Corporate Governance Statement

The Company adheres to the corporate governance principles set out in the 2009 Belgian Code of Corporate Governance published on the website www.corporategovernancecommittee.be. It has published its Corporate Governance Charter on its website (www.dieteren.com) since 1 January 2006. For the implementation of the principles of the Code, the Company took into consideration the particular structure of its share capital, with a majority family shareholder ensuring the stability of the Company since 1805. Exceptions to the Code are set out on page 90.

1. Composition and Functioning of The Board and Executive Management Bodies

1.1. BOARD OF DIRECTORS

1.1.1. Composition

The Board of Directors consists of:

- five non-executive Directors, appointed upon proposal of the family shareholders;
- four non-executive Directors, three of whom are independent, chosen on the basis of their experience;
- the managing director (Group CEO).

The Chairman and Deputy Chairman of the Board are selected among the Directors appointed upon proposal of the family shareholders. Two female directors sit on the Board. At least one of them is a member of each Committee of the Board. The appointment of two additional female directors will be proposed at the next Annual General Meeting.

1.1.2. Roles and activities

Without prejudice to its legal and statutory attributions and those of the General Meeting, the role of the Board of Directors is to:

- determine the Company's strategy and values;
- approve its plans and budgets;
- decide on major financial transactions, acquisitions and divestments;
- ensure that appropriate organization structures, processes and controls are in place to achieve the Company's objectives and properly manage its risks;
- appoint and revoke the CEO and, based on a proposal by the latter, the other members of the Executive Committee and determine their remuneration;
- monitor and review day-to-day management performance;
- supervise communications with the Company's shareholders and the other interested parties;
- approve the Company's statutory and consolidated financial statements, as well as set the dividend which will be proposed to the General Meeting. In that framework, the Board of Directors intends to maintain its ongoing policy of providing the largest possible self-financing, which has supported the Group's development, with a view to strengthen its equity capital and to maintain quality financial ratios. Absent major unforeseen events, the Board will ensure a stable and, results permitting, steadily growing dividend.

Composition of the Board of Directors (as at 31 December 2017)		Joined the Board in	End of term
Nicolas D'Ieteren (42)[1,2]	**Chairman of the Board** BSc Finance & Management (University of London); Asia Int'l Executive Program and Human Resources Management in Asia Program (INSEAD). Led projects at Bentley Germany and Porsche Austria. From 2003 to 2005, finance director of a division of Total UK. Since 2005, managing director of a private equity fund investing in young companies.	**2005**	**June 2019**
Olivier Périer (46)[1,2]	**Deputy Chairman of the Board and Chairman of the Strategic Committee** Degree in architecture and urban planning (ULB). Executive Program for the Automotive Industry (Solvay Business School). International Executive, Business Strategy Asia Pacific and International Director Programs; Certificate in Global Management (INSEAD). Founding partner of architectural firm Urban Platform. Managing director of SPDG, a private holding company, since 2010. Chairman, member of the advisory board or of the supervisory board of various venture capital companies.	**2005**	**June 2019**
Axel Miller (52)	**Chief Executive Officer** Law degree (ULB). Partner at Stibbe Simont, then at Clifford Chance (1996-2001). After holding several executive positions within the Dexia Group, became Chairman of the Executive Committee of Dexia Bank Belgium (2002-2006) and CEO of Dexia s.a. (2006-2008). Managing Partner at Petercam from 2009 to March 2012. Chairman of the Boards of Directors of Belron and Moleskine. Directorships: Carmeuse (Chairman), Spadel, Duvel Moortgat.	**2010**	**May 2018**
GEMA sprl[1]	**Non-executive Director – Permanent representative: Michel Allé (67)** Civil engineer and economist (ULB). Joined Cobepa in 1987, member of its Executive Committee (1995-2000). CFO of Brussels Airport (2001-2005). CFO of SNCB Holding (2005-2013). CFO of SNCB (2013-2015). Director of Elia and Chairman of the Board of DIM3. Professor at ULB.	**2014**	**May 2018**
s.a. de Participation et de Gestion (SPDG)[1]	**Non-executive Director – Permanent representative: Denis Pettiaux (49)** Civil engineer in physics and Executive Masters in Management (ULB). Member of SPDG Executive Committee, in charge of finance and a non-executive Member of various Boards of Directors, advisory boards and investment committees. Joined Coopers & Lybrand in 1997. Until 2008, Director of PricewaterhouseCoopers Advisory in Belgium. Until 2011, Director of PricewaterhouseCoopers Corporate Finance in Paris.	**2001**	**May 2018**
Nayarit Participations s.c.a.[1]	**Non-executive Director – Permanent representative: Frédéric de Vuyst (44)** Bachelor of Law (Université de Namur), BA Business & BSc Finance (London Metropolitan, School of Business). Managing Director Corporate & Investment Banking at BNP Paribas Belgium until 2008. Integration Committee Investment Banking and Management Board Corporate & Public Bank at BNP Paribas Fortis until 2012. Since then, Managing Director of a private equity company.	**2001**	**May 2018**
Pierre-Olivier Beckers sprl	**Independent Director – Permanent representative: Pierre-Olivier Beckers (57)** Master in Management Sciences (LSM), Louvain-la-Neuve. MBA Harvard Business School. Career at Delhaize Group (1983-2013). Chairman of the Executive Committee and managing director of Delhaize Group (1999-2013). Chairman of the Belgian Olympic and Interfederal Committee since 2004. Member of the International Olympic Committee (IOC) and Chairman of its Audit Committee. Chairman of the Coordinating Committee for the 2024 Paris Olympics. Advisor to and investor in various recently-formed companies.	**2014**	**May 2018**
Christine Blondel (59)	**Independent Director** Ecole Polytechnique (France), MBA (INSEAD). Management Consultant (1981 to 1984), Procter & Gamble (1984 to 1993), first female Director at the Wendel International Centre for Family Enterprise at INSEAD (until 2007), where she is still an Adjunct professor. Founder of Family Governance, advising family businesses. Director of INSEAD Foundation.	**2009**	**June 2021**
Pascal Minne (67)	**Non-executive Director** Law degree (ULB), Masters in Economics (Oxford). Former partner and Chairman of PwC Belgium (until 2001). Former Director of the Petercam Group (until 2015). Chairman Wealth Structuring Committee Banque Degroof Petercam. Various Directorships. Emeritus Professor at ULB.	**2001**	**May 2018**
Michèle Sioen (52)	**Independent Director** Degree in economics. CEO of Sioen Industries, a company specialised in technical textiles. Honorary Chairman of the FEB. Various Directorships, notably Sofina, Fedustria and Guberna.	**2011**	**June 2019**

(1) Director appointed upon proposal of family shareholders.

(2) Roland D'Ieteren, who reached the 75-year age limit in January 2017, announced his decision to retire as Director and Chairman of the Board at the Annual General Meeting of 1 June 2017. He was succeeded as Chairman of the Board by Nicolas D'Ieteren, with effect from the same date.

The Board of Directors meets at least six times a year. Additional meetings are held if necessary. The Board of Directors' decisions are taken by a majority of the votes, the Chairman having a casting vote in case of a tie. In 2017, the Board met 9 times. All of the Directors attended all of the meetings, except for Mrs Michèle Sioen, who was excused for 5 meetings, Mr Pascal Minne, who was excused for two meetings and Mme Christine Blondel and M. Pierre-Olivier Beckers, each excused for one meeting.

1.1.3. Tenures of Directors

Having reached the age limit of 75, Mr Roland D'Ieteren retired as a Director and Chairman of the Board at General Meeting on 1 June 2017. He was succeeded as Chairman of the Board by Nicolas D'Ieteren, with effect from the same date. The tenure of Mrs Christine Blondel was renewed at the same General Meeting for a period of 4 years.

1.1.4. Committees of the Board of Directors

Composition (at 31/12/2017)	Audit Committee[1]	Nomination Committee	Remuneration Committee[1]
Chairman	Pascal Minne	Chair to be appointed	Chair to be appointed
Members	Christine Blondel[2]	Christine Blondel[2]	Pierre-Olivier Beckers[3]
	Frédéric de Vuyst[4]	Nicolas D'Ieteren	Christine Blondel[2]
	Denis Pettiaux[5]	Pascal Minne	
		Olivier Périer	

(1) Given their respective education and management experience in industrial and financial companies, the members of the Audit Committee, on the one hand, and of the Remuneration Committee, on the other, have the expertise in accounting and audit required by law for the former, and in remuneration policy for the latter.
(2) Independent Director.
(3) Permanent representative of Pierre-Olivier Beckers sprl. Independent Director.
(4) Permanent representative of Nayarit Participations s.c.a.
(5) Permanent representative of SPDG s.a.

The Audit Committee met 4 times in 2017. These meetings were held in the presence of the Auditor. All of its members attended all of the meetings. The Nomination Committee met twice in 2017. All of its members attended all of the meetings. The Remuneration Committee met twice in 2017. All of its members attended all of the meetings. Each Committee has reported on its activities to the Board.

Functioning of the Committees

Audit Committee

On 31 December 2017, the Audit Committee comprised of four non-executive Directors, with at least one independent Director. The Audit Committee's terms of reference primarily include the monitoring of the Company's financial statements and the supervision of the risk management and internal controls systems. The Committee reviews the auditor's reports on the half-year and annual financial statements of the subsidiaries which are consolidated into the Company's accounts. The Audit Committee meets at least four times a year, including at least once every six months in the presence of the Auditor, and reports on its activities to the Board of Directors. At least one specific meeting is dedicated to the supervision of the risk management and internal controls systems. The Auditor KPMG, appointed by the Ordinary General Meeting of 1 June 2017, has outlined the methodology for auditing the statutory and consolidated statements as well as the applicable materiality and reporting thresholds. The Committee's charter adopted by the Board is set out in Appendix I of the Charter published on the Company's website.

Nomination Committee

On 31 December 2017, the Nomination Committee comprised of four non-executive Directors, with at least one independent Director. The Committee makes proposals to the Board concerning appointments of non-executive Directors, the CEO, and based on a proposal by the latter, the other members of the Executive Committee, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter, adopted by the Board, is set out in Appendix II a of the Company Governance Charter available on the Company's website.

Remuneration Committee

On 31 December 2017, the Remuneration Committee comprised of two independent non-executive Directors. The Committee makes proposals to the Board regarding the remuneration of the non-executive Directors, the CEO, and, based on a proposal by the latter, the other members of the Executive Committee, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee also prepares the remuneration report and comments it during the Annual General Meeting. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter adopted by the Board is set out in Appendix II b of the Corporate Governance Charter available on the Company's website.

On 28 February 2018, the Board of Directors decided to merge the Nomination Committee with the Remuneration Committee. The new Committee will contain five Directors: the Chairman of the Board, who will chair the meetings, the Deputy Chairman of the Board and three Independent Directors.

Strategic Committee

The Strategic Committee meets once a month and brings together the representatives of the family shareholders, the CEO and the other members of the Executive Committee in order, amongst other, to discuss the company's activities, to examine the progress of strategic and investment projects and to prepare Board meetings.

Policy for transactions and other contractual relationships not covered by the legal provisions on conflicts of interest

Directors and managers are not authorised to provide paid services or to purchase or sell goods, directly or indirectly, to or from the Company or its Group companies within the framework of transactions not covered by their mandates or duties, without the specific consent of the Board of Directors, except for transactions realised in the normal course of business of the Company. They are to consult the Chairman or CEO, who shall decide whether an application for derogation can be submitted to the Board of Directors; if so, they will notify the details of the transaction to the Company secretary, who will ensure that the applicable rules are complied with. Such transactions shall only be authorised if carried out at market conditions.

Evaluation of the Board and its Committees

The Board and its Committees assess on a regular basis, and at least once every three years, their size, composition, procedures, performance and their relationships with the management, as well as the individual contribution of each Director to overall functioning, in order to constantly improve the effectiveness of their actions and the contribution of said actions to the Group's proper governance.

The Board received the conclusions of the last triennial self-assessment of the Board and its Committees in August 2015. This self-assessment was carried out using a detailed written questionnaire sent to each Director and covering various aforementioned assessment criteria, the responses of which were gathered by a work group made out of three Directors who are members of the Nomination Committee. These Directors presented a summary of the answers to the questionnaire to the Board of Directors, and they made concrete recommendations.

1.2. GROUP EXECUTIVE MANAGEMENT

The CEO is responsible for the day-to-day management of the Company and is assisted by an Executive Committee. On 31 December 2017, the Group Executive Committee was comprised of the Group CEO (Chairman of the Group Executive Committee), the Group CFO and the member responsible for business support and development to the Group's existing and new activities.

Composition of the Executive Committee (at 31 December 2017)		Start of term
Axel Miller (52)	Chairman of the Executive Committee – Chief Executive Officer (see profile above)	2013
Arnaud Laviolette (56)	Member of the Executive Committee – Chief Financial Officer Master's in Economics (UCL). Almost 25 years in banking, Head of Corporate Finance, Corporate Clients and member of the Board of Directors at ING Belgium (until 2013). Director for investments at GBL from 2013 to June 2015. Director at Belron and Moleskine. Non-Executive Director at Rossel.	2015
Francis Deprez (52)	Member of the Executive Committee Master's in Applied Economics (UFSIA Anvers) and Master's in Business Administration (Harvard Business School). Associate (1991-1998) and Partner (1998-2006) at McKinsey & Company Belgium. At the Deutsche Telekom Group, Managing Director of the Center for Strategic Projects (2006-2011), Chief Strategy and Policy Officer at Deutsche Telekom AG (2007-2011), member of the Supervisory Boards at T-Mobile International (2007-2009) and T-Systems International (2008-2011), Chief Executive Officer at Detecon International Gmbh (2011-2016). Director at Belron and Moleskine.	2016

Together the members of the Group Executive Committee act collegially and are responsible, at Group level for, amongst other, the monitoring and development of the Group's businesses, strategy, human resources, finance, financial communication, investor relations, account consolidation, management information systems, treasury, M&A, legal and tax functions.

1.3. EXECUTIVE MANAGEMENT OF THE THREE BUSINESSES

D'Ieteren Group owns three businesses which each have their own executive management structure: the automobile vehicle distribution in Belgium (D'Ieteren Auto), Belron and Moleskine.

D'Ieteren Auto, which is an operational department of D'Ieteren SA/NV without separate legal status – is managed by the CEO of D'Ieteren Auto, reporting to the Group CEO. The CEO of D'Ieteren Auto chairs a management committee comprising six other members responsible for Finance and Operations, IT, Research, Marketing & Training, Brands & Network Management, New Mobility as well as Human Resources.

Belron, of which D'Ieteren owned 54.85% on 7 February 2018, is governed by a Board of Directors consisting of 6 members: the 3 members of the Group Executive Committee, 2 members appointed by CD&R (minority 40% shareholder in Belron) and the CEO of Belron. The Board of Belron is chaired by the Group CEO.

Moleskine, a fully-owned subsidiary of D'Ieteren, is governed by a Board of Directors consisting of 6 members: the three members of the Group Executive Committee, the former CEO of Moleskine (who presides over the meetings) and the current CEO and CFO of Moleskine.

1.4. EXTERNAL AUDIT

The external audit is conducted by KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Alexis Palm, whose term to audit the statutory and consolidated accounts for 2017, 2018 and 2019 was renewed at the General Meeting of 1 June 2017.

The total fees charged by the Statutory Auditor and linked companies for the work carried out in 2017 on behalf of D'Ieteren SA/NV and linked companies amounted to EUR 4.3 million, excluding VAT. Details of the fees are included in note 32 of the 2017 Consolidated Financial Statements (page 68).

DEROGATIONS TO THE 2009 BELGIAN CORPORATE GOVERNANCE CODE

The Company derogates from the Code on the following principles:

DEROGATION TO PRINCIPLE 2.2.

The group of Directors appointed upon proposal of the family shareholders is in a position to dominate decisions taken by the Board of Directors. In companies where family shareholders hold a majority of the share capital, the family shareholders do not have, as do other shareholders, the opportunity to sell their shares if they do not agree with the orientations defined by the Board. Their joint or majority representation on the Board enables them to influence these orientations, thereby ensuring the shareholding stability necessary to the profitable and sustainable growth of the Company. The potential risks for corporate governance resulting from the existence of a high degree of control by the majority shareholder on the activities of the Board can be mitigated, on the one hand, by the appropriate use of this power by the Directors concerned in respect of the legitimate interests of the Company and of its minority shareholders and, on the other hand, by the long-term presence of several non-executive Directors not representative of the family shareholding, which ensures genuine dialogue on the Board.

DEROGATION TO PRINCIPLES 5.2./4 AND 5.3./1

The composition of the Audit Committee and of the Nomination Committee, each of which includes at least one independent Director, derogates from the Belgian Corporate Governance Code, which recommends the presence of a majority of independent Directors. This is because the Board believes that an in-depth knowledge of the Company is at least as important as independent status.

2. Diversity policy

The Company aims to have a diverse Board of Directors and Executive Committee. This is achieved when including amongst its members differences in background, age, gender, independence, experience and professional skills. The Company believes that teams consisting of individuals with different experiences and backgrounds will lead to diversity of thought, which is to key to well-performing governance bodies. Such diversity will provide a range of perspectives, insights and challenges necessary to support good decision making. Enhancing diversity at the board and management level also increases the pool of potential candidates, and helps to attract and retain talent.

The Nomination Committee reviews and assesses the composition of the Board of Directors and the Executive Committee, and recommends to the Board the appointment of new directors or Executive Committee members, as well as the renewal of any existing mandates. When carrying out these reviews and recommendations, the Nomination Committee will consider the candidates on merit, having due regard to the benefits of diversity (including criteria such as background, age, gender, independence (for board members), professional skills, length of service and differences both in professional and personal experiences).

On gender diversity, the Board of Directors has a specific objective, in accordance with legal requirements, to include a minimum of one third of the underrepresented gender on the Board[1]. This target is to be achieved by the 1rst of January 2019. The Board is currently composed of 10 members, including two female board members. The Board has decided to submit to the Annual General Meeting of Shareholders of 31 May 2018 a proposal to appoint two new female board members. These appointments will allow the gender diversity objective to be reached in 2018.

Reference is made to section 1 of the Corporate Governance Statement regarding other diversity criteria (age, length of service, educational and professional experience) in relation to the members of the Board of directors and the Executive Committee as of 31 December 2017.

1) The required minimum number will be rounded off to the nearest whole number.

3. Remuneration Report

3.1. DETERMINATION OF REMUNERATION POLICY FOR MANAGERS AND OF INDIVIDUAL AMOUNTS

The policy and the individual remuneration of the Company's non-executive Directors and executive management of the company are determined by the Group's Board of Directors based on the recommendations of the Remuneration Committee. The remuneration of non-executive Directors and the executive managers of Belron and Moleskine is determined by the respective Boards of each company.

D'Ieteren's Remuneration Committee, which relies on the proposals of the CEO when it concerns the other members of the Executive Committee, reviews the following elements at the end of each year and submits the following to the Board for approval:

- the remuneration of the non-executive Directors for the following year;
- the variable remuneration of the members of the Executive Committee for the past year, taking into account any annual or multi-annual criteria related to the performance of the Company and/or that of the beneficiaries;
- any changes to the fixed remuneration of the members of the Executive Committee and their targeted variable remuneration for the following year, and associated performance criteria.

The Board intends to maintain this procedure for the next two years.

3.2. REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Company implements a remuneration policy designed to attract and retain on the Board non-executive Directors with a wide variety of expertise in the various areas necessary for the profitable growth of the Company's activities. These Directors receive an identical fixed annual remuneration, independent of their presence at Board meetings. Some Directors are entitled to a fixed remuneration for rendering specific services such as Chairman or Deputy Chairman of the Board, for participating in one or more Board committees and, in some cases, for the provision of company cars. The total amount of these remunerations is shown in the following table. The non-executive Directors do not receive any remuneration related to the Company's performance. The CEO does not receive any specific remuneration for his participation on the Board of Directors.

For the year ended 31 December 2017, a total of EUR 1,310,320 was paid to the non-executive Directors by the Company, broken down as follows. No other benefit or remuneration, loan or guarantee was granted to them by D'Ieteren or its subsidiaries.

2017 (in EUR)	Base remuneration	Specialised Committees	Total remuneration
D'Ieteren R.	181,987		181,987
D'Ieteren N.	218,750		218,750
Périer O.	189,583		189,583
P.-O. Beckers sprl	70,000	20,000	90,000
Blondel C.	70,000	70,000	140,000
Gema sprl	70,000		70,000
Minne P.	70,000	80,000	150,000
Nayarit sca	70,000	30,000	100,000
Sioen M.	70,000		70,000
SPDG	70,000	30,000	100,000
Total	**1,075,417**	**230,000**	**1,310,320**

3.3. REMUNERATION OF THE EXECUTIVE MANAGERS

General principles

At 31 December 2017, the executive management team, defined as the Members of the Executive Committee, was comprised of Axel Miller (President of the Executive Committee), Arnaud Laviolette and Francis Deprez. The Group has its own remuneration policy for attracting and retaining managers with the appropriate background and motivating them by means of appropriate incentives. This policy is based on external fairness criteria, measured in terms of comparable positions outside the Group, and on internal fairness criteria between colleagues within the Company.

The policy aims to position total individual remuneration of the Members of the Executive Committee around the median remuneration for positions of similar responsibility in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

Description of the various components

Axel Miller's managing director's contract comprises the following remuneration components:

- an 'all-in' annual fixed base remuneration of EUR 750,000, which includes benefits of all kinds related to the provision of company cars, a mobile phone and a remuneration for the exercise of Directorships in Group subsidiaries;
- a variable remuneration comprising:
    - an annual variable remuneration, with a target set at approximately 50% of the fixed remuneration;
    - and a long-term incentive plan in the form of share options.

The Company also covers the contributions to disability, life insurance and pension schemes for the benefit of the managing director for an annual amount of EUR 115,000.

The remuneration of the other members of the Executive Committee comprises:

- a fixed annual all-in base remuneration, consisting of benefits of all kinds related to the provision of company cars and mobile phones, and the remuneration for the exercise of directorships of the subsidiaries of the Group. The Company also covers the contributions to disability, life insurance and pension schemes for the benefit of each member of the Executive Committee.
- a variable remuneration comprising:
    - an annual variable remuneration, with a target at about 60% of the fixed short-term remuneration;
    - a long-term incentive plan in the form of share options.

As regards the phasing of the payment of the components of this variable remuneration over time, the Company complies with the legal requirements in terms of relative proportions relating to:

- the targeted annual variable remuneration, which shall not exceed 50% of the total variable remuneration and which, adjusted according to whether performance criteria have been met, is paid at the beginning of the year following that in which the services were provided;
- the long-term variable remuneration in the form of share options, which can be exercised at the earliest from the fourth year following the year in which they were allocated.

The allocation of the variable remuneration depends on the compliance with collective quantitative performance criteria (consolidated result compared with the budget, which includes all the objectives and missions approved by the Board of Directors with a view to creating long-term value) and qualitative individual (related to the job description) and collective (related to the development and execution of the Group's strategy, to the development of its human and financial resources, and to the conduct of specific key projects) criteria.

The annual bonus breaks down as 50% for achieving the annual quantitative objectives, and 50% for achieving the qualitative objectives. It can vary from 0% to 150% of the target in EUR, according to the result of the annual performance appraisal.

The performance of the interested parties is assessed at the start of the year following that for which the remuneration in question is being allocated, by the CEO for the Members of the Executive Committee, and by the Board for the CEO, on the recommendation of the Remuneration Committee and in accordance with the agreed performance criteria.

The **long-term incentive plan** for the Members of the Executive Committee consists of D'Ieteren stock options, the number to be decided by the Board of Directors after a proposal by the Remuneration Committee and fixed with regard to the long-term median of remunerations for positions of similar responsibilities in comparable Belgian or foreign companies, as benchmarked by independent experts. The most recent benchmarking dates from January 2016.

The features of the D'Ieteren share option schemes are those approved by the Ordinary General Meeting of 26 May 2005. These options give the right to acquire existing shares of the Company at an exercise price that corresponds, for each plan, either to the average price over the 30 calendar days preceding the offer date, or to the closing price on the working day preceding the offer date, as decided by the Chairman of the Board of Directors on the working day preceding the launch of the plan.

These options may be exercised from 1 January of the 4th year following the date they were granted and up until the end of the tenth year following their granting, with the exception of approximately 6-week periods preceding the release of the full-year and half-year financial results. The actual exercise of the options depends on the evolution of the share price, which may allow them to be exercised after the 3-year vesting period. Additional details on the share option plans are provided in Note 7 of the consolidated financial statements.

Remuneration allocated to the Executive Committee for 2017

The following table summarises the various categories of remuneration of the Executive Committee allocated for 2017. In 2017, in addition to the remuneration decisions described above, the Board of Directors decided to award the members of the Executive Committee, on a discretionary basis, an exceptional, non-recurring bonus in recognition of the successful completion in 2017 of two projects that were of strategic importance to the Group (i.e. the refinancing of Belron followed by the payment of a dividend to the company, and the sale of a minority stake in Belron to a new partner).

2017 (EUR)	CEO[1]	Other members of the Executive Committee[1]	Total
Fixed remuneration	750,000	1,019,000	1,769,000
Short-term variable remuneration[2]	350,000	639,000	989,000
Contribution to disability, pension and life insurance	115,000	241,000	356,000
Exceptional payment linked to strategic projects	1,400,000	2,200,000	3,600,000

1) With an independent contract
2) For a breakdown of the variable remuneration, see previous page "Description of the various components"

Moreover, 120,000 share options were granted to the Members of the Executive Committee for the fiscal year 2017, at a strike price of EUR 41.8 per D'Ieteren share, allocated as follows:

2017	Granted options	Exercised options	Expired options
Axel Miller (CEO)	50,000	-	-
Arnaud Laviolette (CFO)	40,000	-	-
Francis Deprez	30,000	-	-

Main contractual conditions concerning the departure of executive management and the right to claim reimbursement for all or part of the variable remuneration

Barring cases of unprofessional conduct, incapacity or gross negligence, the contracts of Executive Committee Members allow for 12 months of severance pay.

The contracts of executive managers do not contain claw-back clauses that are applicable if the variable remuneration has been allocated on the basis of false information.

4. Internal controls and risk management systems

The Board of Directors performs its control duties by (i) ensuring that D'Ieteren's entities correctly perform their own control duties and that committees entrusted with special survey and control tasks (such as the Audit Committee and Remuneration Committee) are put in place and function properly and (ii) ensuring that reporting procedures are implemented to allow the Board to follow up the entities' businesses at regular intervals, notably regarding the risks they face.

The Board of Directors is assisted by the Audit Committee in the exercise of its control responsibilities for the Company's entities, in particular with respect to the financial information distributed to shareholders and to third parties and the monitoring of the different risk management and internal control mechanisms.

Against this background, the effectiveness of D'Ieteren's system of controls, including operational and compliance controls, risk management and the Company's internal control arrangements, has been maintained. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Reviews have included an assessment of both financial and operational internal controls by the internal audit of each entity and reports from the external auditor on matters identified in the course of its statutory audit work.

4.1. INTERNAL CONTROL ENVIRONMENT

4.1.1. The system of internal control includes but is not limited to:

- clear definition of the organizational structure and the appropriate delegation of authorities to management;
- maintenance of appropriate separation of duties together with other procedural controls;
- strategic planning and the related annual budgeting and regular review process;
- monthly reporting and review of financial results and key performance statistics;
- adoption of accounting procedures to help ensure the consistency, integrity and accuracy of the company's financial records;
- specific treasury policies and the regular reporting and review of all significant treasury transactions and financing activities;
- procedures for the authorisation of capital expenditure;
- internal audit reviews;
- implementation of action plans and audit recommendations on an annual basis;
- policies and business standards;
- country visits and discussions with local management;
- quarterly reporting to D'Ieteren's Audit Committee.

4.1.2. The effectiveness of the system of internal control is assured by the following:

- independence of the head of internal audit is ensured by direct reporting to the Audit Committee;
- strengthening of the Corporate team;
- review of internal and external audit plans (including IT audit missions and fraud risks);
- review of any significant reported unsatisfactory control matters;
- review of any control issues that arise from internal and external audits together with any additional matters brought to the attention of the Audit Committee;
- mapping of any significant risks identified by the company's risk management process;
- annual and multi-annual audit plans that are submitted and reviewed annually by the Audit Committee;
- discussions with management on any significant new risk areas identified by management and the internal and external audit processes;
- prioritization of the control missions based on the risk profile.

D'Ieteren's Audit Committee receives regular reports on the work carried out by the Audit Committee of each activity before itself reporting to the Board.

4.2. ASSESSMENT OF BUSINESS RISK

4.2.1. D'Ieteren ensures that business risks, whether strategic, operational, reputational, financial, legal or environmental, are both understood and visible as far as practicable. D'Ieteren's policy is to ensure that risk is taken on an informed rather than an unintentional basis.

4.2.2. Each entity conducts an annual risk review and updates its risk register with each risk's impact and mitigation measures. This approach forms the cornerstone of D'Ieteren's risk management activities, the aim of which is to ensure that the major risks the Company faces have been identified and assessed, and that there are controls either in place or planned to manage these risks.

The main risks the company faces are summarised hereafter.

4.3. INTERNAL AUDIT

4.3.1. Each entity has its own internal audit function, which is independent of its external auditors and which may work in partnership with an outsourced provider, where specialist skills are required. A periodic review ensures that these functions are appropriately staffed, that their scope of work is adequate in the light of the key identified risks the entity faces and that the annual internal audit plan is properly approved.

4.3.2. The Audit Committee of each entity ratifies the appointment and dismissal of its internal audit manager and assesses her/his independence and objectivity and helps ensure that she/he has unfettered access to management and to the Audit Committee.

4.3.3. The role of internal audit of each entity is to:

- assess the design and effectiveness of control systems governing key operational processes and risks;
- provide an assessment, independent of management, of the adequacy of the entity's internal operating and financial controls, systems and practices;
- provide advisory services to management in order to enhance the control environment and improve business performance;
- provide a mapping of any significant risks identified by the company's risk management process.

4.4. KEY RISKS

4.4.1. Business risks

4.4.1.1. Industry risk

The automobile distribution business may be impacted by several factors relating to the car industry and the volume of cars sold on the Belgian market. Overall demand and mix may be affected by factors including general economic conditions, changes in the fiscal regime, the rising success of car sharing and the availability of credit to potential buyers. Specific demand for the distributed brands (VW, Audi, SEAT, Škoda, Porsche, Lamborghini, Bugatti, Bentley and Yamaha) depends on the success of the models developed by their automotive suppliers (the VW Group and Yamaha) and their adequate pricing on the Belgian market. Demand for less polluting vehicles drives changes in the composition of the overall vehicle fleet, with an increasing number of vehicles equipped with petrol engines or new engines (hybrid, plug-in hybrid, electric, natural gas, etc). The improved quality of cars in general and the rising share of electric vehicles drives down their maintenance frequency, which in turn has a negative impact on the sale of spare parts and revenues from after-sales activities. The rising share of electric vehicles will exacerbate this negative trend. Note that the rising penetration of electric vehicles will create new opportunities for D'Ieteren (e.g. offering of integrated systems, including solar panels and home batteries). Market volumes are set to decline in the bodywork sector as new technologies result in a lower accident rate. The price per bodywork job is however set to rise due to increasing technological complexity (e.g. advanced driver assistance system (ADAS) sensors and cameras). Volatility of used car prices and a shift in demand for specific engines (e.g. shift from diesel to petrol) may affect residual values of leasing cars.

In the vehicle glass repair and replacement business, several unfavourable factors tend to reduce the frequency of glass breakage. These include: mild weather conditions, a reduction in the number of miles driven, improved road conditions, a reduction of average speed on roads as a result of speed limit enforcements and new technologies such as adaptive cruise control. Changes in insurance policies regarding glass breakage, such as an increase of deductibles, may reduce demand or increase price pressure. There have been no changes in the competitive environment recently, with Saint Gobain continuing to build its franchise network in Europe and national competitors remaining aggressive on price. In some countries there is an external price-setting mechanism or benchmark (e.g. NAGS in US, Audatex in Germany) on which Belron is dependent.

Moleskine faces diverse and fragmented competition from other players in the stationary sector and there are numerous competing products that are similar to Moleskine's notebooks. Economic downturns could have a negative impact on demand for discretionary consumer goods. Increasing digital penetration could also negatively impact demand for Moleskine's analogue products. The wholesale channel of Moleskine deals with "bricks and mortar" retailers who are under pressure from online retailers and changing consumer behaviour. Moleskine tries to mitigate this risk by helping the "bricks and mortar" retailers to improve the in-store experience. The risk is also tempered by Moleskine's multi-channel (including e-commerce) approach. Moreover, new product categories are being developed including the digital products and smart writing sets (with Moleskine+) and travel accessory (with bags). Moleskine has also strengthened its local presence by going direct in 12 countries, including the US and Germany.

Developments are actively monitored by each entity and fed in to a planning process including strategic planning, long-term financial planning, budgets and monthly reporting. This process allows early anticipation of these trends or swift reactions to sudden events and provides management with a base for making decisions regarding the range of products and services offered, their pricing and the optimum size of the organisation.

Where business is by essence subject to rapid changes in demand, structures have been adapted to provide the maximum flexibility. D'Ieteren Auto's Market Area project is a good illustration of this, as are the restructuring measures in the UK, Netherlands and Italy for Belron.

4.4.1.2. Strategy execution risk

Project implementation entails the investments and financial and operational risks that can impact the results. Project management governance ensures the best transition possible and prevents any negative effect on the activities and results.

D'Ieteren Auto's three strategic projects (Market Area, Pole Position, Powered by You), which were launched in 2014, are reaching completion. This strategy, aimed at strengthening the Company's leadership and profitability, is based on three pillars. The first is the reorganization of the D'Ieteren Car Centers (the company's corporately-owned dealerships in the Brussels region), in order to improve their financial and commercial performance. The number of sites was reduced from 12 in 2003 to 5 at the end of 2017. The second pillar is the optimization of the independent dealer network by dividing the territory into 25 homogeneous market areas that are each fully-owned and run by a single investor, the Market Area Leader, in order to improve their competitive positioning and leverage synergies. The third, and last, pillar is the overhaul of D'Ieteren Auto's internal structure in order to align it with the Market Area structure and to improve customer-centricity. This includes, for example, the roll-out of a CRM (customer relationship management) system and digital marketing, which should enhance the customer experience. Mobility is set to change fundamentally in the long term, with a growing share of connected, shared and electric vehicles and the arrival of autonomous vehicles. This will not only entail risks, but also opportunities. D'Ieteren Auto aims to become the natural choice for mobility in Belgium, evolving from being the market leader in new car sales to the market leader in the number of kilometres travelled. To realize this ambition, D'Ieteren Auto will need to be able to offer new services such as online sales or an electric vehicles ecosystem. This will require investments and new partnerships. A recent example of these new initiatives is Lab Box, a fully-owned subsidiary of D'Ieteren Auto established in 2017 to develop innovative mobility services and which launched Poppy, a car sharing service, in January 2018 in Antwerp.

Belron increased its investment in marketing and technology by upgrading its IT systems and gradually integrating digital customer tools. In addition to the above, the business continues to implement its service extension strategy including vehicle bodywork and home assistance/repair services. Such a potential diversification entails acquisition, financial and operational risks and deviates from vehicle glass repair and replacement, Belron's historic activity.

In its effort to maintain the growth of its activities at a high level, Moleskine relies on the strength of its brand to launch different initiatives, like the Moleskine Café and the bags product range. The Retail channel continued to be loss-making in 2017. Initiatives (e.g. improved logistics and service levels, introduction of the new store concept-Retail 2.0) are being implemented to make this channel profitable.

4.4.1.3. Brand reputation

The success of D'Ieteren's entities is closely connected with the brand image, so it is potentially exposed to certain events that may prejudice it. Any event that could have adverse effects on the brand image, whether internal (for example inability to adequately communicate the underlying values of the brands and their distinctive features) or external (for example, the dissemination by third parties of untrue or misleading information) could have a material adverse effect on the business, results and financial health. These reputational risks are mitigated through community engagement, sound ethical, environmental, labour and safety standards and respect for laws and regulations.

4.4.1.4. Trademark and intellectual property protection

D'Ieteren's businesses aim to protect their trademarks and intellectual property. The value of the D'Ieteren businesses could be compromised however if the protection of the brand or of any other intellectual property rights associated with the products and services becomes impracticable or particularly difficult or onerous.

4.4.1.5. Business seasonality

D'Ieteren's activities may be subject to seasonal fluctuations. For example, Moleskine's sales through the B2B, e-Commerce and Retail channels peak in the fourth quarter of each financial year. Belron's sales benefit from frosty winters and D'Ieteren Auto's sales tend to be stronger during the first quarter of the year when the Brussels Car Show takes place.
As a result of these quarterly fluctuations, comparisons of revenues and results of operations between different quarters within a single financial year are not meaningful and such comparisons cannot be relied upon as an indication of future revenues or results of operations of a full year.

4.4.1.6. Sourcing risk

D'Ieteren Auto imports and distributes new cars and spare parts of the brands and models of the Volkswagen Group. The relationship with Volkswagen has been built over 70 years and is formalized in wholesale agreements with each of the brands with no specified end dates. Any adverse changes to the terms of the agreements, any deterioration in the relationship with the Volkswagen Group or any significant change in policy towards independent importers is likely to have an adverse effect on the financial condition and the results of the entity. The key defence against this risk resides in the company's ability to demonstrate to the Volkswagen Group its added value through state-of-the-art logistics, the professionalization of the Belgian dealer network and in-depth knowledge of the Belgian market. The company is strictly aligned to the commercial, marketing and services policies of the Volkswagen Group.

The vehicle glass repair and replacement business is critically dependent on the supply of vehicle glass, polyurethane and repair resin. To ensure that the loss of a key supplier in any of these areas does not significantly disrupt its operations, purchasing teams have developed a strategy to diversify sourcing and actively allocate volumes.

Moleskine's production is entirely subcontracted to producers in China, Vietnam and Europe. If Moleskine replaces one or more of its principal suppliers of raw materials, semi-finished or finished products, it may have to bear higher supply costs and charges or delays in delivery times and it may experience greater difficulty in maintaining its quality standards and possibly in meeting contractual obligations or retaining its relationships with distributors and/or customers. To manage this risk the company avoids extreme concentration in terms of number of factories/suppliers.

Failure by suppliers to comply with standards of ethical conduct could tarnish D'Ieteren's reputation.

4.4.1.7. Input price risk

Profitability can be impacted by rising input prices. It is not always possible to fully pass on price hikes to customers or to offset higher input prices through hedging and efficiency measures.

4.4.1.8. Key account risk

A significant part of D'Ieteren Auto and Belron's activity concerns large key accounts such as businesses, leasing companies or insurers. Any loss of one or several major key account(s) could have an adverse effect on financial health and the results.

The implementation of D'Ieteren Auto's Market Area Strategy, whereby the Belgian market will be subdivided into 25 Market Areas that will each be led by a Market Area Leader will result in a sharp reduction in the number of counterparts and a significant increase in their size. The concentration risk is however mitigated by the fact that the network consolidation has led to the professionalization of the dealerships. Moreover, D'Ieteren Auto is providing the dealers with support and tools (e.g. digitization).

As Moleskine's business model is transitioning from a predominantly wholesale business to a direct-to-consumer model, risks related to customer concentration are diminishing.

Each entity of the D'Ieteren Group undertakes actions to ensure that its relationship with key accounts remains strong while focusing on customer satisfaction. Every major account has a dedicated manager who develops a key account plan with clear objectives on how to develop the relationship further. Each entity ensures that its customer portfolio remains sufficiently balanced.

4.4.1.9. Product/service failure risk and non-compliance with standards and regulations

Vehicles or spare parts distributed by D'Ieteren Auto may be subject to a major defect. In this case, the technical response to such a failure is organised by the Volkswagen Group. Such situations may however have a negative impact on D'Ieteren Auto's reputation as importer and distributor. In order to reduce this risk, D'Ieteren Auto has a transparent, proactive communication policy towards its customers and dealers, and organises any necessary recalls to ensure that vehicles are compliant with regulations. D'Ieteren Auto's response to "Emissiongate" showed that its crisis management procedures are effective. It acted in a fully transparent, open and honest manner while dealing with both customers and the authorities. Increasingly stringent emission regulations could affect D'Ieteren Auto's activities. This risk will be mitigated however by the Volkswagen Group's ambitious plans to develop electric cars.

The technological complexity of vehicle windscreens is on the rise as Advanced Driver Assistance Systems (ADAS) such as autonomous breaking, lane departure warnings, cross traffic alerts, park assist and surround view are more widely adopted. This trend should intensify with the development of autonomous vehicles. ADAS uses radar, sensors and cameras that are mounted on the windshield and need to be re-calibrated when the windscreen is replaced. A failure to do so could adversely impact the safety of the vehicle and as a result expose Belron (or insurers) to a legal, financial and/or reputational risk. In order to minimise this risk, Belron develops clear fitting and calibration standards, rolls them out throughout the organisation, and regularly monitors compliance through technical teams in every business unit. In addition, events such as the "Best of Belron", a worldwide competition to elect the Group's best fitter based on compliance with standards and quality of execution, reinforce the importance of the highest fitting standards. ADAS penetration is expected to rise to 40-60% of new vehicles in the next 5 years. Note that this offers opportunities for Belron given its technological leadership in the field of re-calibration.

Moleskine closely monitors the quality of the products that are manufactured by third parties. Its products are made of paper and/or other materials, the production of which may impact the environment. Moleskine is actively engaged in taking every action to comply with the highest environmental standards:

- All Moleskine notebooks are made with acid-free paper, making them environmentally friendly products;
- Moleskine creates and sells FSC-certified products;
- Moleskine designs its packaging to keep waste to a minimum.

In terms of respect for universal human rights, Moleskine, Belron and D'Ieteren Auto have a deep-seated commitment to meeting the highest standards of legal and ethical conduct in their commercial dealings and employee management.

4.4.1.10. Talent recruiting and retention

Recruiting and talent management are crucial as new competences are needed to ensure the Company is well positioned for the future.

Business continuity may be impaired by the loss of personnel responsible for key business processes. Personnel retention is managed through the offer of a competitive compensation package that is regularly benchmarked against market practices, good career prospects, regular feedback and employee satisfaction surveys. Succession planning related to key personnel is regularly reviewed by the top management of each entity.

D'Ieteren Auto recently launched the CaReer Model, which increases transparency in terms of expectations, skills and results, while offering career opportunities across the business.

The management incentive programs of the activities and D'Ieteren's Corporate team are aligned with shareholder value creation.

4.4.2. IT and financial risks

4.4.2.1. Catastrophic loss risk

D'Ieteren's entities are heavily dependent on key resources such as IT systems, call centres and distribution centres. A major disaster may result in the inability of the entity to provide essential products or services either locally or globally. Absent mitigating actions, operating costs resulting from the occurrence of a disaster could be significant.

Management regularly reviews the underlying potential causes of loss and implements protective measures. In addition, Business Continuity Plans are designed to ensure continuity of the entities should a disaster occur. More specifically for IT systems, duplication of key data and systems and penetration testing for web applications mitigate the impact of a potential major system failure. Residual risk may be covered by appropriate insurance policies.

4.4.2.2. Risks related to IT projects

There are risks related to new IT and digitization initiatives. For example, Belron is introducing a new ERP system in several countries, Moleskine has implemented a new SAP system and a new e-commerce website and both Moleskine and D'Ieteren Auto are developing new CRM and BI tools. Risks associated with these projects are mitigated thanks to clear governance and support from professional service providers.

4.4.2.3. Information protection and cyber security

Information protection and cyber risk includes theft of data, manipulation or destruction of information, and reputational damage. D'Ieteren's activities have been taking appropriate steps to protect data and be compliant with the new European General Data Protection Regulation (GDPR), which will be effective as of 25 May 2018.

4.4.2.4. Liquidity risk

The activities of D'Ieteren Group are financed independently (ring-fenced). Moreover, structural financial leverage is avoided at the level of D'Ieteren S.A.

Each entity of D'Ieteren Group:

- pursues its own financing strategy under the supervision of D'Ieteren's Corporate team;
- ensures that it has a core level of committed long-term funding in place with maturities spread over several years and diversified sources;
- maintains a regular dialogue with debt providers and keeps them updated on the general situation of the company.

D'Ieteren S.A.'s net cash position increased from EUR 71.7 million at the end of 2016 to EUR 549.5 million at the end of 2017. This level increased further following the sale of a 40% stake in Belron to CD&R on 7 February 2018. The Treasury Committee (composed of D'Ieteren Group's CFO, D'Ieteren Auto's CFO and the Head of Treasury) ensures that the guidelines of the Investment Policy are abided by. The goal is to protect the capital, assure liquidity and optimize returns. Risks are mitigated through counterparty and investment diversification (e.g. term deposits, commercial paper, money market funds) and by choosing counterparts with a high credit rating.

D'Ieteren Auto has a stake of 50% minus one share in Volkswagen D'Ieteren Finance s.a. (VDFin), a joint-venture with Volkswagen Financial Services, a subsidiary of the Volkswagen Group. VDFin is financed by Volkswagen Financial Services.

Belron issued 7-year Term Loans B for an amount of EUR 1.3 billion (of which USD 1.0 billion) in October 2017. It aligns the financial structure of Belron with the profile of its activities and future financial needs while extending the duration of Belron's debt profile. It also provides more flexibility compared to the US Private Placement which was reimbursed. For example, Belron has the possibility to start reimbursing early without penalty.

The acquisition of Moleskine was financed through available cash and draw-downs on existing credit facilities at the level of D'Ieteren S.A. and through a new credit facility at the level of DM Invest S.r.l., which merged with Moleskine S.p.A. in 2017.

4.4.2.5. Interest rate and currency risk

Borrowings issued at variable rates expose the Company to cash flow interest rate risk whereas borrowings issued at fixed rates expose the company to fair value interest rate risk. To manage these risks, D'Ieteren is financed through a combination of fixed and floating rate facilities, possibly combined with derivatives-based hedges (see note 17 of the Consolidated Financial Statements 2017 concerning the financial instruments that were used). The renegotiation of credit spreads and conditions when credit facilities come up for renewal might result in less favourable terms. Belron has hedges in place to fix the interest rates of its Terms Loans B at just below 4% for a period of 5 years.

Belron's international operations are exposed to foreign exchange rate risks. The majority of the sales are denominated in US dollars, euros and pounds. In each country where Belron has a subsidiary, revenue generated and costs incurred are primarily denominated in the relevant local currency, thereby providing a natural currency hedge. Whenever possible, the policy is to hedge the value of foreign currency denominated investment with an equivalent amount of debt in the same currency to protect its value in euros.

Moleskine's exposure to exchange rate fluctuations arises from its trading activities, which may be conducted in currencies other than the euro. Revenues and costs denominated in a foreign currency may be influenced by fluctuations in the exchange rate, resulting in an impact on margins (economic risk), just as trade and financial payables and receivables and liquidities denominated in a foreign currency may be affected by foreign exchange fluctuations, impacting the statement of comprehensive income (transaction risk). Finally, exchange rate fluctuations are also reflected in consolidated net profit and equity, given that the financial statements of several subsidiaries are prepared in a currency other than the euro and then translated (translation risk).

4.4.2.6. Impairment loss on investments

Due to the evolution of economic and trading environments, and the uncertainties affecting them, D'Ieteren faces the risk of a decrease in the value of its investments. This could lead to the recognition of non-cash write-downs on shares and impairment losses in the income statement. D'Ieteren mitigates this risk by regular business review meetings with the management of each business unit, periodic review of financial performance and key performance measures and regular active reviews of the long-term financial planning and budgeting process with local management.

4.4.3. Other risks

4.4.3.1. Compliance risk

In geographies where D'Ieteren's businesses have significant market shares and/or are governed by vertical agreements that fall within the scope of Block Exemption regulations, the key legislative risk relates to Competition Law. Any breach of Competition Law can result in significant fines. There have also recently been significant changes to Data Protection legislation, with substantial fines introduced for violations.

In order to mitigate these risks, clear policies and legal monitoring have been put in place and widely communicated. Their application is audited on a regular basis.

4.4.3.2. Integrity risk

D'Ieteren's reputation or assets may be affected if employees, customers, suppliers or agents commit unethical or fraudulent acts against D'Ieteren for personal gain, or if D'Ieteren is considered jointly responsible for such acts perpetrated by third parties.

The company has implemented a series of measures aimed at avoiding these risks to the maximum extent possible, including established policies and procedures, an ethics policy or code of conduct applicable to all staff, appropriate staff training, the delegation of authority with separation of duties, management information, internal audit and financial controls.

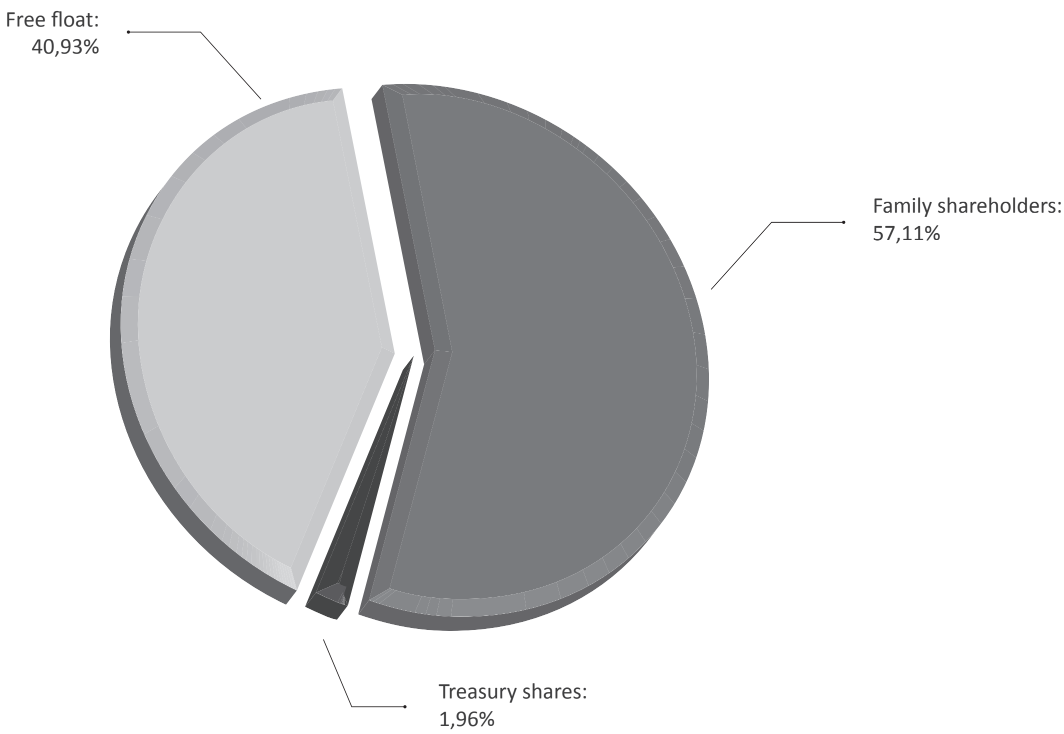
5. Capital Information

5.1. DENOMINATOR

At 31 December 2017	Number	Related voting rights
Ordinary shares	55,302,620	55,302,620
Participating shares	5,000,000	5,000,000
Total		**60,302,620**

5.2. SHAREHOLDING STRUCTURE

At 31 December 2017	In share capital	In voting rights
Family shareholders	**57.11%**	**60.66%**
of which Nayarit Group	31.99%	35.56%
of which SPDG Group	25.11%	25.10%
Treasury shares	**1.96%**	**1.80%**
Free float	**40.93%**	**37.54%**



5.3. DISCLOSURE OF SIGNIFICANT SHAREHOLDINGS (TRANSPARENCY LAW)

In compliance with Article 14 paragraph 4 of the law of 2 May 2007 on the disclosure of significant shareholdings, the shareholding structure such as it results from the latest notification received by the Company (on 10 January 2018) is presented in Note 20 (see page 52).

The Company is not aware of any subsequent notification modifying the information presented in this Note.

5.4. ELEMENTS THAT CAN HAVE AN INFLUENCE IN CASE OF A TAKEOVER BID ON THE SHARES OF THE COMPANY

In accordance with Article 74 § 7 of the Law of 1 April 2007 on takeover bids, the Company received on 20 February 2008 a notification from the Nayarit group (whose members are listed in Note 20 of the Consolidated Financial Statements, page 52), which mentions that, either separately or acting in concert with other people, on 30 September 2007, this group held more than 30% of the voting shares issued by the Company. This notification remains relevant at the date of this report.

The Extraordinary General Meeting of 5 June 2014 renewed the authorisation to the Board to:

- increase the share capital in one or several times by a maximum of EUR 60 million. The capital increases to be decided upon in the framework of the authorised capital can be made either in cash or in kind within the limits set up by the Company Code, or by incorporation of available as well as non-available reserves or a share premium account, with or without creation of new shares, either preference or other shares, with or without voting rights and with or without subscription rights. The Board of Directors may limit or waive, in the Company's best interest and in accordance with the conditions determined by the law, the preferential subscription right for the capital increases it decides, including in favour of one or more determined persons;
- decide, in the framework of the authorised capital, on the issuance of convertible bonds, subscription rights or financial instruments which may in term give right to Company shares, under the conditions set up by the Company Code, up to a maximum, such that the amount of the capital increases which could result from the exercise of the above mentioned rights and financial instruments does not exceed the limit of the remaining capital authorised as the case may be, without the preferential subscription right of bondholders.

Without prejudice to the authorisations given to the Board of Directors described in the preceding paragraphs, the Extraordinary General Meeting of 1 June 2017 also renewed the authorisation of the Board of Directors for a renewable 3-year period, to proceed - in the event of takeover bids on the Company's shares and provided the required notification has been made by the FSMA within a 3-year period as from the decision of the General Meeting - to capital increases by contribution in kind or in cash, as the case may be, without the preferential subscription right of shareholders;

The Extraordinary General Meeting of 5 June 2014 also approved the renewal of the 5-year authorization granted to the Board to purchase own shares under legal conditions, notably to cover stock option plans for managers of the Company.

In the event of a risk of serious and imminent harm occurring to the Company, the Board of Directors has the authority to transfer treasury shares either on the market or through a sale under the same conditions to all shareholders in compliance with the applicable legal conditions. This authorisation applies, under the same conditions, to the purchase or transfer of shares held in the Company by its subsidiaries as stated in articles 627, 628 and 631 of the Company Code.

The rules governing the appointment and replacement of Board members and the amendment of the articles of association of the Company are those provided for by the Company Code.

The change of control clauses included in the credit agreements concluded in 2015 with financial institutions were approved by the General Meeting of shareholders of 26 May 2016, in accordance with article 556 of the Company Code.