Corporate Governance Statement

The Company adheres to the corporate governance principles set out in the Belgian Code of Corporate Governance 2009 published on the website www.corporategovernancecommittee.be. It has published its Corporate Governance Charter on its website (www.dieteren.com) since 1 January 2006. However, the implementation of these principles takes into consideration the particular structure of the Company's share capital, with family shareholders owning the majority and having ensured the continuity of the Company since 1805. Exceptions to the principles are set out on page 84.

1. Composition and operation of the Board, executive management and control bodies

1.1. BOARD OF DIRECTORS

1.1.1. Composition

The Board of Directors consists of:

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

The Chairman and Deputy Chairmen of the Board are selected among the Directors appointed on the proposal of the family shareholders. Two female directors are on the Board. At least one of them is also a member of each Committee of the Board.

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 the Directors proposed by the Company for the Boards of Directors of its main subsidiaries;
- appoint and revoke the CEO and, based on a proposal by the latter, the managers reporting to him 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 or, results permitting, a steadily growing dividend.

Composition of the Board of Directors (as at 31 December 2015)		Joined the Board in	End of term
Roland D'Ieteren (73)[1]	**Chairman of the Board** Graduate of Solvay Business School, MBA (INSEAD). Chairman and managing director of D'Ieteren from 1975 to 2005. Chairman of the Board of Directors of D'Ieteren since 2005. Honorary Director of Belron.	**1968**	**May 2018**
Nicolas D'Ieteren (40)[1]	**Deputy 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. Director of Belron.	**2005**	**June 2019**
Olivier Périer (44)[1]	**Deputy Chairman of the Board** 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. Director of Belron.	**2005**	**June 2019**
Axel Miller (50)	**Managing director** 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 managing director of Dexia s.a. (2006-2008). Partner at Petercam from 2009 to March 2012. Directorships: Carmeuse (Chairman), Spadel, Duvel Moortgat.	**2010**	**May 2018**
GEMA sprl[1]	**Non-executive Director – Permanent representative: Michel Allé (65)** 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 Zetes Industries and Chairman of the Board of Euroscreen. Professor at ULB.	**2014**	**May 2018**
s.a. de Participation et de Gestion (SPDG)[1]	**Non-executive Director – Permanent representative: Denis Pettiaux (47)**[2] Civil engineer in physics and Executive Master 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 (42)** Bachelor of Laws (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 (55)**[3] 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. Deputy Chairman of the FEB. Director of Guberna. Various Directorships.	**2014**	**May 2018**
Christine Blondel (57)	**Independent Director** Ecole Polytechnique (France), MBA (INSEAD). Held executive positions at Procter & Gamble and led the Wendel Centre for Family Enterprise at INSEAD, where she is Adjunct professor of Family business. Founder of FamilyGovernance, advising family businesses. Director of INSEAD Foundation.	**2009**	**June 2017**
Pascal Minne (65)	**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. Professor of tax law at ULB.	**2001**	**May 2018**
Michèle Sioen (50)	**Independent Director** Degree in economics. CEO of Sioen Industries, a company specialised in technical textiles. Chairman of the FEB since May 2014. Director of companies, notably ING Belgium and Guberna. Member of the Corporate Governance Committee.	**2011**	**June 2019**

(1) Director appointed on the proposal of family shareholders.

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 2015, the Board met 7 times. All of the Directors attended all of the meetings, except for:

- Mrs Michèle Sioen, the s.a. SPDG represented by Mr Denis Pettiaux, and Mr Roland D'Ieteren, each excused for one meeting.

1.1.3. Tenures of Directors

The Directorships of Messrs Jean-Pierre Bizet and Alain Philippson (the latter having reached the age limit of 75) have expired at the Ordinary General Meeting of 28 May 2015.

During the same Ordinary General Meeting, the Directorships of Mrs Michèle Sioen (as independent Director) and Messrs Nicolas D'Ieteren and Olivier Périer were renewed for 4 years.

1.1.4. Committees of the Board of Directors

Composition (as at 31/12/2015)	Audit Committee[1]	Nomination Committee	Remuneration Committee[1]
Chairman	Pascal Minne	Roland D'Ieteren	Roland D'Ieteren
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	Michèle Sioen[6]
		Olivier Périer	

The **Audit Committee** met 3 times in 2015 and once in January 2016 following the rescheduling of a meeting originally to be held In 2015. Two of these meetings were held in the presence of the Auditor. All of its members attended all of the meetings.

The **Nomination Committee** met 2 times in 2015. All of its members attended all of the meetings.

The **Remuneration Committee** met 2 times in 2015. All of its members attended all of the meetings, with the exception of Mrs Michèle Sioen, excused for one meeting.

Each Committee has reported on its activities to the Board.

Operation of the Committees

Audit Committee

At 31 December 2015, the Audit Committee comprises 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 will review auditor's reports on half-year and year-end 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 5 June 2014, 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

At 31 December 2015, the Nomination Committee comprises five non-executive Directors, including the Chairman of the Board, who chairs it, 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 managers reporting to him, 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 reproduced in Appendix II a of the Company Governance Charter available on the Company's website.

(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) Since 26 February 2015. 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.
(6) Until 26 February 2015. Independent Director.

Remuneration Committee

At 31 December 2015, the Remuneration Committee comprises three non-executive Directors, including the Chairman of the Board, who chairs it, and two independent 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 managers reporting to him, 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 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 reproduced in Appendix II b of the Corporate Governance Charter available on the Company's website.

Consultation Committee

The Chairman and the Deputy Chairmen of the Board meet once a month with the managing director, as a Consultation Committee, an advisory body, in order to monitor the Company's performance, review progress on major projects and prepare meetings of the Board of Directors.

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 to its group's 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. They are to consult the Chairman or managing director, 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 related legal matters are applied. 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 managers as bodies of the Company, 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

In 2015, the Group's executive management was comprised of the Group CEO, the Group CFO, the Group CLO – also responsible for the Board's secretariat – and the Group Treasurer. The managing director-CEO is responsible for day-to-day management. He is assisted by the group's executive management, which is responsible at the Group level for finance, financial communications, investor relations, account consolidation, treasury, business development, legal and tax functions.

1.3. EXECUTIVE MANAGEMENT OF THE TWO ACTIVITIES

The Automobile Distribution division – D'Ieteren Auto, an operational department of s.a. D'Ieteren n.v. without separate legal status – is managed by the CEO of D'Ieteren Auto, reporting to the Group's managing director. The CEO of D'Ieteren Auto chairs a management committee comprising six other members responsible for Retail, Finance, Operations, Research, Marketing & Training, Brands & Network Management as well as Human Resources.

The Vehicle Glass division is comprised of Belron, of which D'Ieteren owned 94.85% at 31 December 2015, and its subsidiaries. On 31 December 2015, Belron is governed by a Board of Directors consisting of 11 members: D'Ieteren's managing director (who chairs it), the Group CFO, Belron's CEO and CFO, D'Ieteren's two Deputy Chairmen of the Board and 5 non-executive Directors.

1.4. EXTERNAL AUDIT

The external audit is conducted by KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Alexis Palm, whose auditing term expires at the General Meeting of June 2017.

The total fees charged by the Statutory Auditor and linked companies for the work carried out in 2015 on behalf of s.a. D'Ieteren n.v. and linked companies amounted to EUR 6.1 million, excluding VAT. Details of the fees are included in note 44 of the 2015 Consolidated Financial Statements (page 74).

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 on the proposal of the family shareholders is in a position to dominate decisions. 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 working of the Board can be mitigated, on the one hand, by 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. Remuneration Report

2.1. DETERMINATION OF THE REMUNERATION POLICY FOR THE MANAGERS AND OF THE INDIVIDUAL AMOUNTS

The remuneration policy for the non-executive Directors and executive management of s.a. D'Ieteren n.v. and the individual remuneration amounts are determined by the Board of Directors based on the recommendations of the Remuneration Committee. Belron s.a., who has minority shareholders, has its own Board of Directors and Remuneration Committee, who determine the remuneration of its non-executive Directors and executive managers.

D'Ieteren's Remuneration Committee considers the following elements at the end of each year and submits them to the Board for approval, based on the recommendations of the CEO when his direct reports are concerned:

- the remuneration of the non-executive Directors for the following year;
- the variable remuneration of the executive managers for the past year, taking into account any annual or multi-annual criteria related to the performance of the Company and/or of the beneficiaries to which its granting is submitted;
- any changes to the fixed remuneration of executive managers and their target variable remuneration for the following year, and associated performance criteria.

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

2.2. REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

The Company implements a remuneration policy designed to attract and retain on the Board a group of non-executive Directors with a wide variety of expertise in the various areas necessary to 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 as Chairman or Deputy Chairman of the Board, for participating to one or more Board committees and, in some cases, for the benefit of the provision of company cars. Some Directors receive a fixed annual remuneration from Belron s.a. for the exercise of a directorship. The total amount of these remunerations is given 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 2015, a total of EUR 1,590,314 has been paid to the non-executive Directors by the Company and by the group's subsidiaries, broken down as follows. No other benefit or remuneration, loan or guarantee has been granted to them by D'Ieteren or its subsidiaries.

2015 (in EUR)	Base remuneration[1]	Specialised Committees	Total remuneration
D'Ieteren R.	430.099		430.099
D'Ieteren N.	175.000		175.000
Périer O.	175.000		175.000
Bizet J.-P.[2]	29.167		29.167
Blondel C.	70.000	70.000	140.000
Gema (Allé M.)	70.000		70.000
Minne P.	70.000	80.000	150.000
Nayarit (de Vuyst F.)	70.000	30.000	100.000
Philippson A.[2]	29.167	8.333	37.500
P.-O. Beckers sprl	93.548	16.889	110.437
Sioen M.	70.000	3.111	73.111
SPDG (Pettiaux D.)	70.000	30.000	100.000
Total Board of Directors	**1,351,980**	**238,333**	**1,590,314**

2.3. REMUNERATION OF THE EXECUTIVE MANAGERS

General principles

At 31 December 2015, the executive management[3] , defined as the CEO and the managers who report directly to him, comprised Axel Miller, CEO, Arnaud Laviolette[4], Chief Financial Officer, and Amélie Coens[5], Chief Legal Officer. 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 among colleagues within the Company.

The policy is to position executive managers' total individual remuneration around the median of remuneration for positions of similar responsibility in comparable Belgian or foreign companies, as determined through benchmarking undertaken by independent experts. The last benchmarking was carried out in 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 medical and life insurance premiums, company car fringe benefits and a remuneration for the exercise of Directorships in group subsidiaries;
- a variable remuneration comprising:
    - an annual variable remuneration, whose target is set at approximately 50% of the short-term fixed remuneration;
    - and a long-term incentive plan in the form of share options.

Since 1 January 2015, the Company also supports the contributions to disability, pension and life insurance schemes to the benefit of the managing director for an annual amount of EUR 96,379.

(1) The base remuneration also includes, in the case of the Chairman and Deputy Chairmen of the Board, company car fringe benefits.
(2) Until 28/05/2015.
(3) Marc-Henri Decrop was Group Treasurer until 29 December 2015. In the framework of a reorganisation of the company's functions, this position is no longer part of the executive management since 1 January 2016.
(4) Since 1 September 2015. Benoit Ghiot was CFO until 31 March 2015.
(5) Since 12 November 2015. Anne Del Marmol, who took over other functions within the company, was Chief Legal Officer until 31 August 2015.

The remuneration of the other executive managers comprises:

A. a fixed remuneration, consisting of a base remuneration, employer contributions to pension schemes, private medical and life insurance, company car fringe benefits, and, as the case may be, a remuneration for the exercise of directorships in group subsidiaries.

The executive managers' defined contribution pension scheme comprises:

- a base plan into which the employer pays an indexed fixed premium for retirement (possible from the age of 60 according to the thresholds set by law depending on the length of the career of the interested party), invested at a guaranteed rate with an insurer (who may add any participating bonuses). In the event of death before retirement, the employer will fund with the same insurer a lump sum equal to a multiple of the annual gross salary plus a multiple of the portion of this salary exceeding the maximum legal pension plan amount;
- a supplementary plan into which the employer pays a premium equal to a percentage of the gross revenues for the previous year, variable according to the age of the beneficiary, which is capitalized with the insurer at the same guaranteed rate(to which he may add any participating bonuses) until retirement or death of the beneficiary.

B. a variable remuneration comprising:

- an annual variable remuneration, whose target is about 40% to 60% of the fixed short term remuneration;
- a long term incentives 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 target annual variable remuneration, which shall not exceed 50% of the total variable remuneration and the amount of which, adjusted according to whether performance criteria have been achieved, is paid at the beginning of the year following the services 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 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 important projects) qualitative criteria.

The annual bonus depends for 50% on the achievement of the annual quantitative objective, and for 50% on the achievement of the qualitative objectives. It can vary from 0% to 150% of the target in EUR, according to the performance evaluation carried out annually.

An assessment of the performance of the interested parties is carried out at the start of the year following the one to which the remuneration in question is allocated, by the CEO for his direct reports 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 executive managers consists in the granting of a determined number of D'Ieteren stock options decided by the Board of Directors on 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, such as that determined with the help of a benchmarking process conducted by independent experts, the most recent of which was conducted in 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 the working day preceding the launch of the plan.

These options are exercisable from 1 January of the 4th year following the date they were granted and up until expiry of the tenth year following the granting, with the exception of the 1.5-month periods preceding the dates of full-year and half-year financial communication. The actual exercise of the options depends upon the evolution of the share price allowing for the option exercise after the 3-year vesting period. Additional details on the share option plans are provided in Note 37 of the consolidated financial statements.

Remuneration allocated to the executive management for 2015

The following table summarises the various categories of remuneration of the managing director and the other executive managers of the group allocated for 2015.

2015 (in EUR)	CEO[1]	Other executive managers[2]
Fixed remuneration	750,000	589,123
Short-term variable remuneration[3]	422,500	399,942
Contribution to disability, pension and life insurance schemes	96,379	299,262

Moreover, 77,000 share options were granted to the executive managers for the fiscal year 2015, at a strike price of EUR 28.92 per D'Ieteren share, allocated as follows:

2015	Granted options	Exercised options	Lapsed options
Chief Executive Officer	50,000	-	-
Other executive managers:			
> Chief Financial Officer[4]	-	17,370	-
> Chief Financial Officer[5]	15,000	-	-
> Chief Legal Officer[6]	10,000	8,000	-
> Chief Legal Officer[7]	2,000	-	-

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

Barring cases of unprofessional conduct, incapacity or gross negligence, Axel Miller's and Arnaud Laviolette's contracts provide for a severance pay of 9 months (2015-2017) or 12 months (from 2017) for Axel Miller, and of 12 months for Arnaud Laviolette.

The employment contracts of the other members of the executive management are subject to the rules of common law applicable to employment contracts in Belgium and do not provide for a specific severance pay in the event of termination of contract. Following an internal reorganisation of the company's functions, the position of Group Treasurer is no longer part of the company's executive management since 1 January 2016. The Board of Directors has ratified the pay in lieu of notice of around 28 months, paid in accordance with the legal provisions to the person who held this position until 29 December 2015. A one-off premium matching group insurance contributions for the period was also added to the insurance scheme of the latter.

The executive management's contracts do not contain claw back clauses applicable if the variable remuneration has been allocated on the basis of incorrect information.

3. Internal controls and risk management systems

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

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

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.

These 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.

(1) With an independent contract.
(2) Of which one with an independent contract. Gross amounts, excluding employer's Social Security contributions.
(3) For the phasing of the variable remuneration, see "Description of the variable remuneration components", section B.
(4) Until 31 March 2015.
(5) From 1 September2015.
(6) Until 31 August 2015.
(7) From 12 November 2015.

3.1. INTERNAL CONTROL ENVIRONMENT

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

- clear definition of the organization 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 policies 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;
- policies and business standards;
- country visits and discussions with local management.

3.1.2. The effectiveness of the system of internal control has been reviewed through the following processes:

- strengthening of the internal control team;
- strengthening of the Corporate team;
- review of internal and external audit plans (including IT audit missions);
- 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;
- 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 a regular report on the work carried out by the Audit Committee of each entity and makes in turn its own reporting to the Board.

3.2. ASSESSMENT OF BUSINESS RISK

3.2.1. 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 unintentional basis.

3.2.2. Each entity conducts an annual risk review and updates its risk register with each risk's impact and mitigation actions. This approach forms the cornerstone of the risk management activities of D'Ieteren, the aim of which is to provide the assurance 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.

A summary of the main risks the company faces is provided hereafter.

3.3. INTERNAL AUDIT

3.3.1. 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.

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

3.3.3. 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.

3.4. KEY RISKS

3.4.1. Business risks

3.4.1.1. 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, availability of credit to potential buyers, the tax treatment of company cars or CO_2 emissions. Specific demand for the distributed makes depends on the success of models developed by their automotive suppliers (VW, Porsche, Yamaha, etc.) and their adequate pricing on the Belgian market. The demand for less polluting vehicles drives an evolution of the car park, with an increasing number of vehicles being equipped with new engines (hybrid, plug-in hybrid, electric, natural gas,…). The improved quality of cars drives down their maintenance frequency, which in turn has an impact on the sale of spare parts. Disruptions in the recent used car market as a result of economic conditions or intense price competition in the new car market may affect residual values on buyback cars repurchased by D’Ieteren Auto from short-term car rental companies.

In the vehicle glass repair and replacement business, mild weather conditions, a reduction in the number of miles driven (e.g. as a result of an increase in fuel prices), improved road conditions or a reduction of average speed on roads as a result of speed limit enforcements are unfavourable factors as they tend to reduce the frequency of glass breakage. Changes in insurance policies regarding glass breakage, such as an increase of deductibles may reduce demand or increase price pressure.

These developments are actively monitored by each entity and fed in a planning process including strategic planning, long term financial planning, budgets and monthly reporting. This process allows a good anticipation of these trends or quick reaction to sudden events and provides management with a base for decisions regarding the range of products and services offered, their pricing and the sizing of the organisation.

Where business is by essence subject to rapid changes in demand, structures have been adapted to provide the maximum flexibility.

3.4.1.2. Project risk

In 2015, D’Ieteren reviewed the footprint and the structure of its D’Ieteren Car Centers in order to improve their financial and commercial performance. It also announced a new structure for the distribution network, dividing the territory into a number of homogeneous market areas in order to improve the profitability of the independent dealers.

Belron, on the other hand, continues to implement plans to improve the operational efficiency in a number of European countries that are facing adverse market or competitive conditions. The company also increases its investment in marketing technology by upgrading its IT systems and gradually integrating digital customer tools.

The implementation of these changes could temporarily cause commercial or operational disturbances which may impact the results. Project management structures are being set up for each of these projects in order to ensure the smoothest transition possible and prevent any negative effect on the activities and results.

3.4.1.3. Sourcing risk

D’Ieteren Auto imports and distributes new cars and spare parts of the makes of the Volkswagen group. The relationship with Volkswagen has been built over more than 60 years and is formalized in wholesale agreements with each of the makes 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 the management of the Belgian network of distributors. 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. In order to avoid that the loss of a key supplier in any of these areas significantly disrupts its operations, purchasing teams have developed a strategy to diversify sourcing and actively allocate volumes.

3.4.1.4. Key account risk

In both entities of D’Ieteren, a significant part of the business is transacted with 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 the financial condition and the results of D’Ieteren.

Each entity undertakes many activities to ensure that its relationship with key accounts remains strong. Every major account will have a dedicated manager who will develop a key account plan with clear objectives on how to develop the relationship further. Each entity ensures that its customer portfolio remains sufficiently balanced.

3.4.1.5. 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, all the technical response to such 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 follows a transparent and proactive communication policy towards its customers and dealers, and organises any necessary recall actions to ensure the vehicles are compliant with regulations. This has notably happened during the "Emissiongate" which started in September 2015.

In the vehicle glass repair and replacement business, as the windscreen is an important part of the safety of a vehicle, any badly fitted windscreen could adversely impact the safety of the vehicle and have a legal, financial and reputational impact. In order to minimise this risk, Belron develops clear fitting 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 best fitter of the group, based on compliance with standards and quality of execution, reinforce the importance of the highest fitting standards.

3.4.1.6. Loss of key personnel

Continuity of the business may be impaired by the loss of personnel responsible for key business processes, for physical reasons or as a result of their decision to leave the organisation.

Personnel retention is managed through the offering of a competitive compensation, regularly benchmarked against market practice, good career perspectives, regular feedback and employee satisfaction surveys. Succession plan of key personnel is regularly reviewed by the top management of each entity.

3.4.2. Finance and IT risks

3.4.2.1. Catastrophic loss risk

D'Ieteren's entities are heavily dependent on key resources such as IT systems, call centres and distribution centres. Major disaster affecting these resources 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 mitigate the impact of a potential major system failure. Residual risk may be covered by appropriate insurance policies.

3.4.2.2. Liquidity risk

A substantial proportion of D'Ieteren's entities is financed by loans, whose availability depends on access to credit markets. Lack of availability of funds or a breach of financial covenant could result in the inability of all or part of the company to operate or may lead to a significant increase of the cost of funding. Each entity seeks to ensure that it has a core level of long-term committed funding in place with maturities spread over a number of years.

This core funding is supplemented with shorter-term committed and uncommitted facilities particularly to cover seasonal debt requirements. All funding is arranged with a range of providers. Each entity maintains a regular dialogue with debt providers and keeps them updated on the general situation of the company.

Following the sale of Avis Europe and the contribution of D'Ieteren Lease in a joint venture wholly financed by Volkswagen Financial Services, the liquidity risk for D'Ieteren has been considerably reduced.

3.4.2.3. Interest rate and currency risk

D'Ieteren's international operations expose it to foreign currency and interest rate risks. The majority of the business carried out by the company is transacted in euro, pounds and US dollars. In each country where D'Ieteren has a subsidiary, revenue generated and costs incurred are primarily denominated in the relevant local currency, thereby providing a natural currency hedge. In the vehicle glass repair and replacement activity, the policy is, whenever possible, to hedge the value of foreign currency denominated investment with an equivalent amount of debt in the same currency to protect their value in euro.

Interest rate risk arises from the borrowings, which, after foreign currency risk hedging, principally arise in euro, pound sterling and U.S. dollar. 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 both fixed and floating rate facilities possibly combined with derivatives-based hedges (see notes 18 and 19 of the Consolidated Financial Statements 2015 concerning the financial instruments that were used). As present debt facilities mature, D'Ieteren is exposed to higher credit spreads on its borrowings.

3.4.3. Other risks

3.4.3.1. Compliance risk

In geographies where D'Ieteren's businesses have significant market shares and/or are governed by vertical agreements falling in the scope of Block Exemption regulations, the key legislative risk relates to Competition Law. Any Competition Law breach could result in significant fines. In addition to this, there has recently been a significant development in Data Protection legislation with substantial fines 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.

3.4.3.2. Integrity risk

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

The company is putting in place a series of measures in order to avoid these risks to the maximum extent possible, including established policies and procedures, ethics policy or code of conduct applicable to all staff, appropriate training of the staff, delegation of authority in place with separation of duties, management information, internal audit and financial controls.

4. Capital information

4.1. DENOMINATOR

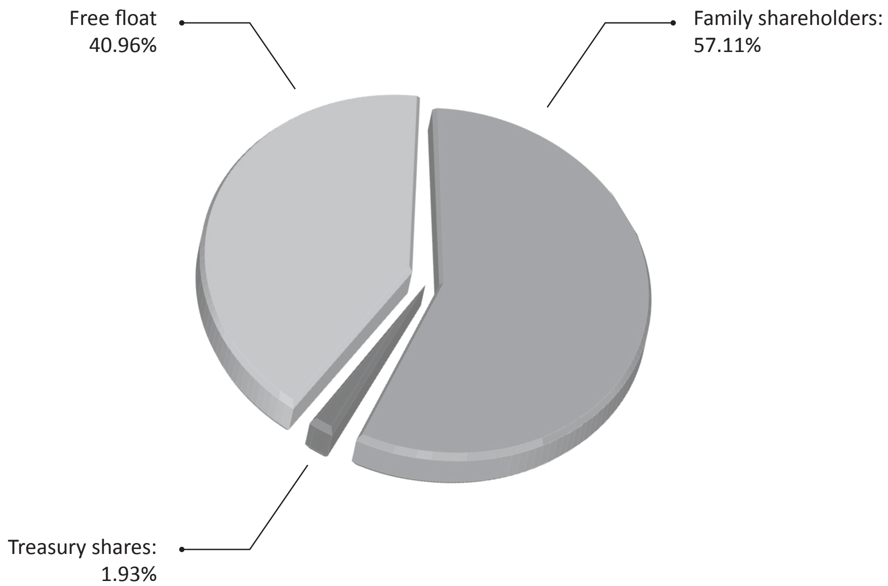
At 31 December 2015	Number	Related voting rights
Ordinary shares	55,302,620	55,302,620
Participating shares	5,000,000	5,000,000
Total		**60,302,620**

4.2. SHAREHOLDING STRUCTURE

At 31 December 2015	In capital share	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	**1.93%**	**1.77%**
Free float	**40.96%**	**37.57%**
of which MFS Investment Management	*5.47%**	*5.02%**

* At 18 June 2014, when the last notification of participation of MFS Investment Management was received.

In capital share



4.3. 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 16 February 2016) is presented in Note 29 (see page 59).

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

4.4. DEMATERIALISATION OF BEARER SHARES

In accordance with the applicable regulation, the Company has sold in 2015 on the regulated market the 43,320 company bearer shares which were not subject to an opposition and whose owners were unknown at 31 December 2014. The proceeds were paid to the Caisse des Dépôts et Consignations.

4.5. 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, s.a. D'Ieteren n.v. received on 20 February 2008 a notification from the Nayarit group (whose members are listed in Note 29 of the Consolided Financial Statements, page 59), 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 capita**l 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 according to the previous paragraphs, the Extraordinary General Meeting of 5 June 2014 also authorized 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**;
- in order to prevent the Company from suffering a severe and imminent damage, to sell own shares on the stock exchange or through a sale offer made under the same conditions to all shareholders in accordance with the law. These authorisations also apply, under the same conditions, to the purchase and sale of the Company's shares by subsidiaries in accordance with clauses 627, 628 and 631 of the Company Code.

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

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 with financial institutions will be subjected to the approval of the General Meeting of shareholders of 26 May 2016, in accordance with article 556 of the Company Code.