
- ▶ analysis and approval of the 2019 budget;
- ▶ analysis and approval of the 2016-20 growth plan update and outlook;
- ▶ update of the Dealing Code;
- ▶ analysis and approval of investment, divestment and development dossiers;
- ▶ drafting and approval of the 2017 Registration Document;
- ▶ drafting of special reports from the Board of Directors on contributions in kind of properties located in Belgium and a claim (as part of the optional dividend and the completion of three projects in the Netherlands);

- ▶ completion of the aforementioned transactions and determination of the resulting capital increase within the limits of the authorised capital.

Remit of the director

Composition of the Board of Directors

Principles

The composition of the Board of Directors of the manager enables management of WDP in accordance with its Articles of Association and its permitted activities (as described in Article 4 of the Belgian GVW/SIR Act).

The following provisions apply to the composition of the Board of Directors of the manager:

- ▶ members of the Board of Directors must meet the requirements set on the GVW/SIR under the applicable law, including composition exclusively of natural persons that meet the requirements of Articles 14 and 15 of the Belgian GVW/SIR Act (fit-and-proper test for directors);
- ▶ the Board of Directors is made up of at least three directors;
- ▶ the Board of Directors has at least three independent members in the sense of Article 526ter of the Belgian Companies Code, where for the purposes of assessing compliance with this, the independent member of the Board of Directors of the manager is considered to be a director of WDP;
- ▶ one or more directors, up to a maximum of half of the total number of directors, can be executive directors. This means they can also perform an operational role within WDP;
- ▶ The Board of Directors strives at all times to strike a proper balance in terms of knowledge, competencies and experience, based on the requirements of efficient business on the markets where the company is active;
- ▶ the individual contribution of each director guarantees that no single individual or group of individuals can influence the decision-making;
- ▶ the directors must remain focused on the interests of the company and conduct independent assessments and contribute to decision-making;
- ▶ the composition of the Board of Directors must meet the diversity requirements (such as Article 96 of the Belgian Companies Code) and the specific requirements on gender diversity (such as those set out in Article 518bis of the Belgian Companies Code).

The composition of the Board of Directors must ensure that it functions as an agile and effective body at all times.

The description below on the composition of the Board of Directors attests to its balance in terms of knowledge, competencies and experience. The current composition of the Board of Directors meets gender-diversity requirements. At this time, the WDP Board of Directors consists of two women and five men, in line with Article 518bis of the Belgian Companies Code. The directors of the manager meet Articles 14 and 15 of the Belgian GVW/SIR Act (fit-and-proper test for directors).

Current composition of the Board of Directors

The Board of Directors of the manager comprises seven members (natural persons) as at 31 December 2018:

- ▶ three executive directors, one of which is representative of the reference shareholder (the Jos De Pauw family), namely Tony De Pauw;
- ▶ four non-executive directors, three of which are independent directors that meet the criteria of Article 526ter of the Belgian Companies Code.

Mark Duyck

(Lindekensweg 73, 1652 Alsemberg, Belgium)

has been a director since 1999, chairman of the Board of Directors since 2003 and executive chair since 2006. He is an economist and holds an MBA. After serving in various roles in a number of European and US companies, he was with Brussels Airport for fifteen years in various management positions (COO, CFO).

His knowledge in areas such as transport and logistics, combined with his expertise gained in IT companies and equipment manufacturers, offers a diverse background. In addition, he was both directly involved in these companies and served in a more supporting role (HR director, Business Development).

He is the manager for Coconsult and chairman of the Board of Directors at Steylaerts. He was formerly a director at Brussels Airport¹ and Switch¹.

Frank Meysman

(Drielandenbaan 66, 1785 Merchtem, Belgium)

has been a non-executive director since 2006 (until April 2018 he was also an independent director and until 2016 he held this appointment at M.O.S.T. BVBA, of which he himself was the permanent representative). Frank Meysman offers ample knowledge and international experience (such as in the Netherlands). He has expertise in the area of marketing and can support WDP's focus on the customer.

He has held top positions in international enterprises such as Procter & Gamble, Douwe Egberts and Sara Lee. At present, he serves as chairman of the Board of Directors of Spadel and the Thomas Cook Group. For the past five years he was also a director at Picanol¹, Betafence¹, Grontmij¹ and JBC¹.

Anne Leclercq

(Herhout 62, 1570 Tollembeek, Belgium)

has been an independent non-executive director since April 2015. She studied law at the University of Leuven and also attained a diploma from the Kellogg School of Management and an MBA from the Vlerick Business School.

After a career at various banks, she has been affiliated with the Belgian Debt Agency since 1998, where she is currently Director of Treasury and Capital Markets. In addition to her general management experience, in this role she has also acquired key insights and expertise in efficient financial management (debt capital markets),

which provides substantial added value for the financing policy of WDP.

In addition, she has served in various roles in supranational institutions such as the IMF, the World Bank and the OECD. For the last five years, she has been a director at Fluxys Belgium, as well as at the University of Leuven, and a member of the audit committee at the University of Leuven and University Hospitals of Leuven.

Cynthia Van Hulle

(Heikant 22, 9190 Stekene, Belgium)

has been an independent non-executive director since February 2015. She earned her doctorate in Applied Economic Sciences at the University of Leuven where she is a professor at the Faculty of Economics and Business Studies. She had previously studied at Yale University and at the University of Chicago and taught at the University of Columbia. In addition, she has held the Francqui chair at the University of Ghent.

Key areas of expertise in her academic work include corporate finance, restructuring and governance issues. She brings thorough knowledge of accounting and auditing to the table.

Over the past five years, she has served in roles such as independent director at Argen-Co and Miko (where she also chairs the audit committee) and as a non-executive director at Argenta Bank-en Verzekeringsgroep, Argenta Assuranties, Argenta Spaarbank and KBC Ancora¹.

Jürgen Ingels

(Clemenceaustraat 177A, 2860 Sint Katelijne Waver, Belgium)

has been an independent non-executive director since April 2018. He holds a Master's in Political and Social Sciences and an MBA from the University of Antwerp.

His expertise in financial technology, digital innovation and technology in the broader sense contributes to the growth and future-proofing of company.

He is the founder and director of private equity fund SmartFin Capital and of start-ups.be. He is

¹ This appointment has now ended.

co-founder of B_Hive Europe, an innovative platform for start-ups and scale-ups in fintech, and was also its director¹. In addition, he is a director of the Willemen Group, Ghelamco, Guardsquare, Itineris, Silverfin, Itiviti AB, Materialise, Bright Analytics, Finsight Solutions, Innovis, Newtec, NG Data, NG Data Europe, Projective, Unified Post, Pay-Nxt, The Glue, and Vavato. In past years, he served as director of Trendminer¹, Option¹ and Clear2Pay¹.

Tony De Pauw

(Ganzenbos 5, 1730 Asse, Belgium)

has been executive director and CEO since 1999 and represents the reference shareholder, the Jos De Pauw family (via the family company structure RTKA²) and along with Joost Uwents, handles the executive management of WDP.

For further information on the family company structure, please refer to 7.3.

Since December 2018, he has served as a member of the strategy committee of the Federation of Enterprises in Belgium (the FEB). He is also a director of Concert Olympique.

Joost Uwents

(Hillarestraat 4A, 9160 Lokeren, Belgium)

has been a director since 2002 and executive director and CEO since 2010 and along with Tony De Pauw, handles executive management of WDP. He is a commercial engineer and holds an MBA.

His banking background gives him strong knowledge of real estate and finance. Before his appointment as CEO, he was CFO of WDP for ten years. In addition, he has built up expertise over the years to support and expand WDP's sustainability strategy.

He is an independent non-executive director at public GVV/SIR Xior Student Housing. He is also a member of the advisory board at EPRA.

Changes in the composition of the Board of Directors during the 2019 financial year

Mark Duyck's term as executive director and chairman of the Board of Directors will come to an end at the 2019 General Meeting. In light of this, the nomination committee started a procedure in 2018 to propose a suitable successor to Mark Duyck as chairman of the Board of Directors. In the process, the committee also decided to nominate a non-executive director, contrary to the past situation, in which the chair was assigned an executive role. This position change arises from the internal professionalisation and expansion of WDP as an organisation, realised over the past few years.

Tony De Pauw's term as executive director will also come to an end at the 2019 General Meeting.

In addition, the Board of Directors of the manager is proposing the following to its General Meeting of 24 April 2019:

- ▶ the appointment of Rik Vandenberghe as an independent non-executive director as meant in Article 526ter of the Belgian Companies Code. The Board of Directors will also propose Rik Vandenberghe as chairman of the Board of Directors and chairman of the nomination committee, both pending approval of his appointment as director by the General Meeting. If approved, his term will run until 26 April 2023. Rik Vandenberghe holds a Commercial Engineering diploma from the University of Leuven. Since April 2017, he has been the CEO of the Besix Group, a leading, multidisciplinary construction and property company with operations in 25 countries spanning five continents. He is also serving as a director in various subsidiaries in the BESIX Group. Rik Vandenberghe started his career in the banking sector, working at ING for thirty years, where he through his numerous leadership roles and, as CEO of ING Luxembourg and ING Belgium, enjoyed close working relationships with key actors in the property market and garnered extensive international experience. His experience as chair of companies like Febelfin and Besix Group and ING subsidiaries and his knowledge of real estate finance and securities

² For further information on the family company structure, please refer to 7.3. *Shares and bonds – Shareholdings.*

Name	Mandate	Capacity and presence	Number of shares 31 DEC. 18
MARK DUYCK Executive chairman of the Board of Directors	Start: June 1999 Reappointment: April 2017 End: April 2019	Board of Directors: 17/17 Chairman of the strategy committee: 5/5 Chairman of the nomination committee: 4/4	4,733
FRANK MEYSMAN ¹ Non-executive director	Start: April 2006 Reappointment: April 2018 End: April 2021	Board of Directors: 16/17 Strategy committee: 5/5 Audit committee: 4/5 Nomination committee: 3/4 Chairman of the remuneration committee: 2/2	3,318
ANNE LECLERCQ Independent non-executive director	Start: April 2015 Reappointment: April 2018 End: April 2022	Board of Directors: 17/17 Strategy committee: 5/5 Audit committee: 5/5 Nomination committee: 4/4 Remuneration committee: 2/2	0
CYNTHIA VAN HULLE Independent non-executive director	Start: February 2015 Reappointment: April 2018 End: April 2022	Board of Directors: 17/17 Strategy committee: 5/5 Chairman of the audit committee: 5/5 Nomination committee: 4/4 Remuneration committee: 2/2	0
JÜRGEN INGELS Independent non-executive director	Start: April 2018 Reappointment: n.r. End: April 2022	Board of Directors: 17/17 Strategy committee: 5/5 Audit committee: 5/5 Nomination committee: 4/4 Remuneration committee: 2/2	0
TONY DE PAUW Executive director	Start: May 1999 Reappointment: April 2015 End: April 2019	Board of Directors: 15/17 Strategy committee: 5/5 Nomination committee: 3/4	9,788
JOOST UWENTS Executive director	Start: April 2002 Reappointment: April 2018 End: April 2022	Board of Directors: 17/17 Strategy committee: 5/5 Nomination committee: 4/4	19,609

¹ From 2006 to 2016, Frank Meysman fulfilled his role under M.O.S.T. BVBA, as their permanent representative.



from left to right Cynthia Van Hulle, Frank Meysman, Anne Leclercq, Jürgen Ingels, Joost Uwents, Tony De Pauw and Mark Duyck.

markets, coupled with his entrepreneurial spirit and keen eye for innovation, will support the management of WDP and the further growth of the company;

- ▶ the reappointment of Tony De Pauw to a new term as executive director. If approved, his term will run until 26 April 2023. The Board of Directors will also propose Tony De Pauw for managing director, pending approval of his appointment as executive director by the General Meeting of 24 April 2019.

Taking into account the changes in the Board of Directors in 2019, the audit and remuneration committees will be expanded with an additional member each, i.e. the non-executive chair. In addition, the nomination committee will now feature a majority of independent non-executive members.

Appointment, term, dismissal

Appointment of the directors of the manager is handled by the General Meeting of De Pauw NV at the proposal of the nomination committee of the Board of Directors that reviews all candidates. The selection of a new director is based on a professional, objective selection process. Every appointment must be evaluated to ensure complementary capacities and knowledge within the Board of Directors. As soon as a director vacancy arises, a new director is appointed as soon as possible and/or desired.

The General Meeting of De Pauw NV – manager of the company – may dismiss directors at any time.

Directors and the members of the executive management are appointed to four-year terms. Independent directors cannot have served more than three consecutive terms as non-executive directors on the Board of Directors, and this time period shall not exceed twelve years. The terms of non-independent directors may be renewed without restriction.

The above rules apply subject to the defined age limit of seventy years, in that the term of a director shall end on conclusion of the annual meeting in the year in which the director turns seventy years of age, unless the Board of Directors resolves

otherwise at the proposal of the nomination committee.

An independent director that no longer meets the independence requirements of Article 526ter of the Belgian Companies Code (and any additional requirements set by the Board of Directors) must report this to the Board of Directors.

Directors are additionally permitted to serve as directors in other listed or non-listed companies. They inform the chairman of the Board of Directors of this. In accordance with the Corporate Governance Code, the non-executive directors cannot serve as directors at more than five listed companies (the current non-executive directors at WDP meet this criterion), in the absence of permission from the Board of Directors (with application of the Comply or Explain principle). Any changes in their other relevant commitments and new commitments outside of the company must be reported to the chairman of the Board of Directors in a timely manner.

Directors must adhere to agreements regarding discretion and mutual trust. They must also strictly comply with all statutory and customary principles relating to conflicts of interest, trading in WDP shares for personal benefit, inside information, etc.

Evaluation

On the one hand, evaluation of the directors (as members of the Board of Directors and as members of a committee) is ongoing, in particular mutual evaluation amongst colleagues. If a director has doubts about the contribution of another director, the former director may raise this as an agenda item for the Board of Directors or in the relevant committee, or discuss the matter with the chairman. The chairman may then take the necessary steps, at the chairman's own discretion.

On the other hand, all directors are evaluated individually once a year, and more often where applicable, by the Board of Directors, taking into account factors such as their attendance rate, level of participation in meetings, suggestions brought forward outside of meetings, contribution of novel ideas based on their experience in other boards or

committees and their sense for risk identification and control.

Given the limited composition of the Board of Directors, continuous interaction between members – rather than a formal questionnaire or box-ticking method – is the choice method for WDP for efficient and continuous adjustment and improvement of the governance process.

Statements regarding directors

Based on the information at its disposal, the statutory manager of WDP hereby declares that at least in the past five years, neither it nor its directors (including the executive management) (and if companies act as a director, their permanent representatives):

- ▶ have been convicted of fraud-related offences;
- ▶ have been the subject of official and public allegations and/or penalties imposed by a statutory or supervisory authority (including a recognised professional association), or have ever been declared by a court to be unfit to act as a member of a managerial, supervisory or oversight body of a company or to act within the framework of the management or performance of the activities of a company;
- ▶ have served in a supervisory role as a senior manager or member of the managerial, supervisory or regulatory bodies of a company at a time of bankruptcy, curatorship or liquidation.

Share issue or purchase

The company may acquire its own fully paid-up shares and hold these in pledge pursuant to a resolution of the General Meeting taken in accordance with the provisions of the Belgian Companies Code. The same meeting may decide the conditions for sale of these shares.

In addition to this, for a period of five years after the Extraordinary General Meeting of 8 April 2016, the manager may acquire shares in the company, receive these as pledges and resell them (including outside of the share exchange), at the expense of the company, at a unit price of no less than 0.01 euros per share (acquisition, and holding in

pledge) or 75% of the closing price on the trading day prior to the transaction date (resale) and that is no greater than 125% of the closing price on the trading day prior to the transaction date (acquisition, and holding in pledge), respectively, provided that the company does not possess more than 10% of the total number of shares issued.

On 31 December 2018, WDP Comm. VA, nor its subsidiaries, held own shares. As regards the shares held by the statutory manager we refer to Chapter 7.3. *Shares and bonds – Shareholding.*

5. Committees of the Board of Directors

In order to implement the Corporate Governance Code, the Board of Directors of De Pauw NV set up four special committees back in the autumn of 2004: a strategy committee, an audit committee, a nomination committee and a remuneration committee. The composition of these committees is in accordance with the Belgian Companies Code and the Corporate Governance Code, with the exception of the deviations indicated at the start of this chapter.

All committees are permitted to invite persons to attend meetings at their discretion. They may also gather external professional advice, at the expense of the company, on topics falling under the specific competencies of the committee. The chairman of the Board of Directors must be informed of this in advance.

After every meeting of a committee, all members of the Board of Directors will receive a written report of the meeting and the conclusions.

Strategy committee

The strategy committee discusses topics that may influence the strategy of the company. In light of the limited pool of directors and the importance of strategic brainstorming, this task is performed continuously by the entire Board of Directors. The chairman of the Board of Directors also chairs the strategy committee.

In 2018, the strategy committee met five times.

Audit committee

The Board of Directors has set up an audit committee within itself. The audit committee is comprised of the non-executive directors of the Board of Directors, and three of its four members are also independent.

At least one member of the audit committee must possess the necessary expertise in the field of accountancy and audits and, as an independent director, must, satisfy the criteria specified in Article 526ter of the Belgian Companies Code. At this time, Cynthia Van Hulle meets the conditions for expertise and the required criteria.

The audit committee is also chaired by Cynthia Van Hulle. She organises the functioning of the audit committee and may ask the members of the executive management, the chairman of the Board of Directors and the statutory auditor to take part in meetings.

The audit committee performs the following duties:

- ▶ monitoring of the financial reporting process;
- ▶ monitoring the effectiveness of the company's systems for internal control and risk management;
- ▶ monitoring the internal audit and its effectiveness;
- ▶ monitoring of statutory auditing of the financial statements and the consolidated financial statements, including follow-up on questions and recommendations posed by the statutory auditor;
- ▶ assessment and monitoring of the independence of the statutory auditor, with particular regard to provision of additional services to the company.

The audit committee reports regularly to the Board of Directors on the performance of its duties and whenever the Board of Directors draws up the financial statements, the consolidated financial statements and the condensed financial summary intended for the public. Prior to all semi-annual meetings of the Board of Directors, a semi-annual report must be prepared and presented by the statutory auditor to the audit committee.

In 2018, the audit committee met five times and mainly discussed the following items in the performance of its duties:

- ▶ quarterly review of accounts, periodic press releases and financial reports;
- ▶ analysis of internal management procedures along with effective management (based on the internal audit by the external internal auditor and the audit by the statutory auditor), also with a view to the required reporting to the FSMA;
- ▶ monitoring of changes in the law and regulations.

Nomination committee

The nomination committee was created to advise the Board of Directors on appointments to be proposed to the General Meeting of the manager. It also gives advice on recruitment for key posts at the manager and the GVV/SIR, even if this does not require approval by the General Meeting of the manager.

Given the small size of the Board of Directors, the nomination committee comprises all members of the Board of Directors and is chaired by the chairman of the Board of Directors. The nomination committee, accordingly, consists of seven members, three of which – i.e. not a majority, as recommended by the Corporate Governance Code – are independent non-executive directors. The chairman of the Board of Directors (who has certain executive tasks) chairs the nomination committee, whereas the Corporate Governance Code recommends a non-executive director for this. Given that the chairman of the Board of Directors, despite having some executive tasks, is not the CEO, the Board of Directors believes that the chairman of the Board of Directors can take on a specific and typical task of the chairman, such as chairing the nomination committee.

However, the chairman of the nomination committee cannot chair the meeting for the choice of his or her successor or for his or her re-appointment.

The nomination committee meets at least twice a year. It also meets at other times if circumstances so require.

During 2018 the nomination committee met four times to discuss the following items:

- ▶ the proposal to reappoint Anne Leclercq and Cynthia Van Hulle and to appoint Jürgen Ingels, each as independent and non-executive director, the proposal to appoint Frank Meysman as non-executive director and the proposal to reappoint Joost Uwents as executive director, to the General Meeting of 25 April 2018;
- ▶ analysis of the composition and size of the Board of Directors based on the terms ending in 2019;
- ▶ the search process for a new chair taking into account the competencies already available in the Board of Directors. The analysis ultimately resulted in the proposal to appoint Rik Vandenberghe as independent non-executive director in the sense of Article 526ter of the Belgian Companies Code and as chairman of the Board of Directors and the nomination committee (refer to 4. *Changes in the composition of the Board of Directors during the 2019 financial year*).

Remuneration committee

The remuneration committee comprises non-executive members of the Board of Directors and therefore features a majority of independent directors in the sense of Article 526ter of the Belgian Companies Code and possesses the required expertise in the area of remuneration policy. The chairman of the Board of Directors (if a non-executive director) or another non-executive director is the chairman of this committee. Frank Meysman is the chairman of the remuneration committee.

The chairman of the Board of Directors is invited to all meetings of the remuneration committee, in which the chairman may participate without having membership or a vote in the committee. However, the chairman of the Board of Directors is not invited to meetings of the remuneration committee that will deliberate over the former's remuneration.

The remuneration committee is tasked with the following:

- ▶ submission of proposals to the Board of Directors on the remuneration policy for directors and members of the executive management as well as, where applicable, on the resulting proposals to be submitted to the shareholders by the Board of Directors;
- ▶ submission of proposals to the Board of Directors on the individual remuneration of the directors and members of the executive management, including variable remuneration and long-term performance bonuses, possibly associated with shares, in the form of share options or other financial instruments, and severance payments and, where applicable, on the resulting proposals to be submitted to the shareholders by the Board of Directors;
- ▶ preparation of the remuneration report that the Board of Directors attach to the Corporate Governance Statement, as included in the annual financial report;
- ▶ explanation of the remuneration report at the ordinary General Meeting of shareholders.

The remuneration committee meets at least twice a year and whenever it deems such necessary in order to properly perform its duties. It reports regularly to the Board of Directors on the performance of its duties.

In 2018, the remuneration committee met twice to discuss the following items in the performance of its duties:

- ▶ preparation of the remuneration report of 31 December 2017;
- ▶ proposal of the targets for the members of the executive management according to their variable remuneration;
- ▶ proposal of the individual remuneration for the directors and members of the executive management for the 2018 financial year.

6. Executive management

WDP is a self-managed operational and commercial real estate company. This means management of real estate activities is not delegated to third parties, but rather is carried

out in-house, in consultation with the manager. This way, the management is not occupied with any other real estate activities. It is at the full and exclusive service of WDP's stakeholders.

The executive management of WDP are the effective leaders in the sense of the Belgian GVV/SIR Act.

Duties of the executive management

The executive management is responsible for:

- ▶ preparation, proposal and development of strategic objectives and general policy plan for the Group, as approved by the Board of Directors;
- ▶ definition of the standards under which this strategy will be implemented;
- ▶ execution of the decisions of the Board of Directors, with follow-up on performance and results;
- ▶ reporting to the Board of Directors.

Current membership of the executive management

The executive management tasks are distributed as follows:

Tony De Pauw is an executive director and CEO. First and foremost, he bears final responsibility for:

- ▶ the investment policy, i.e. identification, investigation and negotiation of new acquisition projects in the regions where WDP is active, also in consultation with the relevant general director;
- ▶ management of the property portfolio, more specifically formulation of the policy for management of existing buildings (maintenance, adjustment and improvement works), in consultation with facility managers;
- ▶ project management, i.e. monitoring of current construction sites in collaboration with the project managers, and along with the technical director.

Joost Uwents is an executive director and CEO. First and foremost, he bears the final responsibility for:

- ▶ general management, in other words the day-to-day management of the WDP team;
- ▶ the financial policy and internal reporting. This includes areas such as cash management, debtor and creditor management, management of loans and interest costs and reporting to the various levels in consultation with the CFO;
- ▶ marketing, in particular development of sales campaigns directed at existing and potential clients, in collaboration with the marketing manager;
- ▶ the commercial strategy. This involves outlining the approach to maximise occupancy over the long term, with attention to both existing and potential clients. This is carried out in combination with the different sales managers;
- ▶ investor relations, i.e. communication to individual and institutional investors via contacts with financial analysts and journalists, as well as directly to investors via road shows and other initiatives, also along with the CFO.

The management team can also count on the support and professional experience of the chairman of the Board of Directors. The chair acts as executive chair part-time (three days per week).

Functioning of the executive management

The executive management works in close collaboration and constant consultation with one another. For day-to-day operation of the company, decisions are taken by a majority of votes. Major decisions on day-to-day management are taken by unanimous consent in accordance with agreements with the Board of Directors. If the executive management does not reach an agreement on a major decision, the decision is left to the Board of Directors.

A management meeting is held twice a month, attended by both the members of the executive management and the chairman of the Board of Directors in the capacity of executive chair.

The Board of Directors may view the agendas for and reports on these meetings. An agenda is drawn up before each meeting and is sent

well in advance to all members of the executive management and the executive chairman so they can prepare for the meeting appropriately. This agenda includes items such as operational decisions on day-to-day functioning, the state of affairs of ongoing projects and leases and any new projects under study.

Responsibility to the Board of Directors

Once every three months, the executive management provides the Board of Directors of the manager with all relevant business and financial information. This includes provision of the following data: key figures, analytic presentation of the results compared to the budget, overview of changes of the property portfolio and consolidated management accounts with explanatory notes.

Members of the executive management who are also executive directors are also responsible to their colleagues within the Board of Directors.

Remit of the executive management

Appointments

The CEO (or both CEOs, if two CEOs are appointed) will be selected and appointed by the Board of Directors, also acting as a nomination committee.

The CEO (or both CEOs, if two CEOs are appointed) and the chairman together submit the selection and appointments for the executive management for approval by the Board of Directors, also acting as a nomination committee.

Evaluation

The executive management is evaluated by the Board of Directors, based on performance and objectives. The Board of Directors determines the objectives on which the evaluation is based, at the proposal of the remuneration committee.

7. Diversity policy

Vision

The Board of Directors of WDP upholds the value of diversity in the company and has therefore adopted a number of guidelines that apply not only to the members of the Board of Directors, the members of the executive management and the persons tasked with day-to-day management of the company (as provided for in the Belgian Act of 3 September 2017 amending Article 96 of the Belgian Companies Code), but to all other employees in the company as well. The members of the Board of Directors are also subject to the provisions of Article 518bis of the Belgian Companies Code regarding gender diversity.

The Board of Directors firmly believes that diversity in all its facets (culture, gender, language, etc.), equality of opportunity and respect for human capital and human rights are fundamental to the proper functioning of the company. It is these values that enrich the exchange of ideas and visions and promote employee health and motivation, which is expressed in innovation and growth in the company.

Implementation of the diversity policy

Below is a summary of the guidelines adopted, their objective and implementation with regard to the members of the Board of Directors and the members of the executive management:

Guideline and objective	Implementation	Additional information	Fulfilment
Gender diversity			
WDP strives for a healthy balance in the matter of composition in accordance with the relevant legislation (including Article 518bis of the Belgian Companies Code).	Composition of the Board of Directors in 2018: 2/3 male, 1/3 female.	Article 518bis of the Belgian Companies Code states that at least one-third of the members of the Board of Directors must be of a different gender than the other members. To apply this provision, the required minimum number of these members of another gender is rounded off to the nearest whole number. Specifically, this means that for WDP, with a Board of Directors of seven members, at least two directors must be of the other gender.	Continuous implementation process
Age			
For the members of the Board of Directors, an age limit of 70 years at most has been set. In principle, age does not play a role in recruiting directors. The focus lies on competence, knowledge and proper performance of duties.	None of the current directors or members of the executive management will reach the age limit of 70 this year.		Continuous implementation process
Complementary regarding competence and knowledge			
The nomination committee and the Board of Directors ensure that directors and members of the executive management complement one another to a certain degree in terms of education, professional experience and expertise. This includes consideration of the geographic presence of the company, its focus on a sustainable policy, the (technological) developments in the logistics sector, etc.	The composition of the Board of Directors is balanced in terms of knowledge, competencies and experience in different areas. For further information on complementary qualifications of members of the Board of Directors, refer to 4. <i>The Board of Directors of statutory manager De Pauw NV – Current composition of Board of Directors.</i>	In light of the end of Mark Duyck's term as director and chair, the Board of Directors sought out a director that could help safeguard the continuity of this body and also offer specific expertise in chairing and leading meetings, coaching, and also challenging the executive management and other management. For further information on the proposal to appoint Rik Vandenberghe: 4. <i>The Board of Directors of the statutory manager De Pauw NV – Changes in the composition of the Board of Directors during the 2019 financial year.</i>	Continuous implementation process
Internal control of the diversity policy			
Compliance with the adopted guidelines.	The Board of Directors and the executive management of WDP ensure that the guidelines are met and that its diversity policy permeates the company. The nomination committee of the Board of Directors includes the application of the diversity criteria when appointing new directors.	Mark Duyck's term as director and chair is ending and the vacancy must be filled in line with the diversity criteria. This also includes consideration of possible extension of other terms coming to an end in this regard. For further information on appointments and reappointments, please refer to 4. <i>The Board of Directors of the statutory manager De Pauw NV – Changes in the composition of the Board of Directors during the 2019 financial year.</i>	Continuous implementation process April 2019

8. Remuneration report

This remuneration report complies with the provisions of the 2009 Corporate Governance Code and Article 96(§3)(2) of the Belgian Companies Code, as implemented by the Belgian Act of 6 April 2010.

Internal procedures

In the 2011 financial year, the remuneration committee developed a remuneration policy for the directors and members of the executive management. This policy sets remunerations that are adequate to attract, retain and motivate directors and members of the executive management who meet the profile defined by the Board of Directors. This process also ensures that the costs of the various remunerations remain under control.

The remuneration committee annually performs a benchmark against the pay of both non-executive directors and executive directors of comparable listed Belgian companies to ensure that the remuneration remains suitable and in line with market practices, taking into account the company's size, financial situation and position in the Belgian economy, along with the directors' level of responsibility.

In addition to this, the remuneration committee also conducts an annual analyses of the remuneration policy applicable to members of the executive management and examines whether it needs amendment. The analysis covers the general pay level and the distribution of the different components and the conditions for their award. The remuneration committee also examines whether the procedure for determining the objectives that define the level of variable pay over the short term is in line with the risk appetite of the company.

In light of future changes to the composition of the Board of Directors (refer to 4. *Changes in the composition of the Board of Directors during the 2019 financial year*), as part of which a non-executive director will take up the chair from April 2019, subject to approval by the General Meeting, the Remuneration Committee

proposed a change to the remuneration policy in January 2019 under which the remuneration of non-executive directors would be maintained, but would be supplemented by a policy on the remuneration of a non-executive director who also serves as chairman of the Board of Directors. The remuneration committee proposed granting a lump-sum remuneration to the chair consisting of a fixed expense reimbursement and a fixed management fee. This fixed management fee will be determined taking into account all of the responsibilities of the chair, both in the Board of Directors and in the various committees of the Board of Directors.

Aside from the aforementioned changes, the Board of Directors, at the proposal of the remuneration committee, does not plan any significant changes to the remuneration policy applicable to both directors and executive management for the next two financial years.

The General Meeting that decides on the annual financial report of the Board of Directors will also decide on the remuneration report in a separate annual vote.

Statutory manager pay

The amount of the remuneration for the manager corresponds to the total cost for the Board of Directors (including the bonus scheme for members of the executive management), and for management of the GVV/SIR (including the costs of a director's liability insurance policy) and administrative costs.

The remuneration for the manager for the 2018 financial year comes to 1,675,000 euros.

Taking into account the change in roles for the chair, as explained below, the remuneration for the manager for the 2019 financial year will be 1,650,000 euros.

Non-executive director pay

The total remuneration for non-executive directors consists of:

- ▶ a fixed expense reimbursement; and
- ▶ a fixed management fee where the directors have the option to use this to finance their group insurance according to the cafeteria principle.

The non-executive directors do not receive performance-based pay (such as bonuses or shares related to long-term incentive programmes) or any benefits in kind or benefits associated with pension schemes. Given the limited size of the Board of Directors and its committees, no special remuneration is granted to the non-executive directors in their roles as members and/or chairs of particular committees, with the exception of the chairman of the Board of Directors himself.

Summary of pay for non-executive directors for the 2018 financial year	Fixed ¹ (in euros)		Variable (in euros)
	Remuneration	Other benefits	
Frank Meysman	30,000	-	-
Cynthia Van Hulle	30,000	-	-
Anne Leclercq	30,000	-	-
Jürgen Ingels	20,000 ²	-	-

1 The fixed remuneration for non-executive directors is made up of compensation consisting of items such as fixed expense reimbursements of 3,500 euros per year and the management fee.

2 Considering that the appointment of Jürgen Ingels started at the Annual General Meeting of 2018, the Board of Directors has decided to grant a remuneration in proportion to the basic salary for eight months.

The fixed management fee for the non-executive managers is left unchanged for the 2019 financial year, at 30,000 euros (inclusive of expense reimbursements).

The fixed management fee for the non-executive director who is also chairman of the Board of Directors, totals 75,000 euros (inclusive of expense reimbursements) for the 2019 financial year. This remuneration takes into account all of the responsibilities of the chair, both in the Board

of Directors and in the various committees of the Board of Directors.

Pay for executive directors and executive management

Remuneration

The executive directors of WDP are (i) the chairman of the Board of Directors and (ii) the two CEOs of WDP. The CEOs make up the executive management and are only remunerated in that capacity, not in their capacity as executive directors. Given the limited size of the Board of Directors and its committees, no special remuneration is granted to the executive directors in their roles as members and/or chairs of particular committees.

The total remuneration for the **chair** consists of:

- ▶ a fixed expense reimbursement; and
- ▶ a fixed management fee, where:
 - ▶ the Board of Directors has the option to increase this fixed management fee for additional duties, such as a part-time executive task;
 - ▶ the fixed remuneration for the chairman can be used to finance the chairman's group insurance according to the cafeteria principle.

The current chairman of the Board of Directors has the role of executive chairman (refer also to the explanatory note above in this chapter), without him also being part of the executive management.

The total remuneration for the members of the **executive management** consists of:

- ▶ a fixed expense reimbursement; and
- ▶ a fixed remuneration, where this basic salary is determined as a function of the individual responsibilities and skills of each member of the executive management, is independent of any results and is not indexed; and
- ▶ a variable remuneration where the members of the executive management have the option to use this to finance their group insurance according to the cafeteria principle.

The company provides members of the executive management with a laptop as well as a company vehicle and mobile phone, which are accounted for as benefits in kind.

Share (option) schemes are not available to the members of the executive management or to the executive directors. For the sake of completeness, the overview of the shareholdings of the executive directors as at 31 December 2018 is shown. In the opinion of the Board of Directors, the interests of the executive directors and the executive management are sufficiently aligned with those of the shareholders and this also supports the long-term vision of the executive directors and the executive management.

Number of shares as at 31 DEC. 2018

Tony De Pauw	9,788 ¹
Joost Uwents	19,609
Mark Duyck	4,733

¹ This is a personal shareholding and is independent of the shareholding of RTKA.

The criteria and objectives applied in awarding variable pay to executive management are expressly defined at the start of the financial year by the Board of Directors at the proposal of the remuneration committee.

After the end of the financial year, an audit is conducted to determine the extent to which the financial criteria are met based on the bookkeeping and financial data analysed in the audit committee. The meeting of the remuneration committee discusses financial performance and other criteria evaluated over a three-year horizon. Based on the result achieved, the Board of Directors awards the variable remuneration to the members of the executive management, Tony De Pauw and Joost Uwents.

In accordance with Article 35(§1) of the Belgian GVV/SIR Act, these criteria for awarding the variable remuneration or for the part of the variable remuneration dependent on results only apply to the consolidated net result of WDP, excluding any fluctuations in the fair value of the assets and the hedging instruments, and remuneration cannot

be awarded based on a specific operation or transaction by WDP or its subsidiaries.

The variable remuneration can only be paid out if the criteria for payment defined between a member of the executive management and WDP are met for the reference period. In addition, the following applies: at least 25% of the variable remuneration for a member of the executive management must be based on performance criteria that are measured over a period of at least two years, and another 25% based on performance criteria that must be measured over a period of at least three years. WDP meets these statutory rules pertaining to distribution of variable remuneration over time, part of which is paid out after the end of the financial year in question and another part after the end of the subsequent financial year (i.e. after three years).

For the 2018 financial year, the following criteria are used to award variable remuneration to the members of the executive management in descending order of importance:

- ▶ the EPRA Earnings per share and the occupancy rate (for the one-year targets), which account for 50% of the variable remuneration;
- ▶ the speed of portfolio growth under the strategic growth plan (for the two-year targets), amounting to 25% of the variable remuneration;
- ▶ some qualitative and organisation-building objectives (for multi-year criteria), also amounting to 25% of the variable remuneration.

During the meeting of the remuneration committee of 28 January 2019, the committee came to the conclusion that targets had been fully achieved. With a target variable pay of 280,000 euros (for achieving 100% of the targets), an overall score of 100% was achieved.

Summary of remuneration for executive chairman of the Board of Directors for the 2018 financial year ¹	Fixed ¹ (in euros)		Variable (in euros)
	Remuneration	Other benefits	
Mark Duyck	275,000	-	-

1 The remuneration for the executive chair consists of a fixed expense reimbursement of 3,500 euros a year and a management fee, which was increased for the additional duties for WDP in his partially executive duties.

Overview of remuneration for executive management for the 2018 financial year ¹	Fixed ² (in euros)		Variable (in euros)
	Remuneration	Other benefits ³	
Tony De Pauw	300,000	17,450	280,000 ⁴
Joost Uwents	400,000	3,000	280,000 ⁴

1 The basic salary is determined as a function of the individual responsibilities and skills of each member of the executive management, is independent of any results and is not indexed.

2 The fixed remuneration is the fixed part of their salary package and is made up of compensation consisting of items such as fixed expense reimbursements of 3,500 euros per year and a fixed fee.

3 The other benefits consists of a company car and a mobile phone for members of the executive management.

4 Payment of the variable remuneration is spread over a three-year period, in accordance with the rules set out in the remuneration policy.

The total remuneration for the executive management (excluding other benefits) in the 2018 financial year comes to 1,260,000 euros (including 44.5% in variable remuneration).

For the 2019 financial year, variable remuneration will be awarded based on achieving the following targets:

- ▶ the EPRA Earnings per share and the occupancy rate (for the one-year targets) (50%);
- ▶ the further roll-out of the solar panel project up to 100 MWp (with regard to the two-year objectives) (25%);
- ▶ some qualitative and organisation-building objectives (for multi-year criteria) (25%), including the formulation of a multi-year roadmap to implement the sustainability strategy (refer also to Chapter 6. *Corporate social responsibility*).

The target amount of the variable remuneration for the 2019 financial year was set at 320,000 euros (for achieving 100% of the targets), with a maximum of 400,000 euros.

The fixed remuneration for the 2019 financial year remained unchanged at 300,000 euros for Tony De Pauw (including expense reimbursements), at 400,000 euros for Joost Uwents (including expense reimbursements). The fixed management fee for the 2019 financial year for the executive chairman remained unchanged at 275,000 euros, however, having regard to Mark Duyck's appointment ending at the General Meeting of 2019, a proportional remuneration will be awarded with the fixed management fee for four months, being 90,000 euros.

Shares

Shares, share options and other rights to acquire shares are not awarded to the executive directors or members of the executive management.

Severance pay

At this time, no employment contracts or service agreements have been concluded with the executive directors or members of the executive management (i.e. all persons as per Article 96 of the Belgian Companies Code for whom the information must be submitted) that provide for specific payments on termination of employment.

Right of recovery or clawback formulas

The company has not provided any right to recovery for any variable remuneration awarded to CEOs based on incorrect financial data.

9. Conflicts of interest

Conflicts of interest involving directors

The statutory regulation relating to conflicts of interest for directors (Article 523 of the Belgian Companies Code) applies to decisions or actions covered by the competence of the Board of Directors when:

- ▶ a director has a direct or indirect property interest, i.e. an interest with financial implications;
- ▶ this interest conflicts with the interest of the company in the decision or operation in question.

In accordance with this regulation, directors are obliged to point out any potential conflicting property interest to the Board of Directors before the decision is taken. During discussion of the agenda item in question, they must leave the meeting. They shall not participate in the consultation and the vote on this agenda item.

As far as the company is aware, the directors do not currently have any conflicts of interest in the sense of Article 523 of the Belgian Companies Code. Aside from potential conflicts with regard to remuneration opportunities, the company does not foresee any other potential conflicts of interest over the short term.

Due to a potential conflict of interest of a proprietary nature, Mr Tony De Pauw did not participate in the Board of Directors meeting of 12 November 2018 for agenda items 6 and 8. This potential conflict of interest involved the agreements between the De Pauw family and WDP (1) related to the placement of shares by the De Pauw family at the request of WDP and the commitment to take on the new shares that would be issued due to the indirect contribution in kind of Dutch property, and (2) related to WDP covering the commissions and expenses associated with the order placed with ING Belgium NV and Kempen & Co N.V. to place the De Pauw family's package of shares. The Board of Directors approved the aforementioned agreements, given that the placement comes at the request of WDP and that it made the full transaction possible in the interest of WDP and its shareholders. The sale of shares of the De Pauw family and payment of the associated placement commission were performed under normal market conditions, and the agreements made in this regard with the De Pauw family were in the interest of WDP, given that this allowed WDP to successfully acquire logistics property, with concurrent reinforcement and control of its capital structure and gearing ratio.

Conflicts of interest involving transactions with affiliates

The GVV/SIR must also meet the procedure in Article 524 of the Belgian Companies Code when taking a decision or performing an operation related to: (a) relations between the GVV/SIR and an affiliated company, with the exception of its subsidiaries and (b) relations between a subsidiary of the GVV/SIR and an affiliated company, with the exception of subsidiaries of that subsidiary.

It was not necessary to apply this procedure over the course of 2018. If a conflict of this kind arises, it shall be communicated in due course.

Functional conflicts of interest

The provisions of Articles 37 and 38 of the Belgian GVV/SIR Act apply to WDP. Article 37 of the Belgian GVV/SIR Act includes a functional conflict of interests clause that entails that the GVV/SIR must inform the FSMA whenever certain persons affiliated with the public GVV/SIR (listed in the same article, including the manager, the directors of the manager, the persons auditing the GVV/SIR, affiliated with it or holding a stake in it, the promoter and the other shareholders of all subsidiaries of the public GVV/SIR) act directly or indirectly as a counterparty in, or obtain any material gain from an operation with the public GVV/SIR or one of its subsidiaries. The notification to the FSMA must indicate WDP's interest in the planned transaction and that it falls within its strategy. Article 38 of the Belgian GVV/SIR Act defines when the provisions of Article 37 of the Belgian GVV/SIR Act do not apply.

Actions for which a functional conflict of interests exists must be completed under normal market conditions. When an operation of this kind involves property, the valuation of the independent property expert is binding as a minimum price (for disposal by the public GVV/SIR or its subsidiaries) or as a maximum price (for acquisition by the public GVV/SIR or its subsidiaries).

Operations of this kind, and the details to be reported, are published immediately. They are explained in the annual financial report and in the statutory auditor's report.

In addition to these provisions of the Belgian GW/SIR Act, WDP also requires all members of the Board of Directors and the executive management to report any arising conflicts of interests as soon as possible. Moreover, WDP applies a stricter definition of functional conflict of interests for matters falling under the competence of the Board of Directors or the executive management.

Specifically, a member of the Board of Directors or the executive management has a functional conflict of interests if:

- ▶ the member or any of his or her close relations has an interest of a proprietary nature that conflicts with a decision or transaction of the company;
- ▶ a company that does not belong to the group but in which the member or a close relative of the member fulfils a management or administrative role has an interest of a proprietary nature that is in conflict with a decision or transaction of the company.

If a functional conflict of interest of this kind arises, the affected member must notify his or her colleagues. They will then decide whether the affected member can or cannot vote on the matter to which the conflict of interests pertains and whether the member can or cannot attend discussions on the matter.

Over the course of 2018, some potential conflicts of interests arose (both under the Belgian GVV/SIR Act and under the stricter definition applied by WDP), particularly within the framework of the optional dividend that was offered on 25 April 2018 to the shareholders and from which the manager of WDP, certain directors of the manager and the reference shareholder obtained some material gain, due to their capacity as shareholders of WDP.

The Board of Directors approved the optional dividend, given that this transaction was in the interest of WDP (the capital increase accompanying the transaction boosted WDP shareholders' equity and, consequently, reduced its gearing ratio, which is limited by law). This transaction was also carried out under normal market conditions, with all shareholders treated equally.

10. Internal control

General

Internal control comprises three specific pillars: the internal audit (internal audit procedures and internal audit function), risk management (risk management policy and risk management function) and compliance (integrity policy and compliance function), where the internal audit should be regarded not only as a stand-alone third pillar, but also as playing a transversal role with regard to the other two pillars. The persons tasked with the internal audit function, the risk management function and the compliance function (the independent control functions) oversee these three pillars, respectively. These functions are filled in a suitable and proportionate manner, and always in accordance with the nature, scope and complexity of WDP's activities. Performance of all these functions, combined with the responsibilities of the operational services, forms a line of defence against the risks faced by the GVV/SIR. Below is a description of the main characteristics of the objectives, principles, structure, organisation and responsibilities of the internal control and risk management systems at WDP.

The effective leaders, Joost Uwents and Tony De Pauw, in their roles as co-CEO of WDP and executive director of the manager of WDP, are responsible for the organisation of the internal audit under the supervision of the Board of Directors of the manager of WDP.

Internal audit and risk management systems

Company organisation

The internal organisation of WDP has enjoyed considerable reinforcement in recent years thanks to the company's growth. Not only has the workforce grown substantially, the internal division of tasks has also been further expanded for better separation of duties.

Thus, for instance, WDP has now been organised into different operational and support departments. The three operational country teams (Belgium/Luxembourg/France, the Netherlands

and Romania) consist of Sales & Business Development, Facilities Management, Contracting and the Back Office. These teams can rely on support from the following services: Development Projects, Finance, IT, Investor Relations, Legal, Marketing, Human Resources and Administration.

Notwithstanding this further professionalisation, the size of the team remains small because an excessive structure and level of formalisation would be rather limiting, in light of factors such as the nature of the company's activities. A certain degree of flexibility is still indispensable, with people on-call to step in for others for specified tasks, according to urgency of the case at hand. The responsibilities are however strictly defined and current issues are monitored by means of ongoing daily consultations.

Organisation of the internal control – audit committee

Aside from general organisation of the internal control structures, the audit committee has a special task with regard to the internal control. The composition and activities of the audit committee are detailed above (refer to Audit committee under 5. *Committees of the Board of Directors*).

Risk analysis and audits

This Audit committee and all members of the Board of Directors conduct evaluations at regular intervals on the risks to which the company is exposed and take the necessary decisions based on these evaluations (such as with regard to setting the interest hedging strategy, evaluation of tenant risks, etc.).

The risk analysis is detailed (in the form of an extensive list) in Chapter 8. *Risk factors* of this Annual financial report. This section also describes the measures WDP is implementing and the strategy it pursues to avert these risks and minimise and control any impact from these risks should they materialise.

Financial information and communications

The process for preparing the financial information is structured based on predefined tasks to perform

and schedules to meet. WDP uses a detailed checklist of all tasks and subtasks to perform for closure of the annual, semi-annual and quarterly accounts of WDP (on both the separate and Group accounts). Each task is assigned to a manager in the finance department and a mandatory timeframe. Based on this checklist, everyone at the finance department knows what tasks to perform and by when. Once all bookkeeping tasks are complete, the CFO checks the figures. This audit mainly consists of:

- ▶ a variance analysis between the actual and budgeted figures (the budgeted figures are prepared once a year and updated quarterly based on a forecast);
- ▶ a variance analysis between the actual and historical figures;
- ▶ an ad hoc analysis of all material amounts and entries.

Once these audits are complete, the figures are submitted to the executive management of WDP and adopted in mutual consultation with the CFO.

Stakeholders in the evaluation of internal auditing

Over the course of the financial year, the quality of the internal control is assessed by:

- ▶ the statutory auditor: on the one hand within the framework of the audit of the semi-annual and annual figures, and on the other hand within the framework of the annual review of underlying processes and procedures. Thus, for instance, an IT audit was conducted during 2018 using a data analytics tool (DFACT). This tool enables better insight into internal control systems and business processes. Please refer to the statutory auditor's report (refer to Chapter 9.3. *Financial Statements – Statutory auditor's report*). An analysis was conducted on the internal control system of the key audit matters, which are valuation of investment properties, entry into force of IFRS 16 *Leases* and large and/or complex transactions. Based on the recommendations of the statutory auditor, the process is adjusted as needed;

- ▶ the audit committee: as indicated above, the audit committee performs a special task with regard to internal control and risk management for WDP (refer to 8. *Risk factors*). The Board of Directors of the manager supervises performance of the tasks of the audit committee, using tools such as reporting from the audit committee to the complete Board of Directors;
- ▶ internal audit: the company has hired an external internal auditor as a third-line function in the internal control structure (refer to *Appropriate independent internal audit function* at 10. *Internal control*).

Pillars of internal control

Suitable independent compliance function and suitable integrity policy

The independent compliance function is filled as an independent function within an organisation, geared towards the company investigating, promoting and meeting the laws, regulations and codes of conduct applicable to it, in particular the rules related to the integrity of the company's activities. In other words, this is part of the company culture that emphasises honesty and integrity, and meeting the highest of ethical standards in business and the regulations applicable to the company.

The compliance function is performed by WDP Legal Counsel Johanna Vermeeren, appointed for an indefinite term. The compliance officer reports directly to the CEO, Joost Uwents. The main aspects of the integration policy are listed below (non-exhaustive).

Code of conduct for financial transactions

The code of conduct for financial transactions was cast into a separate business code in 2016 (known as the Dealing Code). This provides and explains the main rules on market abuse, taking into account documents such as Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (along with its implementing regulations). This Dealing Code is intended to inform its readers of the regulations on market abuse and the resulting

obligations on (i) WDP in its capacity as issuer of financial instruments and (ii) all persons carrying out activities within or for the WDP group who have access to sensitive information. With this policy, WDP strives to prevent market abuse by the persons in question.

The Dealing Code is updated regularly (last updated in March of 2018) and is made available to and signed by every employee on acceptance of a position within or for WDP.

Conflicts of interest

Please refer to the above description under 9. *Conflicts of interest*.

Misappropriation of company assets and bribery

As indicated in Article 492bis of the Belgian Criminal Code, it is prohibited for the directors, the executive management or employees to use WDP assets or credit for direct or indirect personal ends. This is only permitted where authorised by law. Directors, executive managers or employees who have doubts as to whether a particular action falls under the concept of misappropriation of company assets and bribery must request prior consent from the chairman of the Board of Directors. Naturally, any consent granted shall not indemnify them against any criminal liability.

Ethics

WDP directors, executive management and employees pledge not to accept any gifts or entertainment from clients or suppliers unless this is compatible with normal and accepted business ethics.

Suitable risk management function and suitable risk management policy

The person tasked with the risk management function is responsible for tasks such as drafting, development, monitoring, updating and implementation of the risk management policy and procedures. At WDP, CFO Mickaël Van den Hauwe serves in the role of risk manager, appointed for

an undetermined period. The risk manager reports directly to the audit committee.

The risk manager performs this role by conducting an analysis of the identified risks facing the company, both at regular intervals and additionally as needed (refer also to Chapter 8. *Risk factors*). Next, the risks are evaluated and, based on the results of this, risk control is implemented.

Risk management is an integral part of running the company. It ranges from day-to-day financial and operational management – including the four-eyes principle – analysis of new investment files and formulation of strategy and objectives, to strict and firmly established decision-making procedures. For this reason, risk management is the responsibility of the entire WDP group, i.e. across all layers of the organisation, with different responsibilities at each level.

Appropriate independent internal audit function

The internal audit can be understood as an independent assessment function embedded into the organisation, focusing on examination and evaluation of proper functioning, effectiveness and efficiency of company processes, procedures and activities. This may involve areas such as operating opportunities (quality and suitability of systems and procedures, organisation structures, policy lines and methods and resources used to meet objectives), financial opportunities (reliability of bookkeeping, annual accounts and the financial reporting process), and compliance with applicable bookkeeping and other regulations, management opportunities (quality of the management function and staff services with respect to company objectives), as well as the compliance function and risk management function.

WDP has entrusted the internal audit function to an outside legal entity by appointment of an independent consultant, BDO Risk & Assurance Services CVB (who acquired VMB during 2018), represented by Christophe Quiévreux for a period of three years. In his role as manager bearing final responsibility for the internal audit, Mark Duyck is responsible, on behalf of WDP, for supervision of

the internal audit function assigned to the outside auditor.

11. Information as per Article 34 of the Belgian Royal Decree of 14 November 2007

In accordance with Article 34 of the Belgian Royal Decree of 14 November 2007 on obligations on issuers of financial instruments admitted for trading on a regulated market, WDP gives a summary and, if applicable, explanation of the following items, to the extent that these items, due to their nature, will have an impact in cases of a public acquisition bid.

The capital structure

As at 31 December 2018, WDP's capital amounted to 184,951,687.81 euros, represented by 23,061,390 ordinary shares without nominal value. All shares are fully paid up and are either registered or dematerialised. There are no preference shares. Each share confers the right to one vote at the General Meeting.

Please also refer to relevant provisions included in the WDP Articles of Association (refer to Chapter 10.2. *Permanent document – Share capital*).

Share transfer provisions under the law, the Articles of Association or by convention

The transfer of shares in WDP is not subject to any provisions under the law or the Articles of Association. All WDP shares are listed on Euronext Brussels and Amsterdam.

Special rights of control

Special rights of control are not granted to any (categories) of shareholders.

Mechanism for auditing a share scheme for employees when rights of control are not exercised directly by employees

WDP does not have a share scheme for employees.

Voting restrictions under the law or the Articles of Association

The law and the Articles of Association do not set any restrictions on voting rights.

Shareholder agreements known to WDP that may give rise to restrictions on share transfers and/or voting rights

As far as WDP is aware, no shareholder agreements exist which could result in restrictions on share transfers or voting rights.

Rules for appointment and replacement of members of the management body and for amendment of the Articles of Association of WDP

For rules on appointment and replacement of the manager and members of the management body, please refer to the explanatory note in 2. *Some background: the Partnership limited by shares and the statutory manager and 4. The Board of Directors of statutory manager De Pauw NV – Appointment of the director*, as well as the Articles of Association of the company.

In accordance with GVV/SIR legislation, all draft amendments to the Articles of Association must be submitted to the FSMA in advance for approval. Moreover, the Articles of Association (refer to Chapter 10.2. *Permanent document – Share capital – Changes in capital*) and the provisions of the Belgian Companies Code apply, bearing in mind that the manager must approve amendments to the Articles of Association.

The powers of the management body, particularly with regard to the option to issue or purchase shares

According to Article 7 of the Articles of Association of the company (refer to Chapter 10.2. *Permanent document – Share capital – Authorised capital*) the manager is authorised to increase the share capital in one or more increments, up to a maximum amount of:

- ▶ I. 148,427,695.51 euros (a) if the capital increase to be achieved is a capital increase by contribution in cash with an option to exercise

the preferential right for company shareholders, and (b) if the capital increase to be achieved is a capital increase by contribution in cash with an option to exercise the irreducible allocation right (as referred to in the Belgian GVV/SIR Act) of the company shareholders,

- ▶ II. 29,685,539.10 euros for any form of capital increase other than that described in point I above, with the understanding that the share capital, within the framework of the authorised capital, will not be increased by a total amount greater than 148,427,695.51 euros.

This authorisation applies for a period of five years starting from 3 May 2016. It is renewable.

On 31 December 2018, the balance of the authorised capital amounted to (i) 129,423,892.12 euros if the capital increase to be achieved is a capital increase with an option to exercise the pre-emptive right or the irreducible allocation right by the shareholders of the company, and (ii) 17,314,941.75 euros for any other form of capital increase; with the understanding that the share capital, within the framework of the authorised capital, shall not be increased by a total amount greater than 148,427,695.51 euros over a five-year period.

According to Article 10 of the Articles of Association of the company (refer to Chapter 10.2. *Permanent document – Share capital – Share repurchase*) the manager is authorised to acquire, receive under pledge and acquire shares in the company, receive these as pledges and resell them, for a period of five years starting from 8 April 2016 (within the limits under the Articles of Association). On 31 December 2018, the company did not hold any treasury shares, including under pledge.

Major agreements to which WDP is party that come into force, undergo amendments or expire in cases of a change of control over WDP after a public acquisition bid

The General Meeting of 25 April 2018 adopted the clause for the change in auditing within the framework of (i) the credit agreement that the company concluded with Banque européenne

Crédit Mutuel S.A.S. on 31 January 2018, (ii) the credit agreement that the company concluded with ABN AMRO Bank N.V. on 20 December 2017, (iii) the shareholder agreement that the company concluded with the government of Luxembourg on 13 October 2017 and, accordingly, the Articles of Association with regard to WDP Luxembourg S.A. and (iv) the US private placement (Green Bond) completed on 29 March 2018.

Agreements concluded between WDP and its directors or employees that provide for remunerations if a public acquisition bid results in the resignation of directors or their forced departure without a valid reason or the end of employment of an employee

The agreements concluded with the directors, the executive management and the employees of WDP do not include any contractual clauses of this kind.