# TEXAF s.a.

## Corporate Governance Charter

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**Last update 24 February 2024**

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## *Introductory statement*

*Texaf adheres to the 2020 Belgian Code on Corporate Governance and applies its ten principles without prejudice to the applicable legislation (including the Belgian Companies and Associations Code) and the articles of association of the company.*

*The board of directors approved the original version of the Charter in 2003. The Board regularly checks the conformity of the content of the Charter with the applicable laws and regulations. The current version of the Charter was approved on March 24th 2021.*

*Application of these principles does however take account of the specific features of Texaf, which is a holding company with a skeleton staff that owns stakes exclusively in companies based in the Democratic Republic of Congo. The deviations are summarised at the end of this Charter.*
*The current version of the Charter is available on our website: www.texaf.be*

*More information regarding the corporate governance policy is available in the Corporate Governance Statement that the company includes in its annual report pursuant to the requirements of the Belgian Companies and Associations Code.*

### A. GOVERNANCE STRUCTURE

**1. The company has a one-tier structure, which comprises:**

- The board of directors
- Executive directors reporting to the Managing Director - CEO
- An Audit Committee and a Nomination and Remuneration Committee
- The Board reviews the one-tier structure every five years to check that it is still appropriate.

**2. Board of Directors**

2.1. Composition

2.1.1. The Board includes at least five directors, the majority of whom must be non-executive directors and at least three of whom must be independent directors.

2.1.2. The following are regarded as executive directors:

- The Managing Director-CEO
- The directors that hold positions within the group

2.1.3. A director is regarded as independent within the meaning of the 2020 Belgian Code on Corporate Governance when, as a general rule, he does not have a relationship with the company or other affiliated companies of the company that is likely to undermine his independence. This independence is evaluated on the basis of the following criteria:

- Not be or have been an executive director or a member of the senior management for the previous three years before their appointment;
- Not be receiving any significant remuneration or any other significant advantage from the company or an affiliated company other than any remuneration received as a non-executive director;
- Not hold 10% or more of the shares in the company or have been nominated by a shareholder that owns at least 10% of the shares in the company;
- Not maintain, nor have maintained in the past year, a significant business relationship with the company or an affiliated company either directly or as partner, shareholder, director or member of the senior management of a company that maintains such a relationship;
- Not be, or have been within the last three years before their appointment, a partner or member of the current or past audit team of the company or an affiliated company;
- Not be an executive manager of another company in which an executive of the company is a non-executive director, and not have other significant links with executive directors of the company through involvement in other companies or bodies;
- Not be an immediate family member, spouse, legal partner or close family member of an executive, a member of the senior management or of persons that are in the situations described above.

By deviation from the 2020 Belgian Code on Corporate Governance, the company considers that non-executive directors do not automatically lose their status as independent members of the board of directors after serving for 12 years.

2.1.4. Appointments and re-appointments

- The term of office of the directors is limited to a maximum of four years and can be renewed.
- The appointment of new directors takes account of the analysis of the Nomination and Remuneration Committee, which is based on objective criteria, a balancing of skills within the board of directors and, if possible, their affinity with Africa.

2.1.5. Evaluation

- The board of directors assesses every three (3) years its size, composition, functioning and its relations with the executives as a company body, as well as the individual contribution of each director to the functioning of the whole company in order to constantly improve the effectiveness of its action and its contribution to the good governance of the company and its group.

2.1.6. Training of the new directors

- The new directors are given extensive information about the company and its activities so that they can perform their duties with the expected effectiveness as quickly as possible.
- This includes a visit to the Congolese subsidiaries.

2.2. Tasks

Without prejudice to its legal responsibilities and those laid down in its articles of association and those of the shareholders' meeting, the board of directors:

- determines the strategy and values of the company, approves its strategic and operational plans and its budgets ;
- appoints and dismisses the executive managers;
- monitors the establishment of succession plans for the executive managers;
- interacts regularly with the executive managers;
- based on the proposals of the executive management, determines strategy and evaluates it regularly;
- decides on important financial transactions, acquisitions and investments;
- ensures the establishment of the appropriate structures, procedures and controls to achieve the goals of the company and adequately manage any risks;
- monitors and assesses day-to-day management ;
- ensures effective communication with the shareholders of the company and other stakeholders;
- invites the majority shareholder to take a position on its strategic goals;
- continuously monitors the safety measures designed to protect people and property in the Democratic Republic of Congo.

2.3. Role of the Chairman

- The Chairman does not hold any executive position.
- The Chairman guarantees the balanced composition of the Board and is responsible for its running and smooth functioning and creates a climate of trust that is conducive to open discussions and the constructive expression of differing opinions.
- The Chairman represents the company in conjunction with the Managing Director-CEO.
- The Chairman sets the agenda for the meetings of the Board.
- The Chairman liaises directly and closely with the Managing Director-CEO.
- The Chairman oversees effective communication with the shareholders and ensures that the directors understand the views of the shareholders and other important stakeholders.
- The Board establishes rules of procedure that allow for the designation of a deputy chairman for board meetings that the Chairman cannot attend or to chair discussions and decision-making by the Board on items where the Chairman has a conflict of interest.

2.4. Functioning

- The Board meets whenever it is in the interests of the company to do so and, at least, four times a year, two of which must be in the presence of the Auditor.
- The articles of association determine the rules for convening a meeting, deliberations and representation of absent directors.
- The Board may only validly deliberate if at least a majority of its members are present or represented.
- Decisions are adopted by a majority of the votes cast and the Chairman has the casting vote in the event of a tie.
- The Board secretary attends the meetings and produces the draft minutes for their adoption by the Board at the following meeting. The secretary helps to prepare the meetings, files the minutes, which can be

consulted by the directors, oversees compliance with the rules of procedure of the Board and, generally speaking, ensures compliance with the laws and regulations applicable to the board of directors.

2.5. Representation

- The company is validly bound in respect of third parties by the decisions of two directors, including at least the Chairman, Vice-chairman or Managing Director-CEO or, in respect of day-to-day management, by the Managing Director-CEO. The company is also validly represented by special representatives within the scope of their remit.
- For internal decision-making, the principle of two authorised signatures is used systematically except for acts and commitments of minor importance.

2.6. Board committees

The Board establishes two advisory committees: the Audit Committee and the Nomination and Remuneration Committee.

2.6.1 Audit Committee

- The Audit Committee comprises at least three directors, all of whom must be non-executive directors and a majority of whom must be independent directors.
- The tasks of the Audit Committee include primarily the monitoring of the process of compiling the financial reports, monitoring of the effectiveness of the internal control and external audit systems, monitoring of the statutory auditing of the annual accounts and the consolidated financial statements, monitoring of risk management and assessing and monitoring the independence of the Auditor.
- The Audit Committee meets at least three times a year, at least two of which must be in the presence of the Auditor, and reports to the board of directors.
- The Charter of the Committee adopted by the Board can be found in Appendix I.

2.6.2. Nomination and Remuneration Committee

- A single Committee handles the tasks assigned by the Code to the Remuneration Committee and to the Nomination Committee.
- The Nomination and Remuneration Committee comprises at least three directors, all of which must be non-executive directors and a majority of whom must be independent directors, including the Chairman of the Board.
- The Committee submits proposals to the Board relating to nominations and remunerations of directors and executive managers and oversees the re-appointments of the directors and the succession plan for the Managing Director-CEO and other executive managers.
- The Committee submits proposals to the Board relating to the remuneration policy for the non-executive directors and for the executive managers.
- The Committee oversees the annual performance assessment of the executive managers and ensures that the company has official, rigorous and transparent procedures in place to substantiate these decisions.
- The Committee meets at least twice a year and reports to the board of directors.
- The Charter of the Committee adopted by the Board can be found in Appendix II.

2.7. Remuneration

- The company sets its own specific remuneration policy in order to attract and retain on the Board those members with broad skills in the various fields required for the company to develop its activities.
- The directors receive an annual fixed remuneration and attendance fees, the amounts of which are determined on the basis of a proposal by the Nomination and Remuneration Committee.
- Some directors also receive an additional remuneration for specific tasks performed in their capacity as Chairman or Vice-chairman of the Board or for sitting on one or more Board committees.
- In addition, some subsidiaries may remunerate some directors in their capacity as members of their respective Boards.
- The remunerations of each director are published in the annual report.

2.8. Code of conduct

2.8.1. Conflicts of interest

- The company is subject to the legal provisions and rules in the articles of association and in this charter relating to conflicts of interest.
- The directors must avoid finding themselves, either directly or indirectly, in a situation in which they have

a conflict of interest with the company or one of its subsidiaries.

- If a director has a direct or indirect interest of a patrimonial nature that conflicts with a decision or transaction within the remit of the Board, he must notify the Board; he must leave the meeting and the Board will adopt the decision or approve the transaction in his absence; he must also notify the Auditor of this conflict of interest.
- His notification must be recorded in the minutes of the Board meeting and in the annual report.

2.8.2. Securities transaction

- As holders of insider information, the directors are subject to the applicable legislation pertaining to insider trading and market abuse.
- Performing any transactions relating to securities or instruments such as warrants or convertible bonds in the company is prohibited:
    - For a period of **two months** preceding the annual disclosure and **45 days** preceding the half-yearly disclosure of the results of the relevant companies ;
    - At all times for those persons in possession of insider information;
- Any planned securities transactions relating to the company must first be notified to the Secretary of the Board in his capacity as Compliance Officer. The Compliance Officer will, where applicable, notify the person concerned of any period during which the transaction may not be performed or of the grounds for the restriction. After completion of one or more securities transactions, the person concerned will notify the Compliance Officer in writing or by email within two working days of completion of the relevant transaction(s), specifying the type and date of the transaction, the number of securities traded and the price(s) at which they were traded. The Compliance Officer has an obligation to keep a written record of these notifications.
- If the total amount of the combined transactions by one person over the course of a calendar year exceeds € 5,000, the Compliance Officer will notify the FSMA within 3 days of the last transaction, as well as each time this same threshold is exceeded again during the same year. If the annual threshold of € 5,000 is not reached, the company will publish in its annual report and on the company's website all of the securities transactions completed per person - but without the individual breakdown - over the past year. In such a case, the transaction(s) will be notified by those concerned to the FSMA at the latest by 31 January of the year following the year in which they were completed.

2.8.3. Transactions with the company

- Without prejudice to the conflict of interest rules, the directors are not permitted to purchase or sell assets, either directly or indirectly, to the company or its subsidiaries without the explicit consent of the board of directors, except in the case of transactions performed within the normal course of the business activities of the company.
- The directors must consult the Chairman or the Managing Director, who will decide if a deviation request should be submitted to the board of directors.
- In any case, said transactions are only permitted if they are performed at market rates.

2.8.4. Confidentiality obligation

- The directors agree to protect the confidentiality of the information they receive in the course of their duties subject to the applicable legislation.

## 3. Executive management

3.1. The Managing Director-CEO oversees the general management of the group as well as day-to-day management:
His role is to:

- define and recommend to the board of directors strategies that are conducive to contributing to increasing the profitability of the group;
- implement the strategies adopted by the board of directors;
- assess senior management and make recommendations to the Nomination and Remuneration Committee relating to the professional development and remuneration of senior management;
- provide the board of directors with the information needed to help it exercise its powers and to notify it of the initiatives and decisions taken in the course of his duties;
- act as the group's spokesperson vis-a-vis the outside world.

3.2. The Managing Director-CEO is assisted in his duties by:

- One or more executive directors that perform senior management roles;
- The secretary of the Board, who also acts as the Compliance Officer;
- The same person can be the Chief Financial Officer and secretary of the Board.

3.3. Remuneration

- The remuneration of the Managing Director-CEO is set by the Board based on a proposal from the Nomination and Remuneration Committee.
- The same applies to the remuneration of the other members of the executive management.
- The remuneration of the Managing Director-CEO and the executive managers includes a fixed component and a variable component, which is based on the performance of the company and the individual performance of each of them.
- The Nomination and Remuneration Committee bases its recommendations in this respect on objective and transparent assessment criteria.
- In the "Remuneration Report" chapter of the Annual Report, the company publishes the amount of the remunerations and other advantages awarded directly or indirectly to the executive directors as well as any other information required under the Belgian Companies and Associations Code; it publishes the same aggregated data relating to the other executive managers.
- The "Remuneration Report" chapter of the Annual Report contains individual information relating to the number and key characteristics of the shares, stock options or other share purchase rights granted during the financial year as well the commitments entered into in terms of severance payments.

3.4. Code of conduct

- The code of conduct applicable to directors in terms of securities transactions, transactions with the company and confidentiality also apply to the executive managers.

## B. SHAREHOLDER STRUCTURE

**1. Registered capital and shares representing the registered capital**

As at 31 December 2020, the registered capital stood at EUR 23,398,380.08 and was represented by 3,603,536 fully paid up shares without par value.

**2. Transparency statement**

In accordance with the applicable legislation, transparency statements are submitted to the company by any shareholder whose stake in the registered capital of the company, either individually or in concert, exceeds 5% of the shares with voting rights attached or a multiple thereof.

**3. Shareholders' agreements**

A shareholders' agreement has been signed by SFA and Middle Way; this agreement does not provide for concerted action.

Another shareholders' agreement has been signed by SFA and Texaf, S.A. ; in consideration for the assignment of the accounts receivable held by SFA in respect of Texaf S.A. to Texaf S.A. in 2002 for €1, the latter agreed to act as the accountant and manager of SFA.

**4.** The board of directors ensures that the controlling shareholders respect the rights and interests of the minority shareholders.

## C. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The company ensures that the means and information required by the shareholders to exercise their rights are available.

**1. Participation in the shareholders' meetings**

- The annual shareholders' meeting is held on the second Tuesday in May at 11 a.m. or, if this falls on a public holiday, on the first following working day at the same time.
- The meeting notices, special reports, proxy templates, consolidated articles of association and other documents needed by the shareholders to participate in the shareholders' meetings are available thanks to their publication on the website within the legal deadlines.
- The formalities required to be admitted to the shareholders' meetings are specified in the convening notices.

**2. Dividend policy**

- The board of directors applies a broad self-financing policy.
- The board of directors proposes, in parallel, a policy of regular dividend growth; this policy is reviewed on a yearly basis.

**3. Financial disclosure**

- The company adopts an active financial disclosure policy.
- In addition to the half-yearly publication of its results and the quarterly statements, it immediately notifies the market of any events that will help shareholders and investors to assess its performances or those of the other companies in the group and the value of the securities it issues.

## D. DEVIATIONS FROM THE 2020 BELGIAN CODE ON CORPORATE GOVERNANCE

1. The company may assign to an independent director one or more *ad hoc* tasks, which may or may not be remunerated.
2. The company considers that non-executive directors do not automatically lose their status as independent members of the Board after serving on it for 12 years.
3. The Board has not met in the absence of the executive management.
4. The non-executive directors do not receive a part of their remuneration in the form of company shares.
5. The Board of Directors has not set a minimum share ownership threshold for the executive management.

**APPENDIX I**

**Audit Committee Charter**

**Article 1 Composition**

- The Board of Directors sets up from among its members an Audit Committee comprising at least three directors, all of whom must be competent in the field, non-executive directors and a majority of whom must be independent directors.
- The term of office of the members of the Committee is the same as their term of office on the Board. This term of office can be renewed at the same time as their term on the Board is renewed.
- The Committee elects a Chairman from among its members.

**Article 2 Tasks**

The Audit Committee is assigned the following tasks by the board of directors:

1. Financial and non financial reporting
   a. Examining the financial reports published by the Company, evaluating whether the information is accurate, complete and coherent;
   b. Examining the half-yearly and annual draft company accounts and consolidated accounts prior to their presentation to the Board of Directors;
   c. Checking the relevance and coherence of the accounting principles and rules used by the company and the scope of the consolidated accounts and, where applicable, issuing a recommendation to the Board of Directors on changes to these accounting principles and rules;
   d. Ensuring the implementation of environmental, social and governance reporting in line with the company's strategy and current legislation.
2. Risk management
   a. Monitoring the effectiveness of the internal control systems, reviewing the effectiveness of the risk management methods adopted by management and ensuring that the major risks are identified, managed and notified to the Board of Directors.
   b. Reviewing, where applicable, the risk management reporting in the annual report.
   c. Reviewing the risk matrix prior to its adoption by the Board;
   d. Assessing on an annual basis the need to establish an internal audit function and, in the absence of a dedicated function, to draw up an annual programme of internal control monitoring assignments, to monitor its implementation and to receive the findings and recommendations thereof;
   e. to review, where appropriate, transactions with related parties.
3. External control
   a. Making a recommendation to the Board of Directors concerning the choice, appointment and remuneration of the Auditor;
   b. Ensuring the independence of the Auditor within the meaning of the Belgian Companies and Associations Code and the Belgian Royal Decree of 4 April 2003;
   C. Examining each year, with the Auditor, its audit plans, their conclusions, its recommendations and the follow-up of these recommendations.

**Article 3 Functioning**

- The Committee meets at least three times a year to discuss an agenda that has been notified in advance. It meets the Auditor at least twice a year, including once in the absence of management.
- In order to form a quorum, at least half of the members of the Committee, and at least two members, must be present. A member of the Committee can be represented at the meetings.
- The Committee may invite the Managing Director, the CFO or any other employee of the group to its meetings.
- The meetings of the Committee are minuted. These minutes are sent to the Directors and the participants.
- The Committee reports to the Board.
- The Committee regularly conducts its own evaluation and submits it to the Board.

**APPENDIX**
**II**

## Charter of the Nomination and Remuneration Committee

### 1. Composition, chairmanship and functioning of the Committee

The Board of Directors establishes a Nomination and Remuneration Committee comprising exclusively non-executive directors, the majority of whom must be independent directors.
The term of office of the members of the Committee is the same as their term of office on the Board and can be renewed at the same time as their term on the Board is renewed.
The Committee comprises at least three and no more than five members; it elects a Chairman from among its members.
The Committee meets at least twice a year and whenever it deems it necessary in order to perform its duties.
In order to form a quorum, half of the members of the Committee, and at least two members, must be present.
The Committee reports to the Board.

### 2. Role of the Committee in respect of nominations

The Committee makes recommendations to the board of directors regarding the nomination of the directors. The role of the Committee is to ensure that the appointment and re-appointment process for directors is organised/planned objectively and professionally.
Specifically, the Committee:

- establishes procedures for nominating directors ;
- periodically reviews the size and composition of the Board of Directors and may make recommendation to the Board of Directors to make changes thereto ;
- identifies and puts forward the candidates for any vacant posts for the approval of the Board of Directors ;
- issues its opinion on the proposed nominations put forward by shareholders ;

The Committee also ensures that sufficient and regular attention is paid to the succession of the executive managers.
The Committee

- examines questions relating to the succession of executive managers. The Managing Director-CEO is entitled to submit proposals to the Committee relating to the succession of his management team.
- The Chairman of the Board of Directors can be involved in the discussions but may not chair the Committee when it is called on to discuss the appointment of his successor.
- Ensures that a management evaluation policy, talent development programmes and diversity promotion programmes are established.

### 3. Role of the Committee in respect of remunerations

The Managing Director-CEO attends the meetings of the Committee when it discusses the remuneration of the other members of the executive management.
The Committee submits proposals to the Board of Directors relating to the remuneration policy for the non-executive directors and the subsequent proposals to be submitted to the shareholders.
The Committee makes proposals to the board on the remuneration policy, which should be designed to attract, reward and retain the necessary talent and promote the achievement of strategic objectives and sustainable value creation. The Committee prepares the remuneration report in accordance with the provisions of the Belgian Companies and Associations Code, which the board of directors will append to the Corporate Governance Statement.

The remuneration policy of the executive management covers at least the following:

- The main terms and conditions of the contracts, including the main features of the pension plans and the provisions relating to early termination;
- The key criteria used to determine the remuneration policy, including the relative share of each component of the (fixed and variable) remuneration, the (individual and overall) performance criteria for the variable remuneration components and the payments in kind.
- The Committee makes recommendations on the individual remuneration of the directors and the executive managers, including any share or non-share related bonuses and long-term incentive schemes awarded in the form of stock options or other financial instruments.
- At their request, the Nomination and Remuneration Committee performs the tasks described above at the subsidiaries where Texaf is a controlling shareholder.