

# CORPORATE GOVERNANCE COMMITTEE

## PRIVATE FOUNDATION

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### 2009 version of the Belgian Corporate Governance Code

#### Flexibility, transparency and modernisation

The new version of the Belgian Corporate Governance Code was published on 12 March 2009. This new edition of the Code, the '2009 Code', is the result of work carried out by the Corporate Governance Committee, under the chairmanship of Herman Daems. It replaces the 2004 version of the Code. The 2009 Code takes account of European and Belgian legislation on corporate governance, the evolution of good governance practices and codes in other EU countries and the expectations of society and stakeholders against a backdrop of far-reaching changes and a financial and economic crisis.

#### **A long but productive journey**

In September 2007, the Committee decided to review the Belgian Corporate Governance Code. A two-stage public consultation was launched as a result.

**Herman Daems, Chairman of the Corporate Governance Committee:** "With the eruption of the financial crisis in September 2008, there was a great deal of criticism of corporate governance codes. Many felt that the lawmakers should be involved. In this context, the Committee wants to reaffirm its belief that a well-developed and transparent system of recommendations **complementing existing legislation is the best solution**. In the interests of all stakeholders, we must continue to promote dialogue between the Corporate Governance Code and listed company law. Moreover, I am convinced that the 2009 Code, which will be evaluated and updated regularly, will make a considerable contribution to bolstering investors' trust in Belgian listed companies and, in so doing, will benefit all stakeholders involved."

#### **Corporate Governance Code for 2009**

The structure of the 2009 Code **is still based on nine principles**, which are viewed as the pillars of corporate governance, along with recommendations and guidelines that clarify the scope of the Code. Due to their flexibility, the recommendations can quickly be adapted to companies' sizes and needs and commercial reality in general. This flexibility is combined with two key elements: the 'comply or explain' approach and transparency, which has a vital role. Concretely, this means that listed companies are expected to comply with the Code's recommendations and, if they deviate from them, they must provide a thorough explanation of their reasons for doing so in their corporate governance declarations.

The 2009 Code encompasses some **important modifications**:

- The 2009 Code provides a clear definition of the prominent role played by the CEO in the management of the company. It also clarifies the responsibilities of the board of directors as regards internal control and risk management.
- The 2009 Code enhances the role of committees and the evaluation of their actions. It is in line with the new legal definition of independent directors.
- The 2009 Code amends the Principle on the remuneration of executive managers of listed companies. From now on, a remuneration report will have to be drawn up. This report will provide important information on remuneration policy and the different components of remuneration packages, among others.

As regards severance pay for managers of listed companies, the Committee was very aware of public debate around the subject. It encourages listed companies and candidate CEOs to voluntarily control and limit the amount of severance pay when signing their employment contracts.

**Philippe Lambrecht, director and secretary of the Corporate Governance Committee:** “This Code is more modern than the 2004 Code and goes much further. It is the perfect complement to existing legislation on corporate governance. I am convinced that the 2009 Code will make an important contribution to continuing the implementation of an efficient and transparent corporate governance policy in Belgian listed companies.”

The 2009 Code 2009 is available on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

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