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CORPORATE GOVERNANCE

Corporate Governance

The Corporate Governance Statement is based on Article 96 §2 and §3, Article 119 of the old Belgian Company Code and the Corporate Governance Code 2009. It contains factual information about Ter Beke's Corporate Governance policy in 2019, including the following:

- a description of the key features of internal control and risk management systems
- the required statutory information
- the composition of the governing bodies
- the operation of the governing bodies
- their committees
- the remuneration report

The statement also contains a number of elements of non-financial information as referred to in Article 96 §4 of the old Belgian Company Code.

For the 2019 financial year, we are still using the Belgian Corporate Governance Code 2009 as a reference. This code is publicly available at www.commissiecorporategovernance.be. As from 2020 financial year, we shall be adopting the new Corporate Governance Code 2020 as a reference. This code is publicly available at www.corporategovernancecommittee.be.

Our Corporate Governance Charter is published on www.terbeke.com. In the charter we clarify our position with regard to the provisions of the Corporate Governance Code 2009. And we describe other Corporate Governance practices which we apply in addition to the Corporate Governance Code 2009. Where necessary, the Corporate Governance Charter of the Group and the Articles of Association of Ter Beke NV will be amended in line with the new Corporate Governance Code 2020 and the new Belgian Company and Associations Code.

We respect the statutory provisions on Corporate Governance as set out in the (old) Belgian Company Code of 1999 and other specific legislation in this regard.

Board of Directors



1. FRANK COOPMAN (*1965)

Studied veterinary sciences and later gained qualifications in the veterinary inspection of animal-based foodstuffs and in molecular medical biotechnology. He obtained a PhD in veterinary sciences. He is affiliated to the faculty of Bioscience Engineering at Ghent University where he is a part-time lecturer in animal production and genetics. He is an independent genetic consultant. The General Meeting of 29 May 2019 appointed Frank Coopman as director for a period of four years, concluding at the time of the General Meeting of 2023.

2. DOMINIQUE COOPMAN (*1967)

Studied Bioscience Engineering and Engineering Management. She also studied environmental remediation and has a Master's degree in food culture. She works in Italy as a freelance consultant. Dominique Coopman has been a director at Ter Beke since 2008. The General Meeting of 31 May 2018 reappointed Dominique Coopman as director for a period of four years, concluding at the time of the General Meeting of 2022.

3. FRANCIS KINT (*1962), CEO

Is a Civil Engineer, Ghent University, supplemented with postgraduate studies at Vlerick Business School and an MBA at INSEAD. He built up an international career at various companies, including Sara Lee, Chiquita, Fiskars and UNIVEG. Prior to joining Ter Beke, Francis was CEO at Vion, an international meat processing company with its headquarters in Boxtel, the Netherlands. Francis was appointed director by the General Meeting of 31 May 2018 for a period of four years and was appointed CEO for the Group by the Board of Directors.

4. DIRK GOEMINNE (*1955)

Studied Applied Economics and Business Engineering at the University of Antwerp. He has held management positions in manufacturing and retail companies. Until 2007, served as Chairman of the Executive Board of the V&D Group and as member of the Board of Directors of Maxeda (Vendex/ KBB). Dirk Goeminne is Chairman of the Supervisory Board of Stern Groep NV, member of the Supervisory Board of Wielco BV and non-executive director of Van de Velde NV. He is also Chairman of the Board of Directors of Wereldhave Belgium NV and JBC NV. Dirk Goeminne was CEO of Ter Beke from 2013 to 2018. He was appointed Chairman on 1 June 2018.

5. ANN VEREECKE (*1963)

Is a Civil Engineer and Doctor in Management (Ghent University). She is professor of Operations and Supply Chain Management at Vlerick Business School and Ghent University. She was a Board Member and president of EurOMA (European Operations Management Association) and a Board Member of POMS (Production and Operations Management Society in the US). She is currently a Board Member of Picanol Group and North Sea Port. In 2014, she joined the Board of Directors at Ter Beke as an independent director. She is also a member of the Audit Committee and chairs the Remuneration and Nomination Committee. The General Meeting of 31 May 2018 reappointed Ann Vereecke as independent director for a period of four years, concluding at the time of the General Meeting of 2022.

6. EDDY VAN DER PLUYM (*1957)

Studied Economics, supplemented with an MBA at INSEAD. After a brief period at Deloitte Haskins & Sells, he joined the family business Pluma NV, which was incorporated within Ter Beke in 2006. The General Meeting of 29 May 2019 appointed Eddy Van der Pluym as director, concluding at the time of the General Meeting of 2023.

7. DOMINIQUE EEMAN (*1957)

Obtained a degree in Applied Economics at the University of Antwerp, a Master's degree at Vlerick Business School and also followed the International Directors Programme (INSEAD). He is General Manager of the listed holding company, Solvac. He has extensive experience as a former CFO. He is an all-round financial and strategic expert, and is familiar with the values of a family business such as Ter Beke. His knowledge of the food sector is based on his experience as CFO at Vandemoortele and his position of director at Leonidas. Furthermore, he is a member of the Board of Directors of Funds For Good, Akkanto and Sofindev IV, and member of the Supervisory Board of Van de Put & Co. He has been an independent director of Ter Beke since 2017. He is Chairman of the Audit Committee and also a member of the Remuneration and Nomination Committee.

8. KURT COFFYN (*1968)

Has a degree in Industrial Engineering, specialising in automation & electronics. Kurt has 27 years' experience in Operations & Supply Chain, from working as a labour analyst on the shop floor at Vynckier (General Electric) Ghent, to European positions at Stanley Black & Decker, and as COO at various companies such as Ontex (personal hygiene), Provimi (a world leader in premix feed), Cargill (animal nutrition & starch production) and Unilabs Switzerland (Clinical laboratories). Since the end of 2019, he has been active as COO of Belgium-based Lineas, the largest private rail freight operator in Europe. He started out as an independent director of Ter Beke in 2017 and is also a member of the Audit Committee and Remuneration and Nomination committee.

Composition and functioning of the management bodies and committees

BOARD OF DIRECTORS

COMPOSITION

The table below shows the composition of the Board of Directors on 31 December 2019, with an overview of the meetings and attendances in 2019.

Name	Type*	End of mandate	Committees**	Meetings 2019 (x = present)											
				8/1	27/2	17/4	11/6	29/8	25/9	3/10	4/10	7/10	25/10	22/11	
Dirk Goeminne (1)	NE	2022	AC/RNC	x	x	x	x	x	x	x	x	x	x	x	
Dominique Coopman	NE	2022		x	x	x	x	x		x	x	x	x	x	
Ann Coopman (5)	NE	2022	RNC												
Frank Coopman	NE	2023						x		x		x	x	x	
Eddy Van Der Pluym	NE	2023		x	x	x	x	x	x	x	x	x	x	x	
Ann Vereecke (2)	I	2022	AC/RNC	x	x	x	x	x	x	x	x	x	x	x	
Dominique Eeman(3)	I	2021	AC/RNC		x	x	x	x	x	x	x	x	x	x	
Kurt Coffyn	I	2021	AC/RNC		x	x		x	x	x	x	x	x	x	
Francis Kint (4)	E	2022		x	x	x	x	x	x	x	x	x	x	x	

As permanent representative for:

(1) NV Fidigo, (2) BV Ann Vereecke, (3) BV Deemanco, (4) BV Argalix, (5) NV Hico, until 28 May 2019

* E = Executive
NE = Non-executive
I = Independent

** AC = Audit Committee
RNC = Remuneration and Nomination Committee

As appropriate, we confirm that the Group complies with provision 4.5 of the Corporate Governance Code regarding the maximum number of mandates in listed companies for non-executive directors.

The internal regulations of the Board of Directors describe the detailed functioning of the Board. These regulations form an integral part of the Group's Corporate Governance Charter.

The Board approved the interim results, the annual results, the budget and the Group's strategy.

DIVERSITY

The composition of the Board of Directors takes into account the necessary complementarity with respect to competences, experience, know-how and diversity, including gender. See also Article 1.2 of the internal regulations (Appendix 1 of the Corporate Governance Charter).

The list of the members of the Board of Directors shows that these criteria have largely been satisfied for 2019.

For a number of months following the death of its director Ann Coopman, permanent representative of NV Hico, Ter Beke did not meet Article 7.86 of the new Belgian Code of Companies and Associations (Article 518 of the old Belgian Company Code) regarding the requirements of diversity based on gender. The board of directors hopes to be able to submit the appointment of a new female director to the general meeting.

EVALUATION

In September and October 2019, the Chairman of the Board organised a formal evaluation of the Board and its functioning, including the interaction with the executive management. The results of this evaluation were discussed by the Board and measures for improvement were prepared.

APPOINTMENTS/REAPPOINTMENTS IN 2019

The General Meeting of 29 May 2019 appointed Messrs Frank Coopman and Eddy Van der Pluym as non-executive directors for a period of four years, concluding at the time of the General Meeting of 2023.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2019, the Board of Directors had two active committees: the Audit Committee and the Remuneration and Nomination Committee. The committees are composed in accordance with legislation and the provisions of the Corporate Governance Code. These committees work under a mandate issued by the Board of Directors. A description of this mandate can be found in the detailed regulations of the Corporate Governance Charter.

AUDIT COMMITTEE

The table below shows the composition of the Audit Committee as on 31 December 2019, with an overview of the meetings and attendances in 2019.

Name	Meetings 2019 (x = present)			
	25/2	11/6	26/8	22/11
NV Fidigo (Dirk Goeminne)	x	x	x	x
BV Deemanco (Dominique Eeman)*	x	x	x	x
BV Ann Vereecke (Ann Vereecke)	x	x	x	x
Kurt Coffyn	x		x	x

* Chair

All members of the committee are non-executive directors and have a thorough knowledge of financial management. The majority of members on the committee are independent. The committee has the necessary collective expertise regarding the company's activities. Meetings of the committee were regularly attended by the Statutory Auditor and on every occasion by the Internal Auditor.

The Audit Committee advised the Board of Directors regarding the following:

- ◆ Annual results 2018
- ◆ Interim results 2019
- ◆ Internal audit
- ◆ Group risk management
- ◆ Independence and remuneration of the Statutory Auditor and the companies affiliated with the Statutory Auditor

The Audit Committee monitors the internal audit function set up by it and regularly evaluates its own regulations and functioning.

REMUNERATION AND NOMINATION COMMITTEE

The table below shows the composition of the Remuneration and Nomination Committee on 31 December 2019, with an overview of the meetings and attendances in 2019.

Name	Meetings 2019 (x = present)				
	25/2	17/4	11/6	29/8	22/11
BV Ann Vereecke (Ann Vereecke)**	x	x	x	x	x
BV Deemanco (Dominique Eeman)	x	x	x	x	x
Kurt Coffyn	x	x		x	x
NV Fidigo (Dirk Goeminne)	x	x	x	x	x
NV Hico (Ann Coopman)*	x				

* mandate expired on 28 May 2019

** Chair

All members are non-executive directors and have a thorough grounding in human resources management. The majority of members on the committee are independent. The Remuneration and Nomination Committee advises the Board of Directors with regard to:

- ◆ Remuneration of the directors and the CEO
- ◆ Remuneration of the Chairman and the directors
- ◆ General remuneration policy for the directors and executive management
- ◆ Principles of the variable remuneration system
- ◆ Appointment and reappointment of directors
- ◆ Composition of the committees within the Board of Directors
- ◆ Members and Chairman of the Executive Committee
- ◆ Managing Director

The committee draws up the remuneration report, submits it to the Board of Directors and clarifies the results at the General Meeting of Shareholders. The committee regularly assesses its own regulations and functioning.

SECRETARY

Mr Dirk De Backer is secretary to the Board of Directors and to the committees set up within the Board of Directors.

Executive committee and day-to-day management

COMPOSITION OF EXECUTIVE COMMITTEE ON 31 DECEMBER 2019

- BV Argalix, represented by Francis Kint, Group CEO/Chairman of Executive Committee/Managing Director
- Sagau Consulting BV, represented by Christophe Bolsius, CEO of the Ready Meals Division
- Dirk De Backer, Group Director of Human Resources/Secretary General
- René Stevens, Group CFO
- BV Esroh, represented by Yves Regniers, Group Controller

FUNCTIONING

In 2019, the Executive Committee held meetings once a month and whenever there were operational reasons to convene. The Executive Committee is responsible for management reporting to the Board of Directors. The detailed functioning of the Executive Committee is described in the Committee's internal regulations. These regulations form an integral part of the Group's Corporate Governance Charter.

EVALUATION

Once a year, the Board of Directors evaluates the performance of the CEO (without the CEO being present during the evaluation), as well as the performance of the other members of the Executive Committee (in the presence of the CEO). The Board does this on the initiative of the Remuneration and Nomination Committee. This evaluation was also carried out in 2019. For this, the Board uses both qualitative and quantitative criteria. There is no direct relationship between the evaluation and the annual variable remuneration.

**1. DIRK DE BACKER (°1971)****Secretary General/Group Director of Human Resources**

Studied law at KU Leuven (Rouen), and also obtained an LLM degree from the University of Houston and MBA degrees from Vlerick Business School and Amsterdam Business School. Until 2004, he worked as a lawyer at the law firm Allen & Overy. Since 15 November 2004, he has been serving as Secretary General to the Ter Beke Group, a position he has combined with that of Human Resources Director for the Group since 1 May 2014. Dirk De Backer is also Secretary to the Board of Directors and has been appointed Compliance Officer for the Group. He has been a member of the Executive Committee since 1 December 2014.

2. FRANCIS KINT (°1962)**Group CEO/Managing Director of NV Ter Beke**

Is a Civil Engineer, Ghent University, supplemented with postgraduate studies at Vlerick Business School and an MBA at INSEAD. He built up an international career at various companies, including Sara Lee, Chiquita, Fiskars and UNIVEG. Prior to joining Ter Beke, Francis was CEO at Vion, an international meat processing company with its headquarters in Boxtel, the Netherlands. Francis was appointed director by the General Meeting of 31 May 2018 for a period of four years and was appointed CEO for the Group by the Board of Directors.

3. RENÉ STEVENS (°1958)**Group CFO up to 15/03/2020**

Studied Applied Economics at the University of Antwerp, Management Information Systems at KU Leuven and Tax Law at EHSAL Brussels, and obtained an Executive MBA from Antwerp Management School as well. René Stevens has held various financial positions at Sun International and other companies. He has been CFO of the Ter Beke Group since 2005.

4. CHRISTOPHE BOLSIOUS (°1969)**CEO Ready Meals Division**

Graduated with a Licentiate degree in Applied Economics and a specialisation in International Business from the University of Antwerp. He has spent his entire career in the food industry. At the start of his career, he worked in various sales and marketing positions in Belgium and abroad, e.g. at Dr Oetker, Sara Lee Meat Products and Campina. In 2009, he held successive management positions at Friesland Campina and Douwe Egberts. Christophe Bolsius has been an active member of the Executive Committees of various sector associations: VLAM (Flanders' Agricultural Marketing Board), BABM (Belgilux Association of Branded products Manufacturers), BMA, coffee roasters' association. He joined the commercial management team of Ter Beke in December 2014 and from November 2015 onwards, assumed the position of Commercial Director Ready Meals. At the beginning of December 2017, he became CEO for the Ready Meals Division of the Ter Beke Group.

5. YVES REGNIERS (°1978)**Group Controller (and CFO as of 15/03/2020)**

Studied law at Ghent University, then obtained an International Executive MBA from Warwick Business School (UK). He started his career at PwC in Financial Audit. For the next 13 years, he went on to work in various financial positions at home and abroad for Multi Packaging Solutions. He has been the Group Financial Controller at Ter Beke since the beginning of 2017 and is a member of the Executive Committee since January 2019. He succeeds René Stevens as CFO as of 15 March 2020.

Conflicts of interest

BOARD OF DIRECTORS

No conflicts of interest (within the meaning of Article 523 or Article 524 of the old Belgian Company Code) were reported to the Board of Directors in 2019. There were no other reports of transactions with associated parties as referred to in Appendix 2 of the Group's Corporate Governance Charter.

EXECUTIVE COMMITTEE

No conflicts of interest (within the meaning of Article 524 of the old Belgian Company Code) occurred within the Executive Committee in 2019. Neither were there any reports of transactions with associated parties within the meaning of Appendix 2 of the Group's Corporate Governance Charter.

External control

The General Meeting of Shareholders of 29 May 2019 appointed Deloitte Bedrijfsrevisoren CVBA, represented by Ms Charlotte Vanrobaeys, as Statutory Auditor of NV Ter Beke. The appointment is for a term of three years.

The Statutory Auditor does not maintain any relationships with Ter Beke that could influence its judgement. It has confirmed its independence with respect to the Group.

We consult regularly with the Statutory Auditor. The Statutory Auditor is invited to attend the Audit Committee meeting for the half-yearly and annual reporting. The Statutory Auditor is also invited to attend the meeting to discuss the internal audit plan and the internal controls.

For the audit of the Ter Beke group in 2019, the statutory auditor charged EUR 533,000 in fees and EUR 41,000 for non-audit services. The companies with which the statutory auditor has a partnership have invoiced additional fees to the group for an amount of EUR 338,000. These fees relate, among other things, to tax consultancy assignments.

Ter Beke Dealing Code for transactions in securities

The Ter Beke Dealing Code regulates transactions in Ter Beke securities (Appendix 3 of the Group's Corporate Governance Charter).

- ◆ The Dealing Code states that price-sensitive information must be communicated immediately.
- ◆ Directors, Executive Committee members and insiders are required to inform the Compliance Officer of all share transactions. On receipt of a negative recommendation, the party concerned must cancel the transaction or inform the Board of Directors.
- ◆ The Dealing Code contains guidelines to preserve the confidential nature of privileged information. For example, the Dealing Code provides for blocked periods. Directors and other persons relevant to Ter Beke may not perform any transactions in Ter Beke securities during these blocked periods.
- ◆ New members of the Board of Directors, the Executive Committee and other persons who have regular access to privileged information are always informed by us regarding the Dealing Code.
- ◆ The company also maintains a list of the persons who have regular access to privileged information.

Remuneration report

PROCEDURE APPLIED IN 2019 FOR DEVELOPING THE REMUNERATION POLICY AND DETERMINING THE REMUNERATION AND APPLICABLE REMUNERATION POLICY

REMUNERATION PROCEDURE

The remuneration policy for the members of the Board of Directors, CEO and members of the Executive Committee is prepared by the Remuneration and Nomination Committee and approved by the Board of Directors.

The remuneration of the members of the Board of Directors, CEO and members of the Executive Committee is an integral part of the Corporate Governance Charter and is incorporated as an appendix to the Remuneration and Nomination Committee's internal regulations. The Remuneration and Nomination Committee monitors the implementation of this policy and advises the Board of Directors in this matter.

The remuneration level of the members of the Board of Directors for the financial year 2019 was approved by the General Meeting of Shareholders on 29 May 2019.

The remuneration level of the CEO and members of the Executive Committee for the financial year 2019 was confirmed by the Board of Directors based on the advice of the Remuneration and Nomination Committee.

REMUNERATION POLICY

In 2019, the members of the Board of Directors and the Committees are entitled to an annual fixed remuneration (in EUR):

Chairman of the Board of Directors	75,000
Member of the Board of Directors	20,000
Chairman of the Audit Committee	10,000
Member of the Audit Committee	6,000
Chairman of the Remuneration and Nomination Committee	7,000
Member of the Remuneration and Nomination Committee	5,000

Directors are not entitled to any variable, performance-related or equity-related remuneration, nor to any other remuneration for the performance of their mandate as director, except for a fixed remuneration.

The remuneration of the CEO is made up of a fixed remuneration and an annual variable remuneration. The remuneration of the members of the Group's executive management consists of a fixed remuneration, an annual variable remuneration, a company car, fuel card and other remuneration components such as pensions and insurance, all of this in line with current company guidelines.

The CEO and members of the executive management receive an annual variable remuneration that is granted depending on the achievement of

annually set targets related to the financial year for which the variable remuneration is payable.

The targets are based on objective parameters. They are closely linked to the Group's results and the role played by the CEO and the members of the executive management in achieving these results. The main parameters used for this are volume, turnover, UEBIT, EAT and UROCE (for definitions of these parameters, please refer to the financial part of this annual report). The specific parameters to be applied in any given year and the specific targets to be achieved are assessed annually by the Remuneration and Nomination Committee and presented to the Board of Directors for approval. For 2019, these parameters were volume, underlying EBIT and underlying ROCE. Achieving the individual performance objectives determines 20% of the variable remuneration of the executive management.

The variable allowance is one quarter or less of the annual remuneration.

If the CEO or executive managers do not achieve the minimum of a set target in a given year, the right to the variable remuneration linked to that target lapses. On the other hand, if the set target is exceeded, they may receive up to 150% of the variable remuneration linked to that target.

In addition to the system of variable remuneration, the Board of Directors is authorised to allocate, on the recommendation of the Remuneration and Nomination Committee, an (additional) bonus for specific performance or services to the CEO and/or to (some of) the members of the executive management, provided that this does not exceed the total variable remuneration budget for the CEO and the members of the executive management.

If a variable remuneration has been granted based on information that subsequently transpires to be incorrect, the company will rely on facilities provided under common law. There are no specific agreements or systems entitling the company to recover the variable remuneration paid.

Under normal circumstances, the Group's remuneration policy for members of the Board and executive management will not be subject to any significant changes in the coming years, with the exception of changes as part of the CG Code 2020 and the legislation for implementation of the Guideline in respect of advancing the long-term commitment of shareholders.

Long-term incentives were established for the CEO of the Group and for the CEO of the Ready Meals Division in 2018. After a period of five years and three years respectively, they will be entitled to an additional remuneration, depending on the equity value of the Group and the results of the Ready Meals Division at the end of this period respectively.

REMUNERATION AND OTHER ALLOWANCES FOR NON-EXECUTIVE DIRECTORS AND EXECUTIVE MANAGERS IN THEIR ROLE AS A MEMBER OF THE BOARD OF DIRECTORS (IN EUR)

The remuneration of the members of the Board of Directors (executive, non-executive and independent directors, see overview below) for their mandate as director in 2019 can be summarised as follows:

	Mandate of director	Mandate Remuneration and Nomination Committee	Mandate Audit Committee	Total
NV Fidigo (Dirk Goeminne)	75,000.00	5,000.00	6,000.00	86,000.00
BV Argalix (Francis Kint)	20,000.00			20,000.00
NV Hico	8,333.33	2,083.33		10,416.67
Frank Coopman	11,666.67			11,666.67
Dominique Coopman	20,000.00			20,000.00
NV AREI	8,333.33			8,333.33
Eddy Van Der Pluym	11,666.67			11,666.67
BV Ann Vereecke	20,000.00	7,000.00	6,000.00	33,000.00
Deemanco BV (Dominique Eeman)	20,000.00	5,000.00	10,000.00	35,000.00
Kurt Coffyn	20,000.00	5,000.00	6,000.00	31,000.00
Total mandates				267,083.33

In addition to the aforementioned remuneration, NV Fidigo invoiced an amount of EUR 164,000 for the provision of services which exceeded the mandate of the Chairman of the Board of Directors.

REMUNERATION OF THE CEO AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT (IN EUR)

For 2019, the individual remuneration of the Managing Director/Chairman of the Executive Committee (BV Argalix, represented by Francis Kint) and the combined remuneration of the other members of the Executive Committee and the executive directors: René Stevens, Yves Regniers (BV Esroh), Christophe Bolsius (BV Sagau Consulting) and Dirk De Backer amounted to (total cost for the Group):

	CEO***	Other members of the executive management
Base pay	484,725.00	1,131,554.03
Variable pay (cash - on a yearly basis) [°]	106,666.24	191,158.90
Pensions*	NA**	28,694.88
Other insurance (hospitalisation insurance)	NA**	615.96
Other benefits (company car)	NA**	36,132.00
Long Term Incentive provisie 2019	-	244,833.33

[°] Provision per 31/12/2019

* The pension scheme relates to fixed contribution contracts

** N/A = Not applicable

*** Mandate of director excluded

SHARE-RELATED REMUNERATION

Neither the members of the Board of Directors nor the members of the Executive Committee hold any share options, warrants or any other rights to acquire shares.

No shares, share options, or any other rights to acquire Ter Beke shares were granted by the company in 2019 to any of the members of the Board of Directors or the members of the Executive Committee.

CONTRACTUAL PROVISIONS RELATED TO RECRUITMENT AND SEVERANCE PAYMENTS

No appointment arrangements were agreed on with either the members of the Executive Committee or the executive directors that would entitle them to a severance payment of more than 12 months' remuneration or that would otherwise be in conflict with the statutory provisions, the provisions of the Corporate Governance Code 2009 or common market practices.

The notice period for BV Argalix (Francis Kint), BV Esroh (Yves Regniers) and Sagau Consulting BV (Christophe Bolsius) is always 12 months, while the notice period for Dirk De Backer and René Stevens will, in principle, be calculated in accordance with the statutory provisions applicable to their employment contract.

Key features of the internal control and risk management systems

We attach great importance to efficient internal control and risk management systems and we try to integrate these into our structure and business operations to the maximum possible extent. For this purpose, we have implemented numerous internal controls according to the integrated COSO II or Enterprise Risk Management Framework*. The key elements are summarised here.

Each year, based on the proposal put forward by the Executive Committee, the Board of Directors determines or confirms the Group's mission, values and strategy as well as the risk profile of the Group. We actively and repeatedly promote our values among all our employees during information meetings organised every six months. Integrity is the most important value in the context of risk management. At the same time, we communicate to all our employees the key aspects of the strategy and objectives for the Group and the divisions.

The governance structure of our Group, described in detail in our Articles of Association, Corporate Governance Charter and in this Corporate Governance Statement, clearly defines the various duties and responsibilities of each of our management bodies, and more specifically those of the Board of Directors, the Audit Committee, the Remuneration and Nomination Committee, the Executive Committee and the Managing Director/CEO. These duties and responsibilities are in line with the statutory provisions and the provisions of the Corporate Governance Code 2009. Coherent regulations have been drawn up for each of the aforementioned bodies which are regularly evaluated and if necessary, amended so that powers and responsibilities are clearly defined and can be monitored at all times.

We organise (and monitor) our human resources via a job classification system, in which all Group employees are graded. Detailed job descriptions have been drawn up for each position. These job descriptions define both the educational and competency requirements for the job as well as the duties, responsibilities and reporting lines for the position. These job descriptions are adapted as the scope of certain jobs changes due to internal or external circumstances.

Each year, we appraise the performance of all our non-production employees using a detailed appraisal tool. We attach extra importance to employee behaviour that is in line with our company values.

We have also defined clear policy lines with regard to the training and remuneration of our employees.

We rigorously apply the statutory provisions related to conflicts of interest (see above) and we have implemented regulations for transactions with associated parties that do not constitute a legal conflict of interest (see Appendix 2 to the Corporate Governance Charter).

The internal auditor periodically conducts risk audits and audits of the internal controls in all Group departments and reports on these to the Audit Committee. Based on the findings of the internal auditor and in consultation with the Audit Committee adjustments are implemented in the internal control system.

The Audit Committee devotes two meetings per year to evaluating the risks that we are exposed to (see above). Internal controls and risk management are also discussed at these meetings. This is based on a formal and detailed risk assessment procedure developed by the executive management, which includes reporting on how the identified risks are dealt with. The Audit Committee reports on its activities at the subsequent meeting of the Board of Directors.

We follow a Dealing Code to prevent market abuse (see Appendix 3 to the Corporate Governance Charter) and we have appointed a compliance officer to ensure correct compliance with the rules on market abuse (see above).

We have concluded appropriate insurance contracts to protect us against the most serious risks.

We have a hedging policy in place to manage exchange rate risks.

A number of other risk management practices that we apply have been mentioned in the description of the main risks to which we are exposed.

The following control and risk management systems have been established with specific regard to the financial reporting process:

The internal regulations of the Board of Directors, Audit Committee and Executive Committee clearly describe the responsibilities in the context of preparing and approving the Group's financial statements.

The financial results of the Group and the divisions are reported by the finance department on a monthly basis to the Board of Directors. The committee discusses these results and makes them available to the members of the Board of Directors.

The Executive Committee reports on the results of the Group and the divisions to the Board of Directors on a quarterly basis. The Executive Committee reports the results of the first six months and the annual results to the Audit Committee, which then discusses them with the internal and external auditor. These results are subsequently presented to the Board of Directors for approval and published in the legally prescribed format. We publish a schedule, both internally and externally, which provides an overview of our periodic reporting obligations with respect to the financial market.

We publish a schedule, both internally and externally, which provides an overview of our periodic reporting obligations with respect to the financial market.

We have introduced clear schedules for financial reporting at all levels of the company, so that we can meet all the statutory requirements in a correct and timely manner.

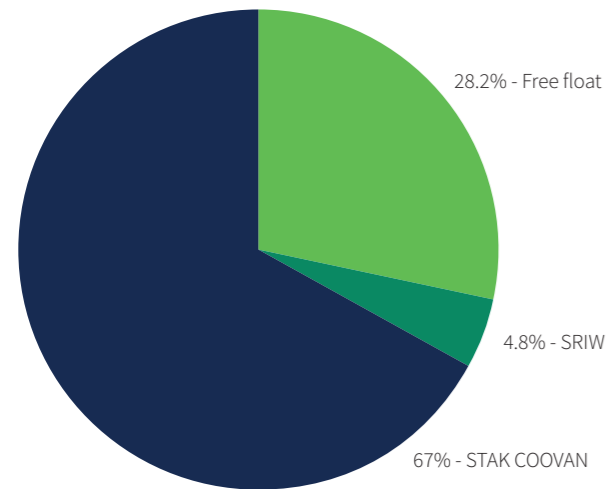
We also have a clear policy regarding the protection of and access to financial data, as well as a proper system for the backup and storage of this data.

The finance department has a detailed manual describing the relevant accounting principles and procedures.

We have implemented the internal controls subject to the greatest risk from the COSO II framework regarding financial matters. These controls and systems are designed to help guarantee that the published financial results give a true and fair picture of the Group's financial position.

Other statutory information

SHAREHOLDING STRUCTURE AS PER 31 DECEMBER 2019



TRANSPARENCY

In 2019, we received no transparency declarations.

NOTIFICATIONS PURSUANT TO ARTICLE 34 OF THE 14 NOVEMBER 2007 ROYAL DECREE

There are no persons holding securities with special control rights.

The voting rights of the Group's own shares are suspended in accordance with the prevailing statutory provisions.

The Extraordinary General Meeting of Shareholders are authorised to modify the company's Articles of Association. This requires a three-fourths majority of the votes present. Those present must represent at least half of the share capital, as provided for in Article 558 of the old Belgian Company Code. The objective of the company may be altered with a majority of four-fifths of the votes present (Article 559 of the old Belgian Company Code). On 31 December 2019, Ter Beke NV did not hold any treasury shares (neither did Ter Beke NV hold any treasury shares on 31 December 2018).

The procedure for the appointment/reappointment of directors (see above-mentioned reappointments), is described in Article 4 of the regulations of the Remuneration and Nomination Committee (appendix to the Group's Corporate Governance Charter).

The Extraordinary General Meeting of Shareholders held on 26 May 2017 authorised the Board of Directors of Ter Beke NV to increase the share capital of the company within the limits of the authorised capital. This must be done in accordance with the conditions stated in Article 607 of the old Belgian Company Code. This authorisation is valid for a period of three years.

The Extraordinary General Meeting of Shareholders held on 26 May 2017 also authorised the Board of Directors to acquire, in accordance with Article 620 of the old Belgian Company Code, shares in the company on behalf of the company. Such acquisition of shares is only permitted as a necessary means to avert an imminent and serious threat to the company. This authorisation is valid for three years. In 2018, we received a STAK Coovan transparency declaration over the shareholding in the Ter Beke NV capital. This declaration was included in the company website and the contents published in accordance with the applicable regulations and is shown above.

To the best of the Group's knowledge there are no other elements to be mentioned that may have an effect in the event of a public takeover bid.

KEY BUSINESS RISKS

In its internal operations, Ter Beke takes many precautions to reduce possible risks. As a food manufacturer, we are also subject to risks that lie beyond our control. Yet we act proactively to minimise any possible impact.

Furthermore, like many companies, we are not immune to the Covid-19 pandemic. These risks have an impact on both our operations (employees, additional sanitation measures, logistic flows), commercial activities (with increased volatility of demand) and financial risks. We manage these risks through a multi-disciplinary approach: local teams (operations) and central teams (IT, Sales, Supply Chain, Purchasing, Finance) are in daily contact to mitigate operational, commercial and financial risks on-site and off-site.

MAIN RISKS TO OUR OPERATING ACTIVITIES

WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?

HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2019 IN PARTICULAR?

OPERATIONAL RISKS

Food safety and product liability

Every day, thousands of people eat our processed meats and ready meals. These products must be fresh and safe. The end consumer is also entitled to clear information about the composition of the product and its nutritional value.

The safety and the confidence of consumers are vitally important to us. Anything that can damage this confidence - either concerning our own products or the sector - will have a negative impact on our sales, our prospects and our reputation.

We have constant high demands for product safety and quality. All our raw materials are traceable. Our packaging clearly states product composition and nutritional values per 100 grammes and per serving. We go further than the statutory requirements with regards to the safety of our packaging. We have insurance to cover our product liability.

Competitive environment

The processed meats market is extremely mature and is dominated by the private labels of large discount and retail customers. The ready meals market is growing, but here competition is very fierce.

The competition enables customers to increase pressure on our margins. This may have an impact on our profits.

We distinguish ourselves from our competitors in terms of concepts and products. We work continuously on improving efficiency and cost control.

Technological developments

Product and production technologies evolve rapidly.

Not being abreast with the latest production technologies can have a negative impact on efficiency and cost control. Competitors may have access to alternative product technology that at some point may win over consumers.

Each year we invest considerable sums in tangible non-current assets to maintain and improve our level of technology. We maintain good contact with our suppliers so that we are always well informed of the most recent developments. We sound out consumer preferences. We work together with research institutes such as Flanders' FOOD.

Electronics and information systems

For efficient business operations we are becoming increasingly dependent on information systems and integrated control systems which are managed by a complex set of software applications.

If these systems do not work well, or if they were to become unavailable, this would have a negative impact on the production volume and on our reputation.

All systems are maintained appropriately. All systems are upgraded when necessary. Regular back-ups are made of all information. A new ERP system has been implemented to structure and simplify our business processes.

War for talent

An organisation is only as strong as its employees. The knowledge and expertise is to be found in a group of employees who contribute to building the company and its brands.

If too many good employees are plucked away by the competition and there is too little influx of young people, we run the risk that we will be unable to achieve our growth scenario.

In 2015, we established a Young Potential programme: newly graduated young people receive an attractive training programme. They experience four different positions within the company during two years. We hired a number of specialized recruiters.

**MAIN RISKS
TO OUR OPERATING ACTIVITIES**
**WHAT CAN HAPPEN IF WE DON'T
MAKE THE RIGHT DECISIONS?**
**HOW DO WE LIMIT THE RISKS
IN GENERAL AND IN 2018 IN PARTICULAR?**
MARKET RISKS
**Price fluctuations
for raw materials and packaging**

We work with natural raw materials. We must therefore take into account possible fluctuations in the quality and the price of our raw materials and packaging materials.

Price increases for raw materials and packaging can have a negative influence on the margins.

We enter into long-term contracts whenever possible. We work with volume arrangements on an annual basis.

Relationships with suppliers

For specific raw materials we are obliged to work with a limited number of suppliers.

If one or more of these suppliers cannot fulfil its contractual commitments and we are unable to secure alternative supplies in time, this could have a negative impact on our business operations.

We enter into long-term contracts whenever possible. We work with volume arrangements on an annual basis. We offer our suppliers fair payment for their added value. We work with preferential suppliers for sustainability.

Relationships with customers

We market our products via a network of discount and retail customers throughout Europe. The number of large customer groups is limited.

The number of larger retail customers is small. If one of them terminates a contract, this may have a significant negative impact on our turnover and profit.

We diversify turnover in different products and contracts with other lead times; both with respect to our own brands as well as private labels of customers and in different countries.

Customer and consumer behaviour

Our sales are related to the eating habits and trends of the ultimate consumers, just as their spending habits.

If consumers no longer selected our products or their eating habits were to change, this would have a significant impact on our business activities. General economic conditions such as cyclical fluctuations, unemployment and interest rates can also affect the consumer spending patterns.

In 2015, we conducted a major market research survey on trends in dietary habits in various markets. We surveyed the satisfaction of our consumers to anticipate and minimise this risk. We ensure that our prices are in line with those of the market.

**MAIN RISKS
TO OUR OPERATING ACTIVITIES**
**WHAT CAN HAPPEN IF WE DON'T
MAKE THE RIGHT DECISIONS?**
**HOW DO WE LIMIT THE RISKS
IN GENERAL AND IN 2018 IN PARTICULAR?**
**FINANCIAL RISKS
(SEE ALSO EXPLANATORY NOTE 28 IN THE ANNUAL ACCOUNTS)**
Credit risks

We have receivables outstanding from our clients and retail customers.

Receivables not collected on time have a negative impact on the cash flow.

We monitor customers and outstanding receivables in order to limit these potential risks. Most receivables relate to large European customers which limits the risk.

Exchange rate risks

As Ter Beke operates in an international environment, we are exposed to an exchange rate risk on the sales, purchases and interest-bearing loans expressed in a currency other than the company's local currency.

Fluctuations in exchange rates can cause fluctuations in the value of financial instruments.

We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.

Interest risk

The forms of financing with variable interest rates mainly arise from Ter Beke's Revolving Credit Facility Agreement.

The fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates.

We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.

Liquidity and cash flow risks

As with any business, Ter Beke monitors liquidities and cash flow.

A shortage of cash and cash equivalents could put pressure on the relationships with certain parties.

We have a significant net cash flow with respect to the net financial debt position. We have centralised our treasury policy and we hedge against interest rate risks.

**LEGAL RISKS
(SEE ALSO EXPLANATORY NOTE 30 IN THE ANNUAL ACCOUNTS)**
Changes to legislation

Now and then the government changes and tightens legislation on the production and sale of foods.

Not meeting these conditions can expose us to the risk of fines or sanctions.

We invest significant amounts annually to satisfy new legislation, likewise relating to sustainability and the environment. Each year we organise training programmes to keep our employees up-to-date on new legislation and its impact.

Legal disputes

Occasionally we are involved in legal proceedings or disputes with customers, suppliers, consumers or the government.

Such litigation could have a negative impact on our financial situation.

We anticipate the potential impact of these disputes in our accounts as soon as a risk is judged as realistic under the applicable accounting rules.