

TIGENIX

Naamloze vennootschap
die een openbaar beroep doet of heeft gedaan op het spaarwezen

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Belgium

VAT no BE 0471.340.123
Register of Legal Entities Leuven

Corporate Governance Charter

Last updated on 15 January 2013

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Introduction

On 12 March 2009 the Belgian Corporate Governance Committee published its 2009 edition of the Belgian Code on Corporate Governance (the “CGC”), which is a code of best practice applying to listed companies on a non-binding basis (“comply or explain” approach).

As a company incorporated under Belgian law and listed on Euronext Brussels, TiGenix NV (“TiGenix” or the “Company”) has adopted the CGC as its reference code and is committed to follow the nine corporate governance principles set forth in the CGC, i.e. :

- (i) The company shall adopt a clear governance structure.
- (ii) The company shall have an effective and efficient board that takes decisions in the corporate interest.
- (iii) All directors shall demonstrate integrity and commitment.
- (iv) The company shall have a rigorous and transparent procedure for the appointment and evaluation of the board and its members.
- (v) The Board shall set up specialised committees.
- (vi) The company shall define a clear executive management structure.
- (vii) The company shall remunerate directors and executive managers fairly and responsibly.
- (viii) The company shall enter into a dialogue with shareholders and potential shareholders based on a mutual understanding of objectives and concerns.
- (ix) The company shall ensure adequate disclosure of its corporate governance.

As required by the CGC, TiGenix has prepared this Corporate Governance Charter in order to describe the main aspects of its corporate governance policy. This Corporate Governance Charter was approved by the Board of Directors of TiGenix in its meeting of 4 May 2011 and was updated as per 15 January 2013 following a decision by the Board of Directors of TiGenix of 28 November 2012. It shall be further updated and amended from time to time.

However, the Board is of the opinion that the Company is justified in not adhering to certain principles of the Belgian Code on Corporate Governance, considering the nature and size of the Company. Such deviations include:

- Provision 6.1. of the CGC: as there are only two executive directors (the Chief Executive Officer, or CEO, and the Chief Business Officer, or CBO) and there is no executive committee (*directiecomité / comité de direction*), the Company has not drafted specific terms of reference of the executive management, except for the terms of reference of the CEO and CBO.
- Provision 7.7. of the CGC: only the independent directors shall receive a fixed remuneration in consideration of their membership of the Board of Directors and their attendance at the meetings of committees of which they are members. In principle, they will not receive any performance related remuneration in their capacity as director. However, upon advice of the nomination and remuneration committee, the Board of Directors may propose to the shareholders’ meeting to deviate from the latter principle in case in the board’s reasonable opinion the granting of any performance related remuneration would be necessary to attract independent directors with the most relevant experience and expertise.

The Corporate Governance Charter is available, together with TiGenix' Articles of Association, on TiGenix' website (www.tigenix.com) and will be updated as required in case of any change made to TiGenix' corporate governance policy.

In addition, TiGenix will provide, in its Annual Report, a Corporate Governance Statement containing factual information relating to its corporate governance policy, including changes to the Corporate Governance Charter together with relevant events that took place during the year under review. If necessary, the Board of Directors shall provide explanations of where it has departed from the provisions laid down in the Corporate Governance Charter or the Corporate Governance Code and why it has done so.

The Company can be reached at the following address:

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1 Structure and organization of TiGenix

1.1 General information and legal structure

TiGenix NV is a limited liability company (“*Naamloze Vennootschap*”/“*Société Anonyme*”) organized and existing under the laws of Belgium. It is a public company within the meaning of article 438 of the Belgian Companies Code.

1.2 Group structure

The Company has (i) a wholly owned subsidiary in New York (USA) named TiGenix Inc, which is a limited liability company organized and existing under the laws of Delaware (USA), (ii) a wholly owned subsidiary in Cambridge (UK) named TiGenix Ltd (formerly: Orthomimetics Ltd), which is a limited liability company organized and existing under the laws of England and Wales, (iii) a wholly owned subsidiary in Geleen (the Netherlands), named TiGenix B.V., which is a limited liability company organized and existing under the laws of the Netherlands, (iv) a wholly-owned subsidiary in Madrid (Spain) named TiGenix SAU (formerly: Cellerix S.A.), which is a limited liability company organized and existing under the laws of Spain, and (v) a minority stake in Arcarios B.V., which is a limited liability company organized and existing under the laws of the Netherlands.

1.3 Governance structure

The Company has opted for a "one-tier" governance structure. As a result, the Board of Directors is the ultimate decision-making body and is authorised to carry out all actions that are considered necessary or useful to achieve the Company's purpose. The Board has all powers except for those reserved to the Shareholders' Meeting by law or as set out in the Articles of Association.

The Board's terms of reference including its responsibilities, duties, composition and operation are set out hereafter in Chapter 3.

The Board appointed a Chairman (who must always be different from the CEO or CBO) and a Company Secretary whose responsibilities are described hereafter in respectively Chapters 4 and 5.

By decision of the Board, a person who must not be a director may be given a particular mandate to act on behalf of the Company.

The Board has delegated the Company's daily management to two managing directors (“*gedelegeerd bestuurder*”/“*administrateur délégué*”), of which one is also referred to as the CEO and the other one is also referred to as the CBO. Their powers are further described in section 6.2.

The Board has established an Audit Committee and, a Nomination and Remuneration Committee. These Committees have an advisory function. They assist the Board in specific situations it being understood that the final decision making power remains with the Board. Their functioning is described hereafter in Chapter 7.

1.4 Website of the Company

The Board ensures that all information which the Company is obliged to publish pursuant to legal provisions (including the Belgian Companies Code) and this Corporate Governance Charter is posted on and updated in a clearly recognizable part of the Company's website separate from the commercial information.

Any amendments to this Corporate Governance Charter must be promptly reflected in the Company's web site.

The domain name of the Company's web site is www.tigenix.com.

2 Share capital and Shareholders

2.1 Share capital

The detailed number of TiGenix shares currently outstanding and the amount of TiGenix' issued and paid-up capital can be found on www.tigenix.com.

2.2 Form of shares

TiGenix shares can be held as either registered shares or dematerialized shares at the discretion of the shareholders.

For registered shares, the names and addresses of all shareholders or holders of a right of usufruct or pledge are recorded in the shareholder register. On request, holders of registered shares will be provided with an extract from the register at their expense.

Any shareholder can request the conversion of his shares into another form.

Any requests should be made in writing and sent by ordinary mail, duly signed to the registered office of TiGenix for the attention of the Company Secretary.

2.3 Identity of the major shareholders of the Company and description of their voting rights, special control rights and any shareholder agreements, if any.

Each natural or legal person acquiring or transferring TiGenix' shares, is required to notify TiGenix and the Financial Services and Markets Authority in Belgium (*Autoriteit financiële diensten en markten / Autorité des services et marchés financiers*) (FSMA) each time their shareholding crosses a threshold of three percent (3%) of the total number of outstanding shares (the denominator). Such notification is also required each time, as a result of an acquisition or transfer a threshold of five percent (5%) and a multiple of five percent (5%) is crossed. Further information regarding this requirement can be found in Article 14 of TiGenix' Articles of Association.

To the best of the Company's knowledge, based on the transparency declarations most recently received by the Company prior to 31 December 2012 pursuant to Title II of the law of 2 May 2007 and the Royal Decree of 14 February 2008 on the disclosure of major holdings, the shareholders' structure is as follows on 31 December 2012:

Shareholder	Number of shares	% outstanding shares
Novartis Bioventures Ltd.	5,534,905	6.04%
Roche Finanz AG	5,534,905	6.04%
Ventech SA	5,195,199	5.67%
Ysios Capital Partners SGEGR	4,760,342	5.19%
LSP III Omni Investment Coöperatief, U.A.	4,445,053	4.85%
Mijnen NV	3,000,000	3.29%
Genetrix Life Sciences A.B.	2,581,501	2.82%
CX EBIP Agreement, SLU	1,905,144	2.08%
LRM NV	200,000	0.22%
Subtotal¹	33,157,049	33.06%
Other shareholders	67,131,537	66.94%
TOTAL	100,288,586	100%

Each shareholder is entitled to one vote per share.

In an agreement entered into on 3 May 2011, simultaneously with the completion of the contribution of all TiGenix SAU (formerly: Cellerix S.A.) shares in TiGenix NV, between TiGenix SAU and CX EBIP Agreement, SLU, CX EBIP Agreement, SLU has unilaterally undertaken to abstain from: (i) exercising its voting rights on any “contribution shares” owned by CX EBIP Agreement, SLU and (ii) attending any shareholders’ meetings of TiGenix until the Equity Based Incentive Plans of TiGenix SAU, described in section 2.5.2 below, have expired.

The Company has no knowledge of any current agreements made between existing shareholders.

2.4 Any other direct or indirect relationship between the Company and its major shareholders

The following direct or indirect relationships exist(ed) between the Company or its subsidiary and its major shareholders:

- The Company has entered into a management services contract with its former CEO and current CBO, Gil Beyen BVBA, represented by Gil Geyen. Gil Beyen BVBA holds shares and “personnel” warrants. Furthermore, Gil Beyen BVBA is controlled by Gil Beyen, who also controls Axxis V&C BVBA, one of the founding and current shareholders of the Company.
- The Company and the Katholieke Universiteit Leuven entered into (i) a lease agreement pursuant to which with the Katholieke Universiteit Leuven puts premises located in UZ Gasthuisbergen to the disposal of the Company and (ii) a number of commercial agreements, including subcontracting agreements, service level

¹ The above shareholders act independently, with the exception of:

(i) Genetrix Life Sciences A.B. and CX EBIP Agreement, SLU, which are affiliated companies, and
(ii) LRM NV and Mijnen NV, which are affiliated companies.

agreements and research agreements. The Katholieke Universiteit Leuven (including its division Universitaire Ziekenhuizen Leuven) is one of the founding and current shareholders of the Company.

- The Company and the Universiteit Gent entered into a number of commercial agreements, including service agreements, subcontracting agreements, service level agreements, collaboration agreements, research agreements and option agreements for technology evaluation. The Universiteit Gent holds shares in the Company.
- TiGenix B.V. and DSM Nederland B.V., acting through its division Chemelot®, acting on behalf of DSM Research B.V. entered into a lease agreement pursuant to which DSM Nederland B.V. leases premises located in Sittard-Geleen, The Netherlands to TiGenix B.V. DSM Nederland B.V. is the controlling shareholder of Limburg Ventures B.V., which holds shares in the Company.
- Within the framework of the capital increase resolved upon by the meeting of the Board of Directors of 26 June 2009 within the framework of the authorised capital, Particon B.V., N.V. Industriebank LIOF, Limburg Ventures B.V. and LRM NV subscribed to a private placement, pursuant to which the Company agreed to set up its new European CEF in Sittard-Geleen in the Netherlands. Particon B.V., N.V. Industriebank LIOF, Limburg Ventures B.V. and LRM NV hold shares in the Company.
- Within the framework of the acquisition of Orthomimetics Limited (currently named TiGenix Ltd.), the Company and the shareholders of Orthomimetics Limited entered into the agreement relating to the entire issued share capital of Orthomimetics Limited. Pursuant to the agreement the majority of the Orthomimetics shares were contributed to the Company against issuance of Company shares to the shareholders of Orthomimetics Limited, among which, Andrew Lynn, who was at that time appointed as the Company's Chief Business Officer (but in the meantime no longer forms part of the management team of the Company). The remainder of the Orthomimetics shares were sold to the Company by the Orthomimetics shareholders, including Andrew Lynn. Pursuant to that sale of Orthomimetics shares under said agreement, Andrew Lynn still had a receivable on the Company of €2,296,367 which was contributed in kind in the Company on 17 April 2012 in exchange for 536,534 shares in the Company. In addition, Andrew Lynn has an employment agreement with TiGenix Ltd (under which, however, notice was given to Andrew Lynn in view of the announced closure of TiGenix Ltd).
- TiGenix SAU has an agreement with Genetrix S.L., an affiliated company of Genetrix Life Sciences A.B., which is renewed on an annual basis by virtue of which Genetrix S.L. provides TiGenix SAU with professional services in the area of public financing and institutional relations. Genetrix Life Sciences A.B. holds shares in the Company.
- TiGenix SAU also has an agreement with CX EBIP Agreement, SLU in relations to TiGenix SAU's equity based incentive plans (EBIPs) referred to in section 2.5.2. CX EBIP Agreement, SLU holds shares in the Company.

The Board has formulated a policy on conflicts of interest situations which is set out hereafter in Chapter 3.9.

2.5 Existing stock option plans

2.5.1 Summary of existing warrant plans of TiGenix NV

The Company created various “personnel” plans for its employees, directors and consultants, as well as for persons who in the scope of their professional activity have made themselves useful to the Company. The following paragraphs provide an overview of the outstanding warrants as at 31 December 2012.

On 14 May 2004 (135,802), 20 April 2005 (45,268), 3 November 2005 (454,570), 26 February 2007 (800,000), 20 March 2008 (400,000), 19 June 2009 (500,000), 12 March 2010 (500,000) and 6 July 2012 (4,000,000) in the aggregate 6,835,640 warrants were issued, subject to the warrants being granted to and accepted by the beneficiaries. Of these 6,835,640 warrants, (i) 545,683 warrants expired as they have not been granted, (ii) 379,250 warrants have expired as they have not been accepted by their beneficiaries (iii) 283,734 have lapsed due to their beneficiaries leaving the Company and (iv) 9,290 warrants have been exercised. As a result, as at 31 December 2012, there are 5,617,683 warrants outstanding, which on a fully-diluted basis represent 5,617,683 additional shares in the Company.

The warrants are granted to employees, consultants or directors of the Company, as well as to other persons who in the scope of their professional activity have made themselves useful to the Company, including but not limited to the members of the scientific advisory board and the clinical advisors. The warrants have been granted free of charge. Each warrant entitles its holder to subscribe to one common share of the Company at a subscription price determined by the Board of Directors, within the limits decided upon at the occasion of their issuance. The warrants issued on 14 May 2004, 20 April 2005 and 3 November 2005 had a term of 5 years, but their term was extended until 13 May 2014 by decision of the extraordinary shareholders' meeting held 13 May 2009. The warrants issued on 26 February 2007, 20 March 2008, 19 June 2009, 12 March 2010 and 6 July 2012 have a term of 10 years. Upon expiration of this term, the warrants become null and void. With the exception of the warrants issued on 6 July 2012, the warrants vest in principle in cumulative tranches of 25% per year, i.e., 25% as of the first anniversary date of their granting, 50% as of the second anniversary date of their granting, 75% as of the third anniversary date of their granting, 100% as of the fourth anniversary date of their granting provided that the cooperation between the Company and the warrant holder has not yet ended, unless the Board of Directors approved a deviation from this vesting scheme. The warrants issued on 6 July 2012 vest for 1/3rd on the first anniversary of the grant of the warrants, after which 1/24th of the remaining 2/3rd of the warrants will vest on the last day of each of the 24 months following the month of the first anniversary of the grant of the warrants. The warrants can only be exercised by the warrant holder if they have effectively vested.

2.5.2 Summary of existing equity based incentive plans of TiGenix SAU

Prior to the contribution of all TiGenix SAU (formerly: Cellerix S.A.) shares in the Company on 3 May 2011 (the “**Contribution**”), TiGenix SAU had created two Equity Based Incentive Plans (“**EBIPs**”). The completion of the Contribution has

triggered certain consequences outlined below which affect both EBIPs. A summary overview of some of the conditions of both EBIPs is given below.

EBIP 2008

An EBIP for the directors, managers and employees of TiGenix SAU was approved at the shareholders' annual general meeting of TiGenix SAU held on 22 November 2007, the conditions of which were definitively approved on 20 May 2008 (the "**EBIP 2008**") and subsequently modified by the shareholders' annual general meeting of TiGenix SAU held on 15 October 2010.

Options under the EBIP 2008 were granted to employees, executives and independent members of the board of directors of TiGenix SAU prior to the Contribution.

Options under the EBIP 2008 were granted to each beneficiary through individual letters. As a result of the Contribution, all EBIP 2008 options have vested except for 32,832 options of employees who terminated their labour relationship with TiGenix SAU before the Contribution and that were not re-allocated.

The exercise prices of the EBIP 2008 are set at €11, €7 and €5.291 depending on the date of grant and beneficiary.

TiGenix SAU granted 453,550 options under the EBIP 2008 of which 420,718 are vested. As a result of the Contribution, beneficiaries must exercise their options before 6 August 2015.

The completion of the Contribution gives the beneficiaries the right to opt between:

- (i) Exercising all their options at once receiving TiGenix SAU or TiGenix shares in exchange, at the relevant exercise price. This right had to be exercised within the 60 day-period following the Contribution Date. No beneficiary exercised this right.
- (ii) Receiving new options over existing TiGenix shares. As the options keep the same exchange rate of the Contribution (i.e. 2.96 Shares per TiGenix SAU share contributed to TiGenix) each EBIP 2008 option shall give the EBIP 2008 beneficiaries the right to receive 2.96 TiGenix shares at the time of exercise.

In this case, at the time of exercise of any of the new options, the corresponding Shares shall be delivered by the company CX EBIP Agreement, SLU which is currently the holder of the Shares to be delivered under both EBIP plans. In the case that any of the EBIP 2008 options is exercised, the beneficiary would have to pay the applicable exercise price (referred to above) to CX EBIP Agreement, SLU, which in turn would be obliged, under an agreement entered into with TiGenix SAU (the EBIP Agreement as defined below), to pass on this exercise price (after deduction of the issuance price of €0.013 per TiGenix SAU share paid by CX EBIP Agreement, SLU exchanged for the TiGenix shares delivered and any costs associated with the transfers) to TiGenix SAU, and CX EBIP Agreement, SLU would have to transfer the corresponding number of TiGenix shares to the beneficiary. Therefore, upon the exercise of an option in this alternative no new TiGenix shares would have to be issued

and the impact for CX EBIP Agreement, SLU would be limited to recovering the price paid upon the subscription of the TiGenix SAU shares (which have been exchanged for TiGenix shares upon the Contribution) and any associated costs.

In addition, the EBIP 2008 gives the board of directors of TiGenix SAU the possibility to offer to the beneficiaries other exercise options. However, the board of directors of TiGenix SAU has not offered, up to date, any other exercise alternatives to the beneficiaries.

EBIP 2010

An EBIP for senior management of TiGenix SAU was approved at the shareholders' annual general meeting of TiGenix SAU held on October 15, 2010 (the "**EBIP 2010**").

Options under this EBIP 2010 were only granted to senior management of TiGenix SAU. The EBIP provides that the normal exercise price of the options is set at €5.291. However, as a result of the Contribution the exercise price for all EBIP 2010 options has been reduced to €0.013.

TiGenix SAU has granted 221,508 options under the EBIP 2010. As a result of the Contribution, all EBIP 2010 options have vested.

Beneficiaries must exercise their options before September 30, 2016. Pursuant to the terms of the EBIP 2010 the board of directors of TiGenix SAU has opted to exchange all existing options for new options over existing TiGenix shares. As the options keep the same exchange rate of the Contribution (i.e. 2.96 TiGenix shares per TiGenix SAU share contributed to TiGenix) each EBIP 2010 option shall give the EBIP 2010 beneficiaries the right to receive 2.96 TiGenix shares at the time of exercise.

In this case, at the time of exercise of any of the new options, the corresponding Shares shall be delivered by CX EBIP Agreement, SLU which is currently the holder of the Shares to be delivered under both EBIP plans. In the case that any of the EBIP 2010 options is exercised, the beneficiary would have to pay the applicable exercise price (referred to above) to CX EBIP Agreement, SLU, which in turn would be obliged, under an agreement entered into with TiGenix SAU (the EBIP Agreement as defined below), to pass on this exercise price (after deduction of the issuance price of €0.013 per TiGenix SAU share paid by CX EBIP Agreement, SLU exchanged for the Shares delivered and any costs associated with the transfers) to TiGenix SAU, and CX EBIP Agreement, SLU would have to transfer the corresponding number of TiGenix shares to the beneficiary. Therefore, upon the exercise of an option in this alternative no new Tigenix shares would have to be issued and the impact for CX EBIP Agreement, SLU would be limited to recovering the price paid upon the subscription of the TiGenix SAU shares (which have been exchanged for TiGenix shares upon the Contribution) and any associated costs.

The board of directors of TiGenix SAU has opted for this alternative by means of a resolution passed on April 14, 2011.

Common characteristics of both TiGenix SAU EBIPs

All options have been granted free of charge.

Both EBIPs provide that any options may be ordinarily exercised after each quarter, half year or year results announcement.

If TiGenix SAU requests the beneficiary to remain an employee for a certain period of time up to a year:

- Under the EBIP 2008, if the beneficiary opts to exercise all the options and leaves TiGenix SAU during said period, CX EBIP Agreement, SLU/TiGenix SAU will have the right to buy the shares at the same price at which they were acquired by the beneficiary. If the beneficiary opts to receive new options over existing TiGenix shares, the beneficiary will only be permitted to exercise the options that have vested under the regular scheme but not be permitted to exercise his options that benefited from accelerated vesting due to the Contribution.
- Under the EBIP 2010 the board of directors of TiGenix SAU has opted to exchange the existing options over TiGenix SAU shares for new options over existing TiGenix shares and has decided to request the permanence of the beneficiaries; therefore the beneficiaries will only be permitted to exercise the options after such permanence period has elapsed.

The mechanism serves as retention mechanism to encourage the key team to stay with TiGenix SAU after a corporate transaction, such as the Contribution, has taken place. In this respect the board of directors of TiGenix SAU passed a resolution on April 14, 2011 setting the duration of such permanence period at one year.

Under both EBIPs, the options related prior to the Contribution to existing shares in TiGenix SAU that were held by CX EBIP Agreement, SLU, a Spanish limited liability company. To this effect:

- in June 2008, TiGenix SAU issued 415,700 new shares to CX EBIP Agreement, SLU at an issuance price of €0.013 per TiGenix SAU share;
- in September 2008, TiGenix SAU issued 37,850 new shares to CX EBIP Agreement, SLU at an issuance price of €0.013 per TiGenix SAU share;
- in November 2009, TiGenix SAU issued 61,479 new shares to CX EBIP Agreement, SLU at an issuance price of €0.013 per TiGenix SAU share;
- in May 2010, TiGenix SAU issued 49,446 new shares to CX EBIP Agreement, SLU at an issuance price of €0.013 per TiGenix SAU share;
- in October 2010, TiGenix SAU issued 77,751 new shares to CX EBIP Agreement, SLU at an issuance price of €0.013 per TiGenix SAU share.

All such TiGenix SAU shares have been exchanged for TiGenix shares as set out below.

TiGenix SAU and its shareholders entered into a management agreement with CX EBIP Agreement, SLU (the "**EBIP Agreement**") in May 2008. The EBIP Agreement was amended and restated in November 2009 and has been further amended on

or about May 3, 2011 simultaneously with the completion of the Contribution to establish the procedure for exercise of the EBIP options as indicated above.

Impact of the Contribution

In the framework of the Contribution and in accordance with the terms of the EBIP Agreement, CX EBIP Agreement, SLU contributed its 642,226 TiGenix SAU shares into TiGenix and received 1,905,144 new TiGenix shares in return. Therefore, as a result of the Contribution, CX EBIP Agreement, SLU no longer holds TiGenix SAU shares, but holds 1,905,144 TiGenix shares instead. Pursuant to the agreements reached in relation to the Contribution, the underlying assets of the options are no longer the TiGenix SAU shares (except for the alternative set out above under (i) in the description of the EBIP 2008), but the Contribution Shares received by CX EBIP Agreement, SLU. Therefore, upon the exercise of its options under EBIP 2010 or under the alternative (ii) set out above in the description of the EBIP 2008, a beneficiary may be entitled to receive, depending on the form of exercise as detailed above, a number of Shares corresponding to approximately 2.96 Shares per option (rounded down to the nearest integer) under any of the EBIPs.

The TiGenix shares held by CX EBIP Agreement, SLU under the EBIPs were subject to the TiGenix SAU Shareholders' Lock-up Undertakings, since CX EBIP Agreement, SLU agreed to such undertakings.

2.6 Shareholders' Meetings

TiGenix encourages its shareholders to participate at Shareholders' Meetings. In order to facilitate this, voting in absentia may take place the form of proxy voting. Agendas and all other relevant information are available on the company's website in advance of Shareholders' Meetings.

The Annual Shareholders' Meeting of TiGenix is held each year on 20 April at 10 a.m. If this date is a Saturday, Sunday or legal holiday, the meeting is held at the next working day.

For all further information regarding Shareholders' Meetings (including organization, quorum and majority requirement) reference is made to the Articles of Association of the Company and the specific section of the Company's website describing the shareholders' rights to participate and vote at the Shareholders' Meeting and containing a timetable on periodic information and Shareholders' Meetings.

Notices of all Shareholders' Meetings and all related documents, such as specific Board of Director's and auditor's reports, are published on <http://www.tigenix.com>.

2.7 Agenda of the Shareholders' Meetings

The agenda of the Shareholders' Meetings is set by the Board of Directors subject to the specific powers granted by law to the statutory auditor of the Company.

One or more shareholders holding at least 3% of the capital of the Company may request for items to be added to the agenda of any convened Shareholders' Meeting and submit proposed resolutions in relation to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their shares representing such shareholding on the record date and (ii)

the additional items on the agenda and/or proposed resolutions have been submitted in writing by these shareholders to the Board of Directors at the latest on the 22nd day preceding the day on which the relevant Shareholders' Meeting is held. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second Extraordinary Shareholders' Meeting that must be convened because the quorum was not obtained during the first Extraordinary Shareholders' Meeting.

3 TiGenix' Board of Directors

3.1 Role, powers and responsibilities of the Board

As provided by article 521 of the Belgian Companies Code, the Company is headed by a Board of Directors (also referred to as the "Board") acting as a collegial body.

The Board's role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed.

The Company has opted for a "one-tier" governance structure. As a result and as provided for by article 522 of the Belgian Companies Code, the Board of Directors is the ultimate decision-making body in the Company, except with respect to such matters which are reserved to the Shareholders' Meeting by law or by the Company's Articles of Association.

Such powers and responsibilities include among others:

- to approve and oversee the Company's principal objectives and strategy, as recommended by the CEO;
- to appoint and dismiss the managing director(s), the CEO, the CBO and the Company Secretary;
- to determine the power and responsibilities of the managing director(s), the CEO and the CBO;
- to appoint and dismiss members of the Board committees and their chairmen;
- to review and approve the annual, six-monthly, and if required quarterly, financial and consolidated statements as prepared by the CEO, and where required by law, present those to the Shareholders' Meeting;
- to convene the Shareholders' Meetings and submit resolutions for approval; and
- to oversee the Company's policy with respect to corporate communications, it being understood that communication on behalf of the Company to the outside world is reserved to the Chairman of the Board and the CEO, with the right of delegation.

With respect to its monitoring responsibilities the Board shall:

- review executive management performance and the realisation of the Company's strategy;
- monitor and review the effectiveness of the Board's committees;

- take all necessary measures to ensure the integrity and timely disclosure of the Company's financial statements and other material financial and non-financial information disclosed to the shareholders and potential shareholders;
- approve a framework of internal control and risk management set up by the executive management;
- review the implementation of this framework, taking into account the review made by the Audit Committee;
- supervise the performance of the external auditor and supervise the internal audit function, taking into account the review made by the Audit Committee; and
- describe the main features of the Company's internal control and risk management systems.

However, any system of internal control and risk management will be in line with the size of the Company.

3.2 Composition of the Board - appointment - duration

The Company is managed by a Board of Directors, consisting of maximum nine (9) directors, who can be individuals or legal entities and who need not be shareholders. The directors are appointed for a term of no more than four (4) years by the Shareholders' Meeting, which is entitled to dismiss them at any time. The actual number of directors and their term may vary depending on the needs of the Company.

Without prejudice to applicable legal provisions, proposals for the appointment of directors should be communicated to the Board at least 40 days before the Annual Shareholders' Meeting, so as to allow the Nomination and Remuneration Committee to investigate and discuss such proposal and to advise the Board accordingly. As of the entry into force of the modifications to article 15 of TiGenix' Articles of Association, approved by the Company's Extraordinary Shareholders' Meeting of 26 April 2011, the aforementioned period of at least 40 days is extended to a period of at least 50 days. Whenever a legal entity is appointed as a director, it must specifically appoint an individual as its permanent representative, chosen from among its shareholders, managers, directors or employees, and who will carry out the office of director in the name and on behalf of such legal entity. The legal entity may not revoke its permanent representative without simultaneously appointing a successor. The appointment and termination of the office of the permanent representative are governed by the same disclosure rules as if he / she were exercising the office on his / her own behalf.

The directors may be re-elected for a new term subject to the provisions hereafter regarding independent directors. Before proposing any director for re-election the Board shall take into account the evaluations made by the Nomination and Remuneration Committee.

The duties of directors who are not appointed for a new term terminate immediately after the Shareholders' Meeting which decided on any re-election.

Should any of the offices of director become vacant, whatever the reason may be, the remaining directors shall have the right to temporarily fill such vacancy until the next Shareholders' Meeting, which shall make a final appointment. In the case of more than one

vacancy, the remaining directors shall have the right to fill all such vacancies simultaneously.

As long as the Shareholders' Meeting or the Board of Directors has not filled a vacancy, whatever the reason may be, the director whose term has expired continues to carry out his / her duties if it is necessary for the Board of Directors to consist of the legal minimum number of members.

The composition of the Board will be balanced considering the respective skills, experience, knowledge of each of the Board members, gender diversity and diversity in general.

Adequacy of size and composition will be regularly assessed by the Board upon the initiative of the Chairman and upon recommendation of the Nomination and Remuneration Committee.

3.3 Independent Directors

At least half of the directors must be non-executive directors and at least three of them must be independent.

All independent directors appointed in accordance with the Companies Code shall meet the criteria set out in article 526ter of the Belgian Companies Code.

The Company shall disclose on its website which directors it considers to be independent.

3.4 Individual requirements of the directors

The directors shall be specifically chosen for their particular professional experience, knowledge and skills upon a recommendation of the Nomination and Remuneration Committee. Any proposal for the appointment of a director by the Shareholders' Meeting shall be accompanied by a recommendation from the Board, based upon such Committee's advice.

Directors undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments. They shall not hold more than five (5) directorships in listed companies, including the directorship in TiGenix, provided that the Board can advise the shareholders to deviate from this rule. Changes in the directorships held by the directors shall immediately be reported to the Chairman of the Board of Directors.

The directors are individually responsible for acquiring and maintaining their skills and knowledge so as to allow them to carry out their function in the Board and its Committees.

3.5 Induction

The Chairman shall ensure that the newly appointed directors receive an appropriate induction to ensure their contribution to the Company and the Committees to whom they belong.

3.6 Evaluation

Periodically, the Board will undertake a formal evaluation of its own size, composition and performance and that of its Committees and of its interaction with the executive management, in order to (i) assess how the Board and its Committees operate, (ii) check

whether important issues are suitably prepared and discussed, (iii) evaluate whether each director makes a constructive contribution to the decision making, (iv) check the Board's or Committee's current composition against the Board's or Committee's desired composition. Such evaluation will be done at least once every three year by the Nomination and Remuneration Committee at the initiative of the Chairman and, if required, with the assistance of external advisors.

The directors shall not attend the discussions on their evaluation.

The number of Board and Board Committee meetings and the individual attendance record of directors shall be disclosed in the Corporate Governance Statement of the annual report.

3.7 Board meetings

The Board of Directors shall meet as frequently as the interests of the Company shall require but in any case not less than 6 times per year. The date, hour and place of such meetings will be agreed upon by the Board, upon a proposal by the Chairman, for the next financial year at the last Board meeting of each financial year.

If an urgent issue arises, the Board can meet by a conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Moreover, where duly justified by emergency and by the corporate interest of the Company, decisions may be adopted, without a meeting, by the unanimous written consent of the directors. However, this procedure may not be used for the approval of the annual accounts and the use of the authorized capital.

In addition, special meetings of the Board of Directors may be called and held at any time upon the call of any director, by notice to each director at least five business days before the meeting. Where duly justified by emergency and by the corporate interest of the company, the above notice period of five business days may be waived by the unanimous consent of the directors expressed in writing. If all directors are present or represented at such meeting, they shall be deemed to have waived the above notice period.

Board meetings are based on a detailed agenda specifying the topics for decision and those for information. Board members have the power to raise any question which they consider appropriate concerning the Company and its operations.

The Board of Directors can only deliberate if a majority of its members are present or represented. Each director can appoint another member of the Board to represent him and vote in his name. Any director can represent more than one other director. Decisions are made by a simple majority of the votes cast.

At the request of any director and subject to the approval of the Board, any third party may be invited to attend the whole or any part of a Board meeting.

The Company Secretary drafts minutes of each meeting reflecting the issues which were discussed, the decisions which were taken and, if any, the reservations which were voiced by dissenting directors. The minutes will be approved by the Chairman and subsequently by the Board during its next meeting.

Directors should arrange their personal and business affairs so as to avoid conflicts of interest with the Company.

3.8 Special meeting of non-executive directors

Once a year, the non-executive directors shall meet without the presence of the CEO or any other executive director. In such meeting the non-executive directors shall assess their relationship with the executive directors; no formal Board decisions can be taken at such meeting.

3.9 The policy established by the Board for transactions and other contractual relationships between the Company or its subsidiaries, and its Board members and executive managers, which are not covered by the legal provisions on conflicts of interest

All Board members and executive managers are expected to act at all times in the interest of the Company and its subsidiaries.

Any transaction between the Company or its subsidiaries and any Board member or executive manager, irrespective whether or not falling within the scope of article 523 or 524 of the Belgian Companies Code, shall require the prior approval of the Board of Directors which need to be fully informed of the terms and conditions of the transaction as well as of the corresponding interest of the Company. Such transaction can only be entered into at market conditions.

3.10 Access to management

Non-executive members of the Board shall not intervene directly in the operations of the Company other than in exceptional circumstances and on a "needs only" basis.

Non-executive members of the Board ordinarily shall not give instructions to, or interfere with the activities of Company management and employees. By exception to this principle, members of the Audit Committee shall at all times have full and free access to the CFO and any other employee to whom they may require access in order to carry out their responsibilities.

3.11 Access to advisors

The Board, and the Board Committees shall have the authority, at the reasonable expense of the Company, to retain such independent accounting, financial, legal and other advisors as they deem necessary or appropriate to carry out their mandate after informing and consultation with the Chairman of the Board with due consideration for the financial consequences for the Company.

3.12 Information for directors

Directors have access to all corporate information needed to fulfill their fiduciary duties. This right of access is subject, in the case of personal information concerning employees of the Company, to applicable privacy laws. The Company Secretary is available to supply the requested information.

Directors will only use the information they receive for the purpose of exercising their duties and must preserve the confidentiality of such information. To this effect they will be required to sign confidentiality undertakings before the commencement of their mandate.

3.13 The remuneration of directors

Only the independent directors shall receive a fixed remuneration in consideration of their membership of the Board of Directors and their attendance at the meetings of Committees of which they are members. Without prejudice to the remuneration of the persons entrusted with daily management (CEO and CBO), which is decided by the Board of Directors, the other directors will not receive any fixed remuneration in consideration of their membership of the Board.

The non-executive directors (including the independent directors) will in principle not receive any performance related remuneration in their capacity as director. However, upon advice of the Nomination and Remuneration Committee, the Board of Directors may propose to the Shareholders' Meeting to deviate from the latter principle in case in the Board's reasonable opinion the granting of any performance related remuneration would be necessary to attract or retain independent directors with the most relevant experience and expertise.

Notwithstanding the above, all directors (including those who are not independent) will keep the warrants granted to them prior to the listing of the Company on Euronext Brussels, a list of which was published in the listing prospectus of the Company.

The Nomination and Remuneration Committee recommends the level of remuneration for directors, including the Chairman of the Board, subject to approval by the Board and, subsequently, by the Shareholders' Meeting.

The Nomination and Remuneration Committee benchmarks directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board and its various Committees. Currently, each of the independent directors shall receive a fixed annual fee of €25,000, based on six Board of Directors' meetings and two committee meetings a year, supplemented with an amount of €2,000 for each additional meeting that they attend. However, the Chairman of the Board of Directors, to be appointed by the Board of Directors among the independent directors, shall instead receive a fixed annual fee of €30,000, based on six Board of Directors' meetings and two committee meetings a year, supplemented with an amount of €2,000 for each additional meeting that he attends. An additional fixed annual fee of €5,000 is granted to each independent director who is a member of a board committee. Such additional fixed annual fee amounts to €7,500 for each independent director who is also the chairman of a Board Committee. Changes to these fees will be submitted to the Shareholders' Meeting for approval.

The Board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one of the Board Committees and the rules for reimbursement of directors' business-related out-of-pocket expenses. Remuneration for directors will be disclosed to shareholders in accordance with applicable laws and stock exchange rules.

3.14 Corporate governance in the annual report

As set out in article 95 and 96 of the Belgian Companies Code, each year the directors draw up a report in which they account for their management over the previous year.

This report shall also contain a Corporate Governance Statement in accordance with article 96, §2 of the Belgian Companies Code describing all relevant corporate governance

events that took place during the year under review. The Corporate Governance Statement shall include at least the elements listed in Annex F of the CGC.

If the Company does not fully comply with one or more provisions of the CGC, it shall explain the reasons thereof in this Corporate Governance Statement.

3.15 Representation of the Company by its directors

The Company is validly represented by any two of its directors acting jointly. For acts within the scope of their specific powers, the Company is also validly represented by special representatives who are appointed by the Board of Directors.

4 Chairman of the Board

4.1 Appointment

The Board of Directors elects the Chairman of the Board from amongst its members meeting the criteria for an independent director. For the appointment of the Chairman of the Board, the Nomination and Remuneration Committee will prepare a job specification, including an assessment of the time commitment expected, recognizing the need for availability in the event of crises. The CEO will not be the Chairman of the Board.

4.2 Powers and responsibilities

The Chairman of the Board is responsible for the proper and efficient functioning of the Board.

The Chairman of the Board of Directors is responsible for the leadership of the Board of Directors. He takes the necessary measures to develop a climate of trust within the Board of Directors, contributing to open discussion, constructive dissent and support for the decisions of the Board of Directors. The Chairman of the Board promotes effective interaction between the Board and the executive management. He establishes a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

The Chairman of the Board determines the agenda of the Board meetings after consultation with the CEO (and taking into account the request from the directors) and chairs Board meetings.

He ensures that directors receive prior to each meeting complete timely and accurate information and where necessary, between meetings.

The Chairman of the Board will also make sure that all directors receive the same Board information and that there is sufficient time for consideration and discussion before making decisions.

The Chairman of the Board will ensure that new directors receive an appropriate induction to the Company prior to joining the Board.

The Chairman of the Board represents the Board from a public relations standpoint to the shareholders and the public at large and chairs the Shareholders' Meetings. The Chairman of the Board will serve as interface between the Board and major shareholders of the Company on matters of corporate governance.

5 Company Secretary

The Company Secretary shall be appointed by the Board of Directors which can also decide to dismiss him/her at any time.

The Company Secretary shall advise the Board on all governance matters. He shall assist the Chairman of the Board in the logistics associated with the affairs of the Board (information, agenda, etc.). Individual directors have direct access to the Company Secretary.

6 Managing Director(s) - Chief Executive Officer – Chief Business Officer

6.1 Appointment

The Board of Directors appoints and removes the managing director(s) (“*gedelegeerd bestuurder*”/“*administrateur délégué*”), and will also decide which of the managing directors shall also be referred to as the Chief Executive Officer (or CEO) or Chief Business Officer (or CBO). If there is only one managing director, he/she will also be referred to as Chief Executive Officer (or CEO).

6.2 Role and Powers of the CEO

The role of the CEO of TiGenix is to implement the mission, strategy and targets set by the Board of Directors and to assume responsibility for the day-to-day management of the Company. The CEO reports directly to the Board of Directors.

As the chief manager of TiGenix, the CEO is responsible for:

- examining, analysing and proposing to the Board of Directors strategic business opportunities that can contribute to the further growth of the group;
- executing the decisions of the Board of Directors;
- preparing proposals to the Nomination and Remuneration Committee concerning the appointment, remuneration and evaluation of the members of the executive management;
- setting up, chairing and leading the management team;
- managing the members of the management team as they discharge of their individual responsibilities, as determined by the CEO;
- determining the objectives to be achieved by the management;
- communicating with the outside world;
- ensuring the day-to-day management of the Company and accounting to the Board of Directors for such management at regular intervals;
- maintaining a continuous dialogue and interaction with the members of the Board of Directors in an atmosphere of openness and a climate of trust;
- maintaining excellent relationships with important customers, suppliers and the authorities.

In addition, the CEO must enable the Board of Directors and the Chairman to exercise their responsibilities as directors. The CEO must therefore:

- prepare proposals on topics for which decision-making is the preserve of the Board of Directors;
- meet the Chairman of the Board of Directors at regular intervals, consult him/her and involve him/her in strategic projects from the outset;
- provide the Board of Directors with all the possible relevant information it needs to exercise its powers.

The Board of Directors allocates to the CEO the powers that are appropriate and necessary for the correct discharge of its tasks and responsibilities. The CEO is accountable to the Board of Directors for the discharge of the tasks and responsibilities allocated to him/her.

6.3 Role and Powers of the CBO

The CBO is responsible for key areas of strategic development of the Company and in particular for the following activities:

- business development: guiding the Company's external growth through the identification and realization of partnering opportunities and alliances;
- supporting role in relation to the Company's activities in investor, press and government relations.

The CBO reports to the CEO.

6.4 Representation of the Company by the managing director(s)

The Company is duly represented by a managing director, in all matters relating to day-to-day management. In case there is more than one managing director, each managing director can act individually unless the Board of Directors has decided that they should act jointly. A managing director can delegate authority for daily management matters to one or more persons (irrespective whether or not they are employees).

6.5 Appointment

The CEO and CBO are appointed on the basis of a recommendation by the Nomination and Remuneration Committee. The person designated by the Board of Directors as the CEO or CBO shall be appointed as a director by the Shareholders' Meeting upon proposal of the Board of Directors.

6.6 Remuneration

The remuneration of the CEO and CBO is determined by the Board of Directors on the basis of recommendations of the Nomination and Remuneration Committee which shall benchmark such remuneration to ensure that it is competitive and allows to attract the best person for the job

6.7 Evaluation

Each year, the Nomination and Remuneration Committee evaluates the performance of the CEO and CBO and makes proposals to the Board of Directors for the targets to be achieved by the CEO and CBO in the following year.

7 Board Committees

The Board is assisted by several Board Committees to analyze specific issues, *i.e.*, the Audit Committee, and the Nomination and Remuneration Committee which are solely composed of directors of the Company.

7.1 Nomination and Remuneration Committee

7.1.1 Role

The Nomination and Remuneration Committee makes recommendations to the Board of Directors on the appointment and remuneration of the members of the Board of Directors, the CEO, the CBO and the executive managers.

7.1.2 Powers

The Nomination and Remuneration Committee is authorised to:

- (a) For the purpose of appointments & assessments:
 - prepare selection criteria and procedures for the appointment of members of the Board of Directors, the CEO, the CBO and the other members of the executive management;
 - review appropriate candidates for vacant directorships as proposed by the CEO or a shareholder in accordance with the Articles of Association;
 - review appropriate candidates for vacant top executive management positions as proposed by the CEO;
 - prepare reappointment proposals;
 - periodically evaluate the size and composition of the Board of Directors and, if applicable, prepare recommendations for changes to its size and composition.
- (b) With respect to the remuneration policy:
 - prepare proposals to the Board of Directors concerning the remuneration policy for directors and executive managers, as well as, where appropriate, on the resulting proposals to be submitted by the Board to the shareholders;
 - prepare proposals to the Board of Directors concerning the remuneration of directors and executive managers, including, depending on the situation, variable remuneration and long-term incentives, whether or not stock-related, in the form of stock options or other financial instruments and regarding the arrangements on

early termination, and where applicable on the resulting proposals to be submitted by the Board to the shareholders.

7.1.3 Composition

The Nomination and Remuneration Committee comprises at least three directors. All members of the Nomination and Remuneration Committee must be non-executive directors, a majority of whom must be independent. The composition of the Nomination and Remuneration Committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the Committee.

The members of the Nomination and Remuneration Committee are appointed and may be dismissed at any time by the Board of Directors. The duration of the appointment of a member of the Nomination and Remuneration Committee must not exceed the duration of his/her directorship.

The Nomination and Remuneration Committee is chaired by the Chairman of the Board of Directors or by another non-executive director appointed by the Committee.

7.1.4 Secretary

The Secretary of the Nomination and Remuneration Committee or another person designated by the Chairman of the meeting prepares a report on the findings and recommendations of the meeting of the Nomination and Remuneration Committee. The Secretary sends the report to all the members of the Board of Directors as soon as possible after a meeting.

7.1.5 Operation

The Nomination and Remuneration Committee meets as frequently as is necessary for the efficient operation of the Nomination and Remuneration Committee and is called at least twice a year. The meetings are as far as possible arranged in advance for each year.

Meetings of the Nomination and Remuneration Committee are in principle called by the Chairman of the Nomination and Remuneration Committee. Each member of the Nomination and Remuneration Committee may request that a meeting be called.

Except in cases requiring rapid action, the agenda for the meeting as well as all supporting documentation is sent to the members of the Nomination and Remuneration Committee at least seven (7) calendar days in advance of the meeting.

A meeting is quorate if it is attended in person by at least two members.

Decisions are taken by a majority of votes cast by the members of the Committee. The Committee invites other persons to attend its meetings, at its discretion.

No individual director shall be present at the meeting of the Nomination and Remuneration Committee at which his/her own remuneration is discussed nor shall

an individual director be involved in any decision concerning his/her own remuneration.

7.1.6 Reporting and Assessment

The Nomination and Remuneration Committee provides the Board of Directors with clear regular information about the discharge of its functions. It submits a remuneration report to the Board of Directors and informs the Board about any areas in which the Nomination and Remuneration Committee considers action or improvement to be necessary. The Nomination and Remuneration Committee prepares recommendations concerning the necessary steps to be taken.

The Nomination and Remuneration Committee reviews its terms of reference and its own effectiveness regularly (and at least every two to three years). It reports on its assessment to the Board of Directors and submits to the Board of Directors proposals for changes where necessary.

The Nomination and Remuneration Committee should consider proposals with regard to the appointment of directors. In particular the CEO shall be entitled to submit proposals to, and to be adequately consulted by the Nomination and Remuneration Committee, especially when dealing with issues related to executive directors or executive management.

As regards remuneration, the CEO shall participate in the meetings of the Nomination and Remuneration Committee when it deals with the remuneration of members of the executive management.

7.2 Audit Committee

7.2.1 Role and powers

The Audit Committee supervises financial reporting and the observance of administrative, legal and fiscal procedures and the follow-up of financial and operational audits and advises on the choice and remuneration of the external auditor. The committee, which reports directly to the Board of Directors, has per se a supervisory and advisory role.

Without prejudice to the legal responsibilities of the Board of Directors, the Audit Committee roles shall include the following:

- (a) Monitoring the financial reporting process:
 - the Audit Committee ensures that financial reporting gives a truthful, honest and clear picture of the situation and prospects of the Company, on both an individual and a consolidated basis;
 - the Audit Committee checks the accuracy, completeness and consistency of financial information before it is announced;
 - the Audit Committee assesses the choice of accounting policies and the impact of new accountancy rules;
 - the Audit Committee discusses significant matters relating to financial reporting both with the executive managers and the external auditor.

- (b) Monitoring the effectiveness of the company's internal control and risk management systems:
- the Audit Committee evaluates at least once a year the effectiveness of the internal control and risk management system installed by the executive management;
 - the Audit Committee also examines the statements relating to internal control and risk management included in the Corporate Governance Statement of the Company;
 - the Audit Committee investigates the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas (whistleblower arrangements). The Audit Committee ensures that all the staff of the Company and its subsidiaries are aware of such arrangements.
- (c) If there is an internal audit, monitoring the internal audit and its effectiveness:
- the Audit Committee decides on the appointment and dismissal of the internal auditor. The Audit Committee approves annual budgets and the internal audit budget. The responsibilities of the Audit Committee also include evaluation of the effectiveness of the internal audit function and the follow-up given by executive management to the findings and recommendations made by the internal auditor.
- (d) Monitoring the statutory audit (“*wettelijke controle*” / “*contrôle legal*”) of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditor:
- the Audit Committee supervises the relationship between the Company and the external auditor and makes recommendations to the Board of Directors concerning the selection, appointment, reappointment, dismissal and terms of engagement of the external auditor;
 - the Audit Committee monitors the external auditor's schedule and ensures the effectiveness of the external audit process. The Audit Committee examines the extent to which the executive management complies with the recommendations made by the external auditor in its management letter.
- (e) Reviewing and monitoring the independence of the external auditor, in particular regarding the provision of additional services to the Company:
- the Audit Committee supervises the independence of the external auditor, in particular in the light of the provisions of the Belgian Companies Code;
 - the Audit Committee examines which additional (non-audit) services have been entrusted to the external auditor and the scope of such services. The Audit Committee determines and updates a formal policy with regard to the types of additional services that: a) are excluded; b) are permissible after verification by the Committee and

c) are permissible without being referred to the Committee, taking account of the specific requirements of the Belgian Companies Code.

7.2.2 Composition

The Audit Committee consists of at least three directors. All the members of the Audit Committee are non-executive directors, with a majority of independent directors. At least one of the members who are independent directors shall have the necessary expertise in the field of accounting and audit. Subject to the legal requirements set out in article 526bis of the Belgian Companies Code, the composition of the Audit Committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the Committee.

The members of the Audit Committee are appointed on the proposal of the Chairman of the Board of Directors and may be dismissed by the Board of Directors at any time. The duration of the appointment of a member of the Audit Committee must not exceed the duration of his/her directorship.

The Audit Committee is chaired by one of the members of the Audit Committee appointed by the Committee. The Chairman of the Board of Directors may not chair the Audit Committee, unless decided otherwise by the Board of Directors.

The members of the Audit Committee shall have sufficient relevant expertise, in particular in accounting, auditing and finance, to effectively discharge their functions.

7.2.3 Secretary

The Company Secretary is also the Secretary of the Audit Committee. The Secretary of the Audit Committee prepares a report on the findings and recommendations of the meetings of the Audit Committee. The Secretary sends the report to all the members of the Board of Directors as soon as possible after a meeting.

7.2.4 Operation

The Audit Committee meets as frequently as necessary to ensure effective operation of the Audit Committee, but at least five times a year. An annual schedule is determined for meetings of the Audit Committee. The meetings are preferably held shortly before meetings of the Board of Directors.

Meetings of the Audit Committee are in principle called by the Chairman of the Audit Committee. Each member of the Audit Committee may convene a meeting of the Audit Committee.

Except in cases requiring rapid action, the agenda for the meeting as well as all supporting documentation is sent to the members of the Audit Committee at least seven (7) calendar days in advance of the meeting.

A meeting is quorate if it is attended in person by at least two members.

The decisions of the Audit Committee in its supervisory and advisory role are taken by a majority of the votes cast.

The Audit Committee invites other people to attend its meetings at its discretion. The Audit Committee meets the external and internal auditors at least twice a year, in order to discuss with them matters relating to its terms of reference and any matters arising from the audit process, and in particular any material weakness in the internal control.

The internal auditor has unlimited access to the Chairman of the Audit Committee to discuss matters concerning the internal audit of the Company.

7.2.5 Reporting and Assessment

The Audit Committee provides the Board of Directors with clear regular information about the exercise of its duties and at least when the Board draws up the annual accounts, the consolidated annual accounts and where applicable the condensed financial statements intended for publication. It informs the Board of Directors about all areas in which action or improvement is necessary in the opinion of the Audit Committee. The Audit Committee produces recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review should cover the Company and its subsidiaries as a whole.

The Audit Committee reviews its terms of reference and its own effectiveness regularly (and at least every two to three years). It reports on its evaluation to the Board of Directors and submits to the Board of Directors proposals for changes where necessary.

8 Rules preventing market abuse

A Dealing Code, attached hereto as Annex I, ensures that all employees, and particularly the members of the Board do not abuse, nor place themselves under suspicion of abusing, and maintain the confidentiality of inside information that they may have or be thought to have, especially in periods leading up to an announcement of financial results or of price-sensitive events or decisions.

To implement and monitor this Dealing Code, the Board of Directors shall designate one or more Compliance Officers who shall have the rights and obligations set out in the Dealing Code.

9 Miscellaneous

9.1 Changes to the Corporate Governance Charter

The Board of Directors may amend this Corporate Governance Charter from time to time without prior notice. It may also decide at any time to deviate from this Charter subject to disclosure thereof in the Corporate Governance Statement of the annual Board report.

Any such modification or deviation will be published on the Company's website.

Third parties shall not derive any rights from such modification or deviation.

9.2 Priority

In case of any contradiction between a provision of this Corporate Governance Charter and an applicable mandatory law or regulation, such law or regulation shall supersede the provision of this Corporate Governance Charter.

9.3 Governing law and jurisdiction

This Corporate Governance Charter shall be governed by and construed in accordance with Belgian law.

The courts of Leuven (Belgium) shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Corporate Governance Charter.

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