

**INFRABEL**  
*Right On Track*

# Corporate Governance

*Submitted by the Board of  
Directors to the General  
Shareholders' Meeting  
of 20 May 2015*

# Contents

## **Corporate Governance**

Introduction	04
Board of Directors	04
Audit Committee	06
Nominations and Remuneration Committee	07
Attendance rates at meetings and remuneration of directors on an individual basis	07
Management Committee	08
Supervision	09
Offices held in subsidiaries and associated companies	10

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## **Remuneration report**

Introduction	12
Section 1	13
Section 2a	14
Section 2b	15
Section 3	15
Section 4	16
Section 5a	17
Section 5b	17
Section 6a	18
Section 6b	18
Section 7a	19
Section 7b	19
Section 7c	19
Section 8a	19
Section 8b	19

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# Corporate Governance

## 1. Introduction

This chapter forms an integral part of the 2014 Annual Report and covers Corporate Governance.

Its purpose is to explain the Company's operating rules in the light of the principles of Corporate Governance.

## 2. Board of Directors

### A. Composition

The Board is made up of a maximum of 14 members, including the Chief Executive Officer. At least one third of its members must be female (Article 207(1) of the Act of 21 March 1991). A Royal Decree issued by His Majesty the King after deliberation in the Council of Ministers and set the number of Directors at 10 (Article 1 Royal Decree of 14 October 2013). The linguistic parity rule has been observed.

#### In 2014 the Board of Directors was made up as follows:

- Ms Christine VANDERVEEREN, Chair of the Board,
- Mr Luc LALLEMAND, Chief Executive Officer,
- Mr Jan CORNILLIE;
- Mr Jacques ETIENNE;
- Mr Ruben LECOK;
- Ms Sylvianne PORTUGAELS;
- Mr Pierre PROVOST
- Ms Lieve SCHUERMANS
- Ms Maria VAN DE WIELE (Mieke OFFECIERS);
- Mr Laurent VRIJDAGHS;

**The Royal Decree of 25 April 2014 relating to the representation of the regions on the Board of Directors of Infrabel and SNCB, and in the SNCB RER Orientation Committee, states that the Infrabel Board of Directors referred to in Article 207 of the Act of 21 March 1991 on the reform of certain economic public enterprises, should include three representatives of the regions, on the basis of**

1. One member being proposed by the Flemish Government and appointed by His Majesty the King;
2. One member being proposed by the Walloon Government and appointed by His Majesty the King; and
3. One member being proposed by the Government of the Brussels-Capital Region and appointed by His Majesty the King. If the directors proposed by each of the regions are not appointed simultaneously, the term of office of all three only begins on the date of the last appointment.

**If one or more of these regional directors fails to be appointed, this has no effect on the validity of the composition of the Board of Directors or of its decisions. During 2014 no representatives of the regions were appointed to the Board of Directors by royal decree. Main positions held outside Infrabel by non-executive directors in 2014**

- Ms Christine VANDERVEEREN, Director, Legal Service, Belfius S.A.;
- Ms Maria VAN DE WIELE, Senior Partner Interel Group N.V.;
- Mr Laurent VRIJDAGHS, Administrator General of the Buildings Agency;
- Mr Jan CORNILLIE, Director of the General Policy Unit of the Deputy Prime Minister and Minister for the Economy, Consumers and the North Sea until 10 October 2014, Director of Studiedienst sp.a from 15 October 2014;
- Mr Jacques ETIENNE, retired;
- Ms Sylvianne PORTUGAELS, Director of the General Policy Unit of the Minister for the Economy, SMEs, Foreign Trade and New Technologies (Walloon Government) and of Higher Education (Wallonia-Brussels Federation) until August 2014; Deputy Director General of CHR Citadelle (Liège) from September 2014;
- Mr Ruben LECOK, Director of the General Policy Unit of the Deputy Prime Minister and Minister for Pensions until 10 October 2014; Director of the General Policy Unit of the Deputy Prime Minister and Minister for Development Cooperation, Digital Agenda, Telecommunications and Post from 11 October 2014;
- Mr Pierre PROVOST, Deputy Chief of Staff to the Prime Minister until 24 August 2014, Chief of Staff to the State Secretary of the Brussels-Capital Region and Minister President of the French Community Commission from 25 August 2014;
- Ms Lieve SCHUERMANS, Inspector of Finances until 31 August 2014; Chief of Staff for Finance and Budgets to the Deputy Prime Minister of the Flemish Government and Flemish Minister of Budgets, Finance and Energy since 1 September 2014.

1. Article 35 of the Royal Decree of 11 December 2013 increased the number of members of the Board from 10 to 14, including the Chief Executive Officer (entering into force on 1 January 2014 or at a later date to be defined by His Majesty the King at the latest by 1 April 2014). This increase is designed to allow for future representation of the regions on the Board of Directors. The representation of the regions on the Board of Directors will be defined by royal decree.

## B. Appointment of the Directors

In accordance with Article 207 of the Act of 21 March 1991, His Majesty the King, by Royal Decree deliberated upon in the Council of Ministers, appoints a number of Directors proportional to the voting rights attached to the shares held by the State. The other shareholders then appoint the other Directors.

Given that the Belgian State holds 80% + 1 vote in Infrabel, 8 of the 10 members of the Board are appointed by the King, by Royal Decree deliberated upon in the Council of Ministers. An independent selection committee of the General Shareholders' Meeting consisting of holders of class B shares (SNCB Holding) appointed two Directors. Directors are selected on the basis of the complementary nature of their skills in the field of finance and accounting, legal affairs, knowledge of the transport sector, expertise in mobility, human resources strategy and industrial relations.

## C. Operation

### Frequency of meetings

*"The Board shall meet at least six times a year." (Article 24 of the Articles of Association). The Board of Directors usually meets on the last Tuesday (from 2015: last Monday) of the month. Extraordinary meetings are held to discuss specific issues.*

*In 2014, the Board of Directors met 13 times and there was also one meeting by conference call.*

### Powers

The Board's powers are defined in Article 17 of the Act of 21 March 1991: "Section 1. The Board of Directors is authorised to carry out all actions necessary or useful for the achievement of the objects of the public corporation. The Board of Directors oversees the management exercised by the Management Committee. The Management Committee reports regularly to the Board. The Board, or its Chairperson, without prejudice to the powers conferred on him by Article 18(5) (of the Act of 21 March 1991) can at any time request a report from the Management Committee on the Company's activities or certain of them."

### Decision-making by the Board

**Quorum:** *"The Board of Directors can only hold valid deliberations provided at least the majority of its members are present or represented. If this stipulation is not met, another meeting may be convened. Valid discussion and resolution by the Board of Directors on points of the agenda of the previous meeting requires the presence or representation of at least one third of its members. Directors may take part in Board meetings via conference calls or similar means of communication, enabling all those taking part in the meeting to hear each other simultaneously. Any person taking part in a meeting in accordance with Section 2 shall be considered present at said meeting.*

*Any Director may appoint another Director as proxy, either in writing or by any other means of communication leaving a physical trace, to represent them at a given Board meeting and to vote on their behalf.*

*A Director can only represent one other Board member. Any representation by proxy shall be considered as presence when determining the quorum." (Article 26 of the Articles of Association)*

**Majority:** *"Resolutions of the Board of Directors are passed by simple majority of the votes cast. As an exception to the above, the following resolutions of the Board are passed by a two-thirds majority of votes cast:*

1. Approval of the management contract between the State and the company, and any amendment thereto;
2. Equity investments exceeding one of the limits set out in Article 13(2), first paragraph of the aforementioned Act of 21 March 1991. In the event of a hung vote, the Chairperson or the Director replacing the Chairperson shall have the casting vote." (Article 27 of the Articles of Association).

*"In extraordinary circumstances, when justified by the urgency of the matter and the interests of the company, resolutions of the Board of Directors may be made by the Directors' unanimous consent in writing, by their signatures affixed either to a single document or to several copies of the same document. The first paragraph does not apply to approval of the annual financial statements, to the use of the authorised capital nor to the approval of the management contract between the State and the company, or of any modification of that contract." (Article 28 of the Articles of Association)*

### Financial conflicts of interest

In 2014, the procedure prescribed in Article 523 of the Companies Code, where a director, either directly or indirectly, has a financial interest that is in conflict with a decision or a transaction which falls under the powers of the Board of Directors, was not applied at any time.

### Director's Charter

In order to assist the Directors in fulfilling their mission in accordance with the requirements of independence, competency, ethics and integrity, at its meeting of 25 November 2004 the Board adopted the "Director's Charter" as part of its internal bylaws.

The Charter is applicable to all members of the Infrabel Board of Directors as well as to any Director appointed by Infrabel in a company.

Under the terms of this Charter, in the exercise of their duties, Directors undertake to

1. Act independently under all circumstances.
2. Actively protect the interests of the company.
3. Ensure the efficient operation of the Board of Directors.
4. Protect the interests of all shareholders.
5. Take into account the legitimate expectations of all of the company's partners (the community, clients, executives, employees, suppliers and creditors);
6. Ensure that the company respects its obligations and commitments, and laws, regulations and codes of good practice.
7. Avoid any conflict between direct or indirect personal interests and those of the company.
8. Avoid any improper use of information or insider trading.
9. Permanently develop his or her professional competencies.
10. Adhere to the spirit of the Charter.

### Board committees

In accordance with Articles 210 and 211 of the Act of 21 March 1991, the Board has established two committees, the Audit Committee and the Nominations and Remuneration Committee to assist and advise the Board in the fulfilment of its duties.

## 3. Audit Committee

The establishment of this Committee is laid down in Article 210 of the Act of 21 March 1991.

### A. Composition

The Committee consists of four Directors - excluding the Chief Executive Officer - appointed by the Board of Directors. There is linguistic parity.

The Committee is composed as follows:

- Mr Laurent VRIJDAGHS, Chairperson of the Audit Committee,
- Ms Maria VAN DE WIELE,
- Ms Lieve SCHUERMANS,
- Mr Pierre PROVOST,

The Audit Committee may invite the Chief Executive Officer to attend its meetings in an advisory capacity. Government Commissioners also take part in Audit Committee meetings in an advisory capacity.

The Audit Committee may similarly invite any competent person to assist it in performing the tasks assigned to it by the Board of Directors.

### Changes in 2014

None

### B. Operation

#### Frequency of meetings

The Audit Committee meets at regular intervals, usually once every three months. The Chairperson of the Audit Committee may convene extraordinary meetings to enable the Audit Committee to perform its duties.

In 2014, this committee met 5 times.



## Powers

The Audit Committee carries out the tasks entrusted to it by the Board of Directors. In addition, it is responsible for assisting the Board of Directors in examining all financial information, particularly the annual financial statements, Annual Report and interim reports. The Committee also satisfies itself as to the reliability and integrity of financial reports with regard to risk management.

At least fourteen days prior to the meeting at which the Board approves the annual financial statements, the Board submits the financial statements to the Audit Committee for examination.

The Audit Committee assists the Board of Directors, specifically by carrying out the following activities:

- Examining the financial information, inter alia the annual financial statements, and advising the Board of Directors on their findings.
- In cooperation with the Board of Auditors and the head of Internal Audit I-IA, evaluating, supervising and issuing an opinion on the internal control system applied by Infrabel and on the related recommendations and findings formulated by the Board of Auditors, as well as on the replies from the management.
- Examining and approving the audit programme drawn up by the head of Internal Audit I-AI.
- Examining the conclusions and main recommendations laid down in the audit reports; overseeing follow-up of those recommendations as well as implementation by management of the actions agreed with Internal Audit I-IA in response to the audit recommendations and the actions taken by management in response to the recommendations; requiring Internal Audit I-IA to report to the Management Committee in the event of any significant failings and/or delays in the implementation of these recommendations.
- Assessing the procedures for identifying, evaluating and managing the (financial, operational and other) risks to which Infrabel is exposed, ensuring the reliability and integrity of financial reports regarding risk management.
- Overseeing coordination of the activities of Internal Audit, of work the Management has assigned to external consultants and of the work of the Board of Auditors;
- Approving the structure of Infrabel's Internal Audit as well as the budget in respect of staff, staff training and material resources.
- Submitting to the Board of Directors an argued opinion on the appointment and replacement of the head of Internal Audit at Infrabel after consulting the Nominations and Remuneration Committee; overseeing the independence and objectivity of internal and external auditors.
- Approving Infrabel's Internal Audit Charter and any subsequent revisions thereof.
- Submitting to the Board of Directors an argued opinion on the appointment or reappointment of Infrabel's auditors as well as on their fees.
- Verifying and drawing up any specific file that the Board of Directors may deem necessary.

## 4. Nominations and Remuneration Committee

The creation of the Nominations and Remuneration Committee is laid down in Article 211 of the Act of 21 March 1991.

### A. Composition

The Committee consists of four Directors, including the Chairperson of the Board, who chairs the Committee, and the Chief Executive Officer. There is linguistic parity.

The Committee is composed as follows:

- Ms Christine VANDERVEEREN, Chairperson of the Nominations and Remuneration Committee,
- Mr Luc LALLEMAND,
- Mr Jan CORNILLIE,
- Mr Jacques ETIENNE,

### Changes in 2014

None

### B. Operation

#### Frequency of meetings

The Committee meets whenever Company's interests require.

In 2014, the committee met 4 times.

#### Powers

The Committee gives its opinion on candidates put forward by the Chief Executive Officer for appointment of members of the Management Committee.

It submits proposals to the Board regarding remuneration and benefits provided to members of the Management Committee and senior executives. These matters are constantly monitored by the Board of Directors (Article 211(2) of the Act of 21 March 1991).

Furthermore, it performs the tasks entrusted to it by the Board of Directors.

## 5. Attendance rates at meetings and remuneration of directors on an individual basis

This section will be included in Chapter 4, "Remuneration Report".

## 6. Management Committee

### A. Composition

Article 208 of the Act of 21 March 1991 stipulates that “The Management Committee is chaired by the Chief Executive Officer. The Board of Directors determines the number of other members of the Management Committee.”

Linguistic parity is observed in accordance with Article 16 of the Act of 21 March 1991. In accordance with the law and with the Articles of Association, the Chief Executive Officer must be of a different linguistic background than the Chairperson of the Board of Directors (Article 207(4) of the Act of 21 March 1991).

The Management Committee is composed as follows:

- Mr Luc LALLEMAND, Chief Executive Officer,
- Mr Luc VANSTEENKISTE, Director-General Infrastructure (until 1 April 2014) and Asset Management (from 1 April 2014),
- Ms Ann BILLIAU, Director-General Rail Access and Director-General Network (until 1 April 2014) and Traffic Management & Services (from 1 April 2014).
- Mr Dirk DEMUYNCK, Director-General Build starting 1 April 2014

#### Rules governing their appointment and dismissal

The Directors-General are appointed by the Board of Directors, following the recommendation of the Chief Executive Officer and after having consulted the Nominations and Remuneration Committee.

They are dismissed by the Board of Directors (Article 208 of the Act of 21 March 1991).

#### Changes in 2014:

On 25 February 2014, the Board of Directors, in accordance with the Act of 21 March 1991, and based on a proposal from the Chief Executive Officer, after taking note of the opinion of the Nominations and Remuneration Committee, terminated the existing mandates of Mr Luc VANSTEENKISTE, Director-General Infrastructure and of Ms Ann BILLIAU, Director-General Rail Access and then appointed Mr Luc VANSTEENKISTE as Director-General Asset Management and member of the Management Committee, and Ms Ann BILLIAU as Director-General Traffic Management & Services and member of the Management Committee, both appointed for a period of six years. This decision took effect on 1 April 2014.

In accordance with the Act of 21 March 1991 on the reform of certain economic public enterprises, with Infrabel's Articles of Association, with the decisions of Infrabel's Board of Directors, with the selection process and following the favourable opinion of the Nominations and Remuneration Committee, the Board of Directors decided at its meeting on 25 March 2014 to appoint Mr Dirk DEMUYNCK to the position of Director-General Build with effect from 1 April 2014 for a period of six years.

### B. Operation

#### Frequency of meetings

The Management Committee usually meets every week, normally on Tuesdays. In 2014, the Management Committee met 33 times.

#### Powers

*In accordance with Article 208 of the Act of 21 March 1991, “The Management Committee is responsible for the day-to-day management of the company and for the representation of that management, and also for executing the decisions of the Board of Directors.*

*The members of the Board of Directors act collectively. They may allocate tasks among themselves.”*

#### Representation

In accordance with Article 208 of the Act of 21 March 1991, the Company is duly represented in its actions, including any legal proceedings, by the Chief Executive Officer and the Director-General appointed for that purpose by the Board of Directors, acting jointly.

Any acts of management or acts which are binding upon the Company are jointly signed by the Chief Executive Officer and the Director-General appointed for that purpose by the Board of Directors.

This Director must have a different linguistic background than the Chief Executive Officer.

By Royal Decree deliberated upon in the Council of Ministers, His Majesty the King may determine any acts that require different approval than set out in this article.

On 8 November 2004 and 28 October 2010 and 25 March 2014 the Board of Directors appointed Mr Luc VANSTEENKISTE as Director-General holding the power of joint signature.

#### Preparation of decisions

The decisions of the Management Committee are prepared by the Executive Committee. This is an informal body that includes the members of the Management Committee, plus the other four Infrabel directors.

### C. Remuneration of Management Committee members

This section will be included in Chapter 4, “Remuneration Report”.

## 7. Supervision

### A. Government Commissioners

Article 213 of the Act of 21 March 1991 specifies: "Infrabel is subject to the supervision of the competent Minister for public companies and of the competent Minister for regulation of rail transport. This supervision is carried out by two Government Commissioners who are appointed and dismissed by the King upon recommendation from the Minister concerned."

The Government Commissioners are invited to all meetings of the Board of Directors and of the Management Committee and attend in an advisory capacity (Article 213(3) of the Act of 21 March 1991).

The Government Commissioners also attend, in an advisory capacity, the meetings of the Audit Committee (Article 210(1) of the Act of 21 March 1991).

The Government Commissioners ensure compliance with the law, with the Articles of Association and with the management contract. They ensure that Infrabel's policy, particularly in execution of Article 13, does not prejudice the implementation of its public service missions.

Each Government Commissioner reports to the Minister to whom they are responsible. The Government Commissioners report to the Budget Minister on all decisions of the Board of Directors or the Management Committee that have an impact on the general spending budget of the State.

Each Government Commissioner may, within a period of four working days, exercise a right of recourse to the minister to whom they are responsible in opposition to any decision from the Board of Directors or the Management Committee that they consider to be in breach of the law or of the company's Articles of Association or management

contract, or of a nature to prejudice the implementation of Infrabel's public service missions. Each Government Commissioner may, within the same period, exercise the same recourse against any decision to increase the fees payable for the use of the rail infrastructure. All such decisions are suspended while the recourse procedure is under way.

By Royal Decree of 9 July 2008, Mr Eric PONCIN and his substitute, Mr Michel BALON, were appointed as Government Commissioners to Infrabel as from 1 August 2008.

By Royal Decree of 23 April 2012, Mr François FONTAINE and his substitute, Ms Florence THYS, were appointed as Government Commissioners to Infrabel as from 27 April 2012.

By Royal Decree of 4 November 2013, Mr Xavier BODSON and his substitute, Ms Florence THYS, were appointed as Government Commissioners to Infrabel as from 4 November 2013.

#### Remuneration

The Act of 21 March 1991 (Section 213(1)) specifies that His Majesty the King decides on the remuneration of the Government Commissioners. This remuneration is to be paid by Infrabel.

The Royal Decree of 4 July 2008 defined the remuneration of Infrabel's Government Commissioners. The remuneration consists of a fixed amount (€2,250 per annum) and a variable component depending on attendance at Board meetings (maximum €4,500 per annum). These amounts are linked to the index threshold of 138.01 (= base 1981). The remuneration is paid by Infrabel.

The substitute Government Commissioner receives a share of the variable remuneration depending on the number of meetings at which he replaces the Government Commissioner.

For the 2014 financial year, the following remuneration was paid:

- The fixed part after indexation amounts to (= X 1.6084) €3,618.9 gross per annum, or €301.57 gross per month
- The variable component after indexation amounts to €7,237.8 gross per annum, including a monthly advance of €361.89 gross.

PUBLIC COMPANIES	Fixed	Variable	TOTAL
Mr Xavier Bodson Government Commissioner	3,618.84 €	2,227.00 € (4 meetings)	5,845.84 €
Ms Florence Thys substitute Government Commissioner		0.00 €	0.00 €

REGULATION OF RAIL TRANSPORT	Fixed	Variable	TOTAL
Mr Eric Poncin Government Commissioner	3,618.84 €	4,092.11 € (7 meetings)	7,710.95 €
Mr Balon Michel substitute Government Commissioner		2,588.89 € (5 meetings)	2,588.89 €

## B. College of Statutory Auditors

Article 25(1) of the Act of 21 March 1991 specifies: "The audit of the financial situation, of the annual financial statements and of regularity, from the viewpoint of the law and the statutes, of the activities to be recorded in the annual financial statements, shall in each autonomous public company be delegated to a College of Statutory Auditors numbering four members. The members of the College of Statutory Auditors bear the title of Statutory Auditor."

The College is composed of four members, two of whom are appointed by the Cour des Comptes (National Audit Office) from among its members, and two of by the General Shareholders' Meeting from among the members of the Institut des Réviseurs d'Entreprises (Institute of Company Auditors).

On the basis of a proposal from the Strategic Management Committee and the Board of Directors, the General Shareholders' Meeting of 21 May 2014 voted in favour of a one-off extension, for financial years 2014 to 2016, of the appointment of Grant-Thornton & Mazars as auditors.

Their appointment covers the legal requirement for an external audit of the company and consolidated accounts for Infrabel.

The General Shareholders' Meeting of 21 May 2014 acknowledged the decision of the Audit Office's General Meeting of 7 October 2013 to renew the appointment of Messrs Michel de FAYS and Rudy MOENS, members of the Audit Office, as members of Infrabel's College of Statutory Auditors for a term of three years.

The members of Infrabel's College of Statutory Auditors are:

- the company Mazars Réviseurs d'entreprises SCRL, represented by Mr Philippe GOSSART;
- the company Grant Thornton company auditors, represented by Ms Ria VERHEYEN;
- Mr Michel DE FAYS and Mr Rudy MOENS, members of the Audit Office,

## 8. Offices held in subsidiaries and associated companies

### A. Companies in which members of management bodies or employees of Infrabel have served as corporate officers (direct or indirect holdings)

On 1 January 2014, Infrabel had 23 subsidiaries and associated companies. Offices were held by members of Infrabel's management bodies or by its employees in 12 of these companies.

As a result of the partial completion of the implementation of the rationalisation plan, this was reduced by 31 December 2014 to 18 subsidiaries and associated companies. Offices were held by members of Infrabel's management bodies or by its employees in 15 of these companies.

### B. Members of management bodies or employees of Infrabel serving as corporate officers

- Mr Luc LALLEMAND, Chairperson of TUC RAIL, Director of RFC 2, Director of HR Rail (from 16 December 2013);
- Mr Eddy CLEMENT, Director of TUC RAIL (until 28 March 2014);

- Mr Luc VANSTEENKISTE, Director of TUC RAIL, Chairperson of CCB, Woodprotect and BRUSSELS WOOD RENEWABLE (until 23 December 2014);
- Ms Ann BILLIAU, Director of TUC RAIL, Chairperson of EEIG RFC 2;
- Mr Dirk DEMUYNCK, CEO of TUC RAIL, Chairperson of Syntigo (from 23 April 2014); Director of Iv Infra/Tuc Rail (until 17 March 2014);
- Mr Marc SMEETS, Director of TUC RAIL, Director of Syntigo (from 23 April 2014), Director of SPV 162 (until 7 May 2014) and Chairperson of SPV 162 (from 8 May 2014), Director of SPV Zwankendamme (until 7 May 2014) and Chairperson of SPV Zwankendamme (from 8 May 2014), Director of SPV Brussels Port (until 7 May 2014) and Chairperson of SPV Brussels Port (from 8 May 2014), Director of Rail Facilities (from 20 June 2014), Director of AlphaCloud (from 18 June 2014);
- Mr Eric MERCIER, Director of Syntigo (from 23 April 2014) and CEO of Syntigo (from 23 April 2014), Chairperson of AlphaCloud (from 18 June 2014),
- Ms Cecilia MAES, Director of CCB, Woodprotect and BRUSSELS WOOD RENEWABLE (until 23 December 2014), Director of Syntigo (from 23 April 2014), Director of SPV Zwankendamme (from 8 May 2014), Director of SPV 162 (from 8 May 2014), Director of SPV Brussels Port (from 8 May 2014);
- Mr Koen DE WITTE, Director of SPV Zwankendamme (from 8 May 2014), Director of SPV 162 (from 8 May 2014), Director of SPV Brussels Port (from 8 May 2014);
- Mr Alex RAVIART, Director of Syntigo (from 23 April 2014);
- Mr Richard MARCELIS, Director of CCB, Woodprotect, Greensky and SPS-FIN;
- Mr Paul GODART, Director of Woodprotect, Director of CCB;
- Mr Jan MILH, Director (and member of the Executive Board) of EEIG IV-Infra/TUC RAIL (until 17 March 2014)
- Ms Peggy ESSELDEURS, Director of EEIG Corridor Rhine-Alpine (until 30 June 2014)
- Mr Michel GEUBELLE, Director of EEIG Corridor Rhine-Alpine (from 1 July 2014)
- Mr Frédéric NYSENS, Director of Liège Carex

## C. Rémunérations

No remuneration is paid to Directors.

The total gross amount paid to the Chief Executive Officer of TUC RAIL for 2014 can be found in the Annual Report of TUC RAIL SA.

The Chief Executive Officer of CCB and WOODPROTECT receives no remuneration in respect of this office.

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# Remuneration report

## Introduction

Article 17(4) of the Act of 21 March 1991 specifies that the Nominations Committee shall prepare an annual Remuneration Report which will be included in the Annual Report.

This report shall contain the information included in the report referred to in Article 96(3) of the Companies Code. For the members of the management bodies, the information specified in Article 96(3) of the same Code, as applicable to companies whose shares are admitted to trading on a regulated market within the meaning of Article 2(3)

of the Act of 2 August 2002 on the supervision of the financial sector and financial services, must be submitted, mutatis mutandis.

This Remuneration Report, which was formerly integrated into the Corporate Governance chapter of the Annual Report, has now been included in a separate chapter.

The Remuneration Report contains the following information:

Section 1	Description of the procedure for development of a remuneration policy and for determination of the remuneration as applied during the financial year reviewed in the Annual Report	Art. 96(3), subsection 2, 1 of the Belgian Companies Code
Section 2a	Statement concerning the remuneration policy as applied during the financial year reviewed in the Annual Report	Art. 96(3), subsection 2, 2 of the Belgian Companies Code
Section 2b	Recovery provisions	Art. 96(3), subsection 2, 11 of the Belgian Companies Code
Section 3	Remuneration of Directors and other financial benefits of non-executive Directors and executive managers in their capacity as members of the Board for the financial year reviewed in the Annual Report	Art. 96(3), subsection 2, 3-4 of the Belgian Companies Code
Section 4	Assessment criteria for the remuneration of the executive managers based on performance	Art. 96(3), subsection 2, 5 of the Belgian Companies Code
Section 5a	Remuneration of the CEO for the financial year reviewed in the Annual Report	Art. 96(3), subsection 2, 6 of the Belgian Companies Code
Section 5b	Long-term cash bonus paid to the CEO for the financial year reviewed in the Annual Report	Art. 96(3), subsection 2, 6 of the Belgian Companies Code
Section 6a	On a global basis and for the financial year reviewed in the Annual Report: the remuneration of the other members of the executive management	Art. 96(3), subsection 2, 7 of the Belgian Companies Code

Section 6b	On a global basis, the long-term cash payments for the financial year reviewed in the Annual Report, made to the other members of the executive management (excluding the CEO)	Art. 96(3), subsection 2, 7 of the Belgian Companies Code
Section 7a	On an individual basis: The number and key characteristics of the shares granted to the various executive managers (including the CEO) during the financial year	Art. 96(3), subsection 2, 8 of the Belgian Companies Code
Section 7b	On an individual basis: The number and key characteristics of the share options or other rights granted to the various executive managers (including the CEO) during the financial year	Art. 96(3), subsection 2, 8 of the Belgian Companies Code
Section 7c	On an individual basis: The number and key characteristics of the share options or other rights of the various executive managers (including the CEO) exercised or expiring during the financial year	Art. 96(3), subsection 2, 8 of the Belgian Companies Code
Section 8a	On an individual basis: The key provisions of the contractual relationship concerning severance payment with the CEO and each of the other executive managers	Art. 96(3), subsection 2, 9 of the Belgian Companies Code
Section 8b	Arguments and decision of the Board of Directors with respect to severance payment	Art. 96(3), subsection 2, 10 of the Belgian Companies Code

## **Section 1**

***Description of the procedure, applied during the financial year reviewed in the Annual Report, for developing a remuneration policy for the Directors, the members of the Management Committee, other officers and the persons charged with the company's day-to-day management, and for determining the remuneration of individual directors, members of the Management Committee, other officers and persons charged with the company's day-to-day management***  
(Article 96(3), subsection 2, 1 of the Companies Code)

## **Board of Directors**

*The procedure followed is in keeping with the procedure set out in Article 22 of the Articles of Association:*

*"The General Shareholders' Meeting determines the remuneration of the members of the Board of Directors based on the proposal of the Nominations and Remuneration Committee."*

## **Management Committee**

The procedure followed is in keeping with Article 211(2), 2 of the Act of 21 March 1991 on the reform of certain economic public enterprises:

*"The Board of Directors, based on the proposal submitted by the Nominations and Remuneration Committee, determines the remuneration and the benefits granted to the members of the Management Committee and senior executives. The Board continuously monitors these issues."*

## **Saction 2a**

### ***Statement concerning the remuneration policy as applied during the financial year reviewed in the Annual Report Art. 96(3), subsection 2, 2 of the Companies Code***

## **Board of Directors**

Based on the recommendation of the Nominations and Remuneration Committee, the General Shareholders' Meeting of 16 May 2006 decided to change the remuneration of the Directors, backdated to 1 January 2006 as follows:

The remuneration paid to the Chairperson is composed of a fixed annual component of €27,200 and a variable component consisting of attendance fees. The attendance fees amount to:

- €500 per Board meeting,
- €400 per Committee meeting attended.

In addition, the Chairperson receives an annual fee covering operating expenses of €2,400.

The remuneration paid to other Directors (with the exception of the Chief Executive Officer) is composed of a fixed annual component of €13,600 and a variable component consisting of attendance fees. The attendance fees amount to:

- €500 per Board meeting,
- €400 per meeting of the other Committees.

In addition, they receive an annual fee covering operating expenses of €1,200. Attendance at meetings is required to qualify for attendance fees.

## **Management Committee**

The Board meeting of 27 January 2005 determined the remuneration of members of the Management Committee.

The remuneration system comprises:

1. a fixed component, i.e.:

- basic salary;
- a monthly management allowance;
- a monthly lump sum.

2. a variable component, i.e.:

- an allowance: 0 to 100% of the basic annual salary. Based on the proposal of the CEO, the Nominations and Remuneration Committee determines the percentage payable in accordance with the degree of difficulty and corporate complexity of the position. The percentage is reviewed annually.
- the productivity bonus: variable according to an assessment coefficient from 0 to 3. The productivity bonus is established annually after publication of the company's results.

The function allowance for the Directors-General is determined equally and consists of 25% of the salary as from 1 January 2006. Since the radius of activities of the Directors-General hasn't been mod-

ified, the parameters for the function allowance of the Directors-General haven't been reviewed in the next years.

On 25 October 2007, the Board, on proposition of the Nominating and Remuneration Committee, raised the function allowance of the Directors-General in charge of the second signature from 25% to 30%

On average, the variable component represents approximately 30% of the total remuneration.

Holiday pay, annual bonus and any other allowances and compensations are determined according to the applicable regulatory provisions. Contract workers benefit from group insurance.

The Board meeting of 25 March 2014 approved a new specific agreement setting out the rights and obligations existing between Infrabel and Directors-General.

The individual agreements came into force on 1 April 2014.

In return for carrying out this role, the Directors-General will receive a fixed salary and a monthly lump sum, holiday allowance, annual bonus, as well as a variable management bonus.

The remuneration is in line with agreements with the supervisory body, namely €180,000 fixed remuneration and a maximum of €50,000 variable remuneration per annum

Information about the remuneration policy for the next two financial years (Article 96(3), subsection 2, 2 d) of the Companies Code)

No changes in the remuneration policy are expected during the next two financial years.

## **Chief Executive Officer**

The Board meeting of 17 February 2014 approved a new specific agreement setting out the rights and obligations existing between Infrabel and Mr Luc LALLEMAND as Chief Executive Officer.

Under this agreement, the Chief Executive Officer of Infrabel will carry out his role on a self-employed basis, without being subordinate to any of the bodies of Infrabel.

This agreement came into force backdated to 13 November 2013.

In return for carrying out this role, the Chief Executive Officer will receive the following remuneration:

- a fixed amount of €230,000 per annum, indexed once per year and payable in twelve monthly payments of €19,166.67;
- a variable component up to a maximum of €60,000 gross per annum, the amount of which is decided by the Board of Directors of Infrabel on the basis of the achievement of targets defined by the Board of Directors of Infrabel.

All expenses incurred by the Chief Executive Officer in carrying out his role will be paid by Infrabel.

Infrabel will bear the cost of insurance premiums for insurance cover at market rates for liability incurred in carrying out the role of Chief Executive Officer and Director.

The effects of this decision will only be visible in the remuneration report of 2015, since the remuneration report of 2014 contains a mixed application of the before and after 13 November 2013.

## **Section 2b**

### **Recovery provisions - Art. 96(3), subsection 2, 11 of the Companies Code**

The "Administrative and financial status of the Directors-General of Infrabel" adopted by the Board of Directors on 27 January 2005, nor the new standard contract adopted by the Board of Directors on 25 March 2014, contain any provisions about the right of recovery of the variable remuneration from the members of the Management Committee in favour of the company in the event that said remuneration was granted based on incorrect financial data.

Since the KPI of the financial determination and remuneration don't fully depend on financial information, it isn't necessary to provide such a disposition.

## **Section 3**

### **Remuneration of Directors and other financial benefits of non-executive Directors and executive managers in their capacity as members of the Board for the financial year reviewed in the Annual Report - Art. 96(3), subsection 2, 3- 4 of the Companies Code**

Name	Attendance at meetings of Infrabel's Board of Directors and Committees			Directors' (gross) remuneration
	Board (13 in total)	Audit committee (5 in total)	Nominations and Remuneration Committee (4 in total)	Board and other Committee meetings (€)
Christine VANDERVEEREN	13		4	35,200.04
Mieke OFFECIERS	13	5		21,599.96
Laurent VRIJDAGHS	12	5		21,099.96
Jan CORNILLIE	13		4	21,199.96
Jacques ETIENNE	13		4	21,199.96
Sylvianne PORTUGAELS	12			19,099.96
Ruben LECOK	12			19,099.96
Pierre PROVOST	12	5		21,099.96
Lieve SCHUERMANS	12	5		21,099.96

The annual remuneration and attendance fees are paid exclusively to the non-executive directors. In his capacity as member of the Board of Directors, the CEO does not receive any remuneration.

## Section 4

### Assessment criteria for the remuneration of the executive managers based on performance

Article 96(3), subsection 2, 5 of the Companies Code

In its meeting of 28 May 2009, based on a proposal by the Nominations and Remuneration Committee, the Board of Directors approved the introduction of the principles of performance management for the CEO, the Directors-General and senior executives. The Board deemed it appropriate to first gather experience and carry out sensitivity testing, after which over time, the system can be evaluated and modified.

As part of performance management, in its meeting on 8 July 2010 the Board of Directors defined the assessment criteria based on actual targets and minimum and maximum results. Since then, these targets have been defined by the Board of Directors for each subsequent year and the variable salary components for the CEO and Directors General have been calculated based on the scores achieved.

The principles of performance management, introduced in 2009 at the level of the Management Committee, have been progressively applied to lower levels.

Performance management has been introduced for senior executives (N-2) since 2012, fundamentally inspired by the method applied for the members of the Management Committee, but also taking into account other elements specific to the areas of responsibility of each N-2.

In its meeting of 24 June 2014, based on a favourable opinion from the Nominations and Remuneration Committee, the Board of Directors has adopted the 2014 targets (DOC/RB/2014/101). Only a few changes were made to a limited number of KPIs in comparison to 2013.

The objective assessment is based on the company results, categorised into six broad sub-areas.

The weight assigned to each sub-area differs for the CEO and the individual Directors-General and depends on its importance for the position in question.

	CEO	Directors-General
1. Safety	20 %	between 20 and 25%
2. Punctuality	17,5 %	between 13 and 21.5%
3. Financial results	15 %	between 5 and 15%
4. Implementation of investments	5 %	between 5% and 25%
5. Implementation of the strategic plan Focus	7,5 %	between 8.5 and 10%
6. Implementation of the management contract	15 %	between 5 and 7.5%
SUBTOTAL	80 %	80%
Individual assessment	20 %	20%
TOTAL	100 %	100%



**Section 5a****Remuneration of the CEO during the financial year reviewed in the Annual Report -**

Art. 96(3), subsection 2, 6 of the Companies Code

**Section 5b****Long-term cash bonus paid to the CEO for the financial year reviewed in the Annual Report -**

Art. 96(3), subsection 2, 6 of the Companies Code

Name	Luc LALLEMAND
Statute	The provisions of Article 209 of the Act of 21 March 1991 concerning the members of the Management Committee also apply to the CEO.
Fixed remuneration	€230,107.36 as independent (1 January 2014 until 31 December 2014) 26,373.27 € as employee (for the period before 13 November 2013)
Variable remuneration	112,022.51 € This variable remuneration relates to the 2013 financial year (1 January 2013 until 12 November 2013) and was paid in July 2014. The variable remuneration for the 2014 financial year is yet to be determined and will be paid in the 2015 financial year.
TOTAL	230,107.36 € gross salary (1 January 2014 until 31 December 2014) 138,395.78 € gross salary (for the period before 13 November 2013)
Pension	No additional pension plan is provided.  Group insurance is not provided either.  In the event of retirement or death during or after service, the salary which serves as the basis for calculating the retirement pension (or survivor's pension) of the person who holds or has held the position of CEO, will be determined as follows: in the month prior to the retirement or in the month of the death in service, a salary will be allocated that takes account of the length of service, both in more junior positions and as CEO, and that consequently comprises the sum of two separate amounts:  a. an amount equal to the final annual salary level earned in the more junior position by the person involved at the moment of his/her retirement (or death in service), multiplied by a fraction whose denominator represents the total number of years' service and whose numerator represents the same number of years' service, not taking account services rendered as a CEO; b. an amount equal to the final annual salary earned by the person involved in their position as CEO, multiplied by a fraction whose denominator represents the total number of years' service and whose numerator represents the number of years served as CEO.
Other benefits	Company car worth €5,281.4
Long-term cash bonus paid to the CEO for the financial year under review	None

**Section 6a**

**On a global basis and relating to the financial year reviewed in the Annual Report: the remuneration of the other members of the executive management - Art. 96(3), subsection 2e 7 of the Companies Code**

**Section 6b**

**On a global basis, the long-term cash payments relating to the financial year reviewed in the Annual Report, made to the other members of the executive management (excluding the CEO) - Art. 96(3), subsection 2, 7 of the Companies Code**

All members of the Management Committee with the exception of the CEO	
Statute	<ul style="list-style-type: none"> <li>- In accordance with Article 209 of the Act of 21 March 1991, in view of the performance of their mandate as Director-General, the members of the Management Committee on leave receive no remuneration but retain their rights of promotion and their pension rights. Their status is laid down in a special agreement.</li> <li>- In accordance with the HR rules defined for the NMBS/SNCB Group by SNCB Holding, the members retain their grade and are assigned the position of Director-General.</li> </ul>
Fixed remuneration	€ 551,050.98 gross basic salary (including holiday allowance)
Variable remuneration	€161,404.23 This variable remuneration relates to the 2013 financial year (1 January 2013 until 12 November 2013) and was paid in July 2014. The variable remuneration for the 2014 financial year is yet to be determined and will be paid in the 2015 financial year.
TOTAL	€ 712,455.21 gross salary
Pension	<p>No additional pension plan is provided.</p> <p>Group insurance is not provided either.</p> <p>In the event of retirement or death during or after performance of the mandate, the salary which serves as the basis for calculating the retirement pension (or the survivor's pension) of the person who holds or has held the position of Director-General will be determined as follows: in the month prior to the retirement or in the month of the death while in service, a salary will be allocated that takes account of the length of service, both in more junior positions and in that of Director-General, and that consequently comprises the sum of two separate amounts:</p> <ol style="list-style-type: none"> <li>a. an amount equal to the final annual salary level earned in the more junior position by the person involved at the moment of his/her retirement (or death in service), multiplied by a fraction whose denominator represents the total number of years' service and whose numerator represents the same number of years' service, not taking account services rendered as a CEO;</li> <li>b. an amount equal to the final annual salary level earned in the more junior position by the person involved at the moment of his/her retirement (or death in service), multiplied by a fraction whose denominator represents the total number of years' service and whose numerator represents the same number of years, not taking account of the services rendered as a Director-General;</li> </ol>
Other benefits	Company car as a benefit in kind worth €11,832.48
Other	None
Long-term cash bonus	None

### **Section 7a**

**Number and key characteristics of the shares granted to the various executive managers (including the CEO) during the financial year -**

*Article 96(3), subsection 2, 8 of the Companies Code*

### **Section 7b**

**On an individual basis:**

**Number and key characteristics of the share options or other rights granted to the various executive managers (including the CEO) during the financial year -**

*Article 96(3), subsection 2, 8 of the Companies Code*

### **Section 7c**

**On an individual basis:**

**Number and key characteristics of the share options or other rights of the various executive managers (including the CEO) exercised or expiring during the financial year**

*- Art. 96(3), subsection 2, 8 of the Companies Code*

No shares, share options or other rights are granted.

Consequently, no share options or other rights of the various executive managers were exercised or expired during the financial year.



### **Section 8a**

**On an individual basis:**

**The key provisions of the contractual relationship concerning severance payment with the CEO and each of the other executive managers - Art. 96(3), subsection 2, 9 of the Companies Code**

### **Section 8b**

**Arguments and decision of the Board of Directors with respect to severance payment - Art. 96(3), subsection 2, 10 of the Companies Code**

In accordance with the provisions laid down by SNCB Holding for the NMBS/SNCB Group, the Board has on 27 January 2005 determined the following severance arrangement for the members of the Management Committee:

- In the event of resignation during the term of office or if the term of office is not renewed, the person involved shall be downgraded to the position of Director if the current position is that of Director-General, and to the grade of Director-General if the current position is that of CEO; remuneration will be in keeping with the financial provisions associated with the new grade.
- In the event of the termination of the term of office before its normal expiry date as a result of dismissal by the Board of Directors, and unless deemed unfounded by the Board of Directors in view of the disciplinary rules and jurisprudence applied by SNCB Holding to the NMBS/SNCB Group, the person concerned will retain the financial conditions associated with the position of Director-General or CEO up to the normal expiry date of the term of office and thereupon will be downgraded to Director or Director-General respectively, and receive the corresponding remuneration.

The agreement ends automatically, without notice or compensation, on 12 November 2019.

At any time, the Chief Executive Officer may terminate the agreement with Infrabel by giving three months' notice.

Insofar as His Majesty the King shall have ended the term of office of the Chief Executive Officer before the expiry of the agreement, Infrabel may terminate it by paying a severance settlement equivalent to twelve months of the fixed salary.

Infrabel will immediately terminate this Agreement, without notice or compensation, if the term of office of the Chief Executive Officer is terminated by His Majesty the King due to a serious breach.

Drawn up in Brussels on 30 March 2015

On behalf of the Board of Directors,

**Christine Vanderveeren**  
Chair of the Board of Directors

**Luc Lallemand**  
Chief Executive Officer