



# **CORPORATE GOVERNANCE CHARTER**

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## PRELIMINARY DECLARATION



ENGIE S.A. (formerly GDF SUEZ) holds, directly and indirectly, 100% of the shares of Electrabel S.A. and exercises a decisive influence over the appointment of Electrabel S.A. Directors and over the company's management.

In this context ENGIE applies the best practices of corporate governance in Electrabel, as described below and without prejudice to compliance with its applicable internal procedures and policies.



Version of March 9, 2017



# SHAREHOLDING



## **I. SHAREHOLDING STRUCTURE**

### **1. Shareholding**

Electrabel's capital is currently held as follows:

- ENGIE, a public limited company set up under French law, with its registered office at 1 place Samuel de Champlain F-92400 Courbevoie (France), holds 120,752,485 shares, or 99.13% of the capital;
- Genfina, a public limited liability company (société coopérative à responsabilité limitée / cooperatieve vennootschap met beperkte aansprakelijkheid) set up under Belgian law, held by ENGIE and with its registered office at 34, Boulevard Simon Bolivar, 1000 Brussels (Belgium), holds 1,059,769 shares, or 0.87% of the capital.

### **2. Shares**

As indicated in art. 5 of the Articles of Association<sup>1</sup>, the total number of shares since March 28, 2014 was 121,812,254.

The shares are fully paid-up registered shares.

### **3. Capital**

Subscribed capital is currently set at €5,789,721,779.04.

Capital increases are decided by the General Meeting of Shareholders under the same conditions required for amending the Articles of Association.



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(1) available on the [website](#)

## **II. THE GENERAL MEETING OF SHAREHOLDERS**

### **1. The principle**

The General Meeting of Shareholders represents all the shareholders. The shareholders can, unanimously and in writing, take any decisions falling within its remit, apart from decisions that have to be passed via an official deed.

The Annual General Meeting hears the Director's report and the Auditor's report, approves the accounts, ratifies the actions of the Directors and the Auditor and, where necessary, appoints Directors and the Auditor. The shareholders meet in extraordinary or special sessions in other cases.

### **2. Convening**

Except in an emergency and/or when they abstain from the applicable rules, the shareholders, Directors and Auditor are invited - at least 15 days prior to the meeting in question - to attend the General Meetings of Shareholders.

### **3. Proceedings**

#### *Dates and venue*

The Annual General Meeting is held, in accordance with the Articles of Association, on the fourth Tuesday of April, at 2 p.m. If that day is a public holiday, the Meeting shall take place on the following working day.

General Meetings of Shareholders are held either at the registered office or at another venue indicated in the notice.

#### *Officers of the meeting*

The General Meeting of Shareholders is chaired by the Chairman of the Board of Directors or, in his absence, by one of the Directors. The officers also include a secretary appointed by the Chairman and two scrutinisers chosen by the General Meeting of Shareholders from among the shareholders in attendance, or their representatives.

### **4. The minutes**

During the session, decisions taken are recorded in the minutes, which are signed by the officers of the meeting and by the shareholders or their representatives.





# THE BOARD OF DIRECTORS



## I. THE BOARD

### 1. Principles

According to the Articles of Association, the company is administered by a Board of Directors made up of at least five Members (monistic structure).

The Board of Directors is the final decision-making body of the company, except for matters reserved for the General Meeting of Shareholders by law or the Articles of Association.

The Board of Directors' primary aim is to ensure the long-term success of the company while at the same time respecting the interests of all third-party stakeholders who are essential to attaining that objective, i.e. the shareholders, the personnel, the customers, the suppliers and other creditors and, in addition, the public service obligations that the company is required to assume.

The Board of Directors defines the values of the company, its strategy, the level of risk that it can accept and its key policies.

### 2. Mission

The Board of Directors meets at regular intervals at least twice a year, under the supervision of the Chairman, and after hearing the opinion of any eventual committees created within it in their respective fields of expertise, in order to:

- Study and determine:
  - the company strategy;
  - the company's financial objectives, in particular in terms of risk profile and allocation of resources;
- Oversee internal control systems and ensure that they are functioning effectively, including the identification and management of risks as required to highlight, evaluate and manage the main risks encountered, in particular the financial ones and those in connection with regulatory compliance;
- Ensure that all necessary measures are taken to guarantee the quality and reliability of the company's financial information, including monitoring the process for drafting financial information, the methods used to post the main transactions to the accounts, and approving accounting and assessment rules, where necessary by inviting the internal audit, the internal control manager and/or the Auditor to its duties;
- Supervise the quality of the services provided by the external and the internal audit;
- Submit a proposal to the Annual General Meeting concerning the appointment of the Auditor and his/her emoluments in respect of certifying



the company's accounts and consolidated financial information; it shall also verify at regular intervals that the Auditor is acting independently;

- Appoint the CEO (Chief Executive Officer) and the CFO (Chief Financial Officer), and, where necessary, dismiss them from office;
- Delegate day-to-day management and sufficient special authority to the CEO, under article 17 of the Articles of Association, to enable him to oversee the company's operational management;

Authorise the CEO to delegate or sub-delegate authority granted to him in compliance with the double signature principle:

- Examine and evaluate:
  - on a regular basis, his own efficiency and that of the company's governance structure, in particular the size and the composition of the Board as well as the role and the mission of the eventual committees;
  - on a regular basis, the contribution of each Director, in particular within the scope of the re-election procedure.
- Take decisions in the areas reserved for the Board, in particular those relating to the following:
  - the proposals to be submitted for approval to the General Meeting of Shareholders concerning amendments to the Articles of Association, appointments of Directors and the Auditor, the accounts and the dividends;
  - the appointment of the Chairman and one or more Vice-Chairmen of the Board of Directors;
  - the composition, missions and operations of the Board of Directors' committee(s), where appropriate;
  - the running of the company's activities when major decisions must be taken, such as examining and entering into significant commitments.

Significant commitments are defined as:

1. investment and disinvestment (property or financial) over 100 million Euros per operation. In cases of financial investment or disinvestment, the above amount includes acquired or disposed liabilities;
2. the following, when they exceed 500 million Euros per operation:
  - financial transactions other than those included in section 1 (guarantees included);
  - legal or fiscal transactional agreements;
3. any other undertaking not included here, such as purchase and sales agreements for goods and services, company contracts, asset contracts, etc. that exceeds 100 million Euros per operation and

the examination of any commitment that the CEO wishes to submit to the Board of Directors owing to its nature or the importance of the risks incurred.

- Ensure that Electrabel's company interests are respected by assessing the pros and cons of all relations between the parent company and its subsidiary, which will have to be balanced in the medium and long-term.

The Directors, in carrying out their duties, shall be independent in their judgement and shall ensure that they have received complete and precise information that they will use only for the fulfilment of their office. They may call upon external expert opinion at the cost of the company, after consulting with the Chairman.

### **3. Composition**

- Without prejudice to the authority that the law confers upon the General Meeting of Shareholders, the Board of Directors is composed of a majority of non-executive Directors and at least one executive Director, the CEO.
- The Board of Directors must make sure that, via its diversified composition, it has the necessary skills and experience to fulfil its missions.

The Board of Directors submits its appointment or re-election proposals for Directors to the General Meeting of Shareholders. The General Meeting of Shareholders appoints and removes from office the Directors by a majority of votes cast.

### **4. Terms of office and age limits**

- Terms of office run for a maximum of four years for all appointments or renewals.
- Directors step down on the date of the Annual General Meeting that follows the date on which they reach the age of 70 years. The Board of Directors may issue a dispensation to this rule when it submits its proposal to the Annual General Meeting.

### **5. Remuneration**

Remuneration of executive and non-executive Directors is set globally by the General Meeting of Shareholders on the proposal of the Board of Directors.

Remuneration granted to the Members of the Committee(s) and the Directors for the fulfilment of specific missions are set by the Board of Directors.

In principle, and without prejudice to the powers granted to the company's bodies, Directors perform their duties free of charge.

## **6. Organisation**

Article 14 of the Articles of Association sets the arrangements for convening the Board of Directors and its operations.

The Directors must regularly attend the meetings and devote the time necessary for the fulfilment of their office. Such meetings, including deliberations and votes, may be held via any means of specifically oral or visual telecommunication that enables debates between geographically separated participants.

The Board of Directors appoints a Secretary who organises both its meetings and General Meetings of Shareholders and is available to the Directors to handle any matter within his/her remit.



## II. THE CHAIRMAN

The Board appoints the Chairman from among the non-executive Directors. The Board may also appoint one or more Vice-Chairmen who are required to report to it on specific aspects of the company's activities (geographical scope, business, etc.).

The Chairman:

- Sets, along with the CEO and/or the Vice-Chairmen, the schedule of meetings of the Board of Directors as well as their agenda;
- Prepares, chairs and directs the meetings of the Board of Directors;
- Sees to it that the documents submitted to the Board of Directors contain pertinent and concise information and that they are sent out in time;
- Makes sure that the new Directors and committee Members receive an initial training programme that prepares them to make a prompt contribution to the work of the Board.

The Chairman initiates and directs the following activities:

- the process to ensure that the Board has, via its composition, sufficient skill and experience to carry out its duties;
- the procedures for appointment and re-election of the Members of the Board of Directors and, if such is the case, its Committee(s);
- the examination and evaluation by the Board of Directors of its own efficiency and that of the company's governance structure;
- the procedures for the appointment and removal from office of the CEO.

The Chairman of the Board of Directors and the CEO shall consult each other, before every Board meeting, to discuss management issues that should be submitted to the Board for approval and other items that should be on the agenda of the Board meeting, as well as any documents and information that must be provided to the Board in order to ensure that the latter has sufficient information.

If the Chairman is unavailable, he shall be replaced by the eldest Vice-Chairman or, if the latter is also unavailable, by a Director, in his duties as Chairman of the Board of Directors.

The Chairman chairs the General Meeting of Shareholders and ensures that it runs smoothly. In fulfilling his duties, the Chairman is assisted by the Secretary to the Board.



### **III. THE NUCLEAR SAFETY COMMITTEE**

#### **1. Mission**

A Nuclear Safety Committee is established within the Board of Directors.

The Committee is tasked with reviewing, prior to Board meetings, issues and/or topics relating to nuclear safety within the company that have been submitted to the Board for information, deliberation and/or a decision.

To this end, management staff will submit to the Nuclear Safety Committee via the CEO files concerning these issues and/or topics, and said Committee may ask management staff any relevant questions.

Nuclear safety covers all measures necessary to guarantee the normal operation of nuclear power plants and prevent accidents or malicious acts as well as mitigating their impact on employees, the public and the environment, when designing, building, commissioning, using, permanently shutting down and dismantling nuclear installations or systems used to transport radioactive materials.

It encompasses the operation of nuclear power plants as well as all associated activities, Corporate services for all activities connected to nuclear generation, including all support activities, in addition to all other activities conducted within Electrabel that pose radiological risks.

In this context, the Nuclear Safety Committee will be informed of:

- the state of nuclear safety in Electrabel SA;
- the compliance with legal and regulatory requirements;
- the implementation of international best practices;
- anomalies and incidents and their follow-up.

The Nuclear Safety Committee is not an organ of the company and as such assumes no responsibility for the company's management.


#### **2. Composition**

The Board of Directors approves, upon submission by the Chairman of the Board and the CEO, the Nuclear Safety Committee's composition which includes at least three (3) members from among the Directors, including the CEO. The Committee appoints its Chairman.

The Nuclear Safety Committee may, with the agreement of the Chairman of the Committee, call upon any member of the management of the Group companies or third parties whose experience may contribute to the quality of the discussions.

### 3. **Meetings**

The Nuclear Safety Committee meets in principle prior to the Board meetings, convened by its Chairman or the CEO, whose agenda includes the presentation of a topic falling within the area assigned to this Committee by the Board. No quorum is set for these meetings.



## IV. RULES OF CONDUCT

1. The Directors shall read the company's **Governance Charter**. They shall bear in mind at all times both the letter and the spirit of the charter in carrying out their office as Directors.

The Directors shall read **the ENGIE Ethics Charter**<sup>2</sup> adopted by the company. They shall bear in mind both the letter and the spirit of the Charter in carrying out their duties as Directors. This ethics policy is to apply to all the Group's relations with its stakeholders.

Before accepting the office entrusted to them by the company, each Director shall ensure that he or she has the necessary **skills** and **available time** to carry out his related duties. The Directors shall inform themselves of their duties as defined in the Companies Act and other regulations relating to the **responsibilities** of Directors.

The Directors, in fulfilling their duties, shall show independent judgement, and ensure that they have received complete and precise information that they may use only in fulfilling their office. The Directors may, after consulting with the Chairman, call upon professional external advice, at the cost of the company.

2. Directors must be attentive to their legal and ethical obligations in the area of **conflicts of interest**, in particular as described in article 523 of the Companies Act.

Directors shall organise their affairs in such a way as to avoid, to the extent possible, placing themselves in situations where there may be a personal conflict of interest with the company.

If a Director has any uncertainties about a possible conflict of interest, he or she should consult with the Chairman of the Board of Directors.

In the event of any personal conflicts of interest, the Director in question must take the initiative to withdraw from the Board meeting during the time the matter is discussed and he must not take part in any related vote, whether in person or by proxy. Justification must be given for any abstention, under the terms of the Companies Act.

Any transactions or other contractual relations between a Director and the company or its subsidiaries that do not fall under the scope of article 523 of the Companies Act shall be handled as provided for in paragraph 4 of this chapter. In any event, they shall be at arm's length.

If it has been established that a conflict of interest does exist, the purpose and conditions of the transaction in question shall be transmitted to the Board of Directors, who may approve them or refer them to the Board of

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<sup>2</sup> Available on the [website](#)

Directors of the subsidiary concerned, if the amount of the operation, or the combined amounts of operations over a 3-month period, is greater than 25 000 Euros.

3. Directors are duty-bound to act with **discretion**

The Directors may not make other use of information to which they have access exclusively for the purpose of fulfilling their duties, in particular:

- They must not use such information in their private activities or in any professional business they may have outside the Group;
- They must not in any case transmit such information to any third parties, without prejudice to legal exceptions and, in these latter cases, only after having consulted with the Chairman of the Board of Directors.

4. The Directors must not provide **any paid services** to the company other than those defined by specific contracts relating to management duties entrusted by the company.

Acting by a majority vote, the Board can make an exception to this rule in the interests of the company.

The Directors must inform the Board of the offices they hold or that they may in future hold in other companies, whether listed or not.

Directors cannot accept, be it from the company, related companies or third-party companies, any kind of benefit that could compromise – or seem to compromise – the independence of their power of discernment or of judgement.

5. A Director is bound to a duty of **loyalty** and respect the inherent **collegiality** in the work and initiatives of the Board.

A Director cannot speak on behalf of the company unless he has received specific authorisation regarding a precise matter.

Without prejudice to compliance with their legal obligations, a Director must refrain from speaking, in particular to the media or the public authorities, in a critical manner about the company, its Group, its strategy or those who belong to it, or of its business in general.







# MANAGEMENT



## I. THE MANAGEMENT OF THE COMPANY

- The executive management is entrusted to the Chief Executive Officer (CEO). The Board of Directors delegates to him day-to-day management powers and sufficient special authority, by virtue of article 17 of the Articles of Association, to enable him to carry out this management.

The CEO is appointed by the Board of Directors on the proposal of the Chairman of the Board.

- The CEO is assisted by Members of the management. As the management is not an organ of the company, it has no powers of its own. However, it does deal with the company's important operational management issues in order to guide the CEO in his decisions, and it is where the various managements are coordinated.
- The CEO reports regularly on the managerial structure and its adaptation to the requirements of the company's activities.
- The Board of Directors and, insofar as authority has been delegated to him, the CEO, may delegate or sub-delegate appropriate authority to the Members involved, in compliance with the double signature principle.
- The CEO, the Chairman of the Board of Directors, and the Chairmen of (the) Committee(s) shall consult each other before every Board meeting to discuss management issues that should be submitted to the Board for approval and other items that should be on the agenda of the Board meeting, as well as any documents and information that must be provided to the Board in order to ensure that the latter has sufficient information.

In particular, the CEO consults with the Chairman of the Board on any major merger project or similar operation concerning investment, disinvestment or any other major transaction.

- The CEO (or the person appointed by him) shall report to the Board of Directors on the company's operational management and the main decisions taken in that area.

The following items shall be submitted to the Board for approval:

- the accounts and proposals for dividends;
- the significant commitments. Significant commitments are defined as:
  1. investment and disinvestment (property or financial) over 100 million Euros per operation. In cases of financial investment or disinvestment, the above amount includes acquired or disposed liabilities;
  2. the following, when they exceed 500 million Euros per operation:
    - financial transactions other than those included in section 1 (guarantees included);
    - legal or fiscal transactional agreements;
  3. any other undertaking not included here, such as purchase and sales agreements for goods and services, company contracts, asset contracts, etc. that exceed 100 million Euros per operation.

any commitment that the CEO believes, in light of its nature or size of the risks borne, should be submitted to the Board for approval.

- The CEO shall oversee the introduction and maintenance of adequate internal control and risk management systems in order to identify, measure and manage the main risks, including financial risks and those relating to regulatory compliance.

He informs the Board of the procedures and methods pursued to enter in the accounts the large and/or unusual transactions.

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## II. RULES OF PROCEDURE

Measures are in place to ensure that all employees adhere to rules of procedure that are similar to those foreseen for the Members of the Board in the Governance Charter. Accordingly, reference should be made to the procedures and policies applicable within the ENGIE group, including in particular the **provisions concerning ethics**<sup>3</sup> and the recommendations in respect of governance of its documentary tools.

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<sup>3</sup> Available on the [website](#)