

GOOD GOVERNANCE CHARTER

IMEC VZW

Approved by the IMEC board of directors on 12 March 2008 and brought to the attention of the IMEC general assembly on 25 April 2008¹.

¹ This charter does not take into account yet the changes to the articles of association of IMEC vzw further to the merger with iMinds vzw. An updated version of the charter is in preparation.

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INTRODUCTION

The IMEC non-profit association (**hereafter referred to as “IMEC” or “the association”**) acknowledges it is important to apply the principles of good governance.

IMEC’s Good Governance Charter (*“the Charter”*) finds its origin in IMEC’s pursuit of a well thought-out system of good governance, based upon an unequivocal and transparent division of competences and responsibilities, to be justified and accounted for by means of a well-balanced set of procedures. Given its special mission and objective as a non-profit association, IMEC has always tried to serve to the best of its ability the interests of society in general and of all stakeholders involved in particular.

Bearing in mind that a well thought-out system of good governance will be beneficial to IMEC’s long-term development, the Charter is considered as a guideline for well-balanced and transparent procedures regarding decision-making and representation, including a code of conduct for all IMEC staff.

In origin a Flemish initiative, IMEC pays specific attention to a permanent and sustainable Flemish embedding at each and every stage of its growth.

CHAPTER I. IMEC'S MISSION AND VISION

All of IMEC's activities are based on one and the same mission: to precede by three to ten years, through scientific research, the industrial applications in the field of micro and nanoelectronics, nanotechnology, design methods and technologies for ICT systems.

Diffusing scientific knowledge through education and support of schools, teachers and industry is inextricably linked to IMEC's basic task.

With a view to the accomplishment of its mission, IMEC is driven by the ambition to be and remain an international centre of excellence in general, and to contribute to the reinforcement of Flanders' industrial network in particular.

Throughout IMEC's activities the valorisation of industrial research is the underlying objective, while fostering innovative businesses is a permanent goal.

IMEC can only realise its mission and ambition through the strength and creativity of its scientists. In order to give this creativity every chance to develop itself, IMEC aims at composing multidisciplinary and international research teams.

CHAPTER II. BASIC PRINCIPLES OF GOOD GOVERNANCE

IMEC aims at a clear governance structure.

IMEC's governance structure is based on the following premises:

1. A clear governance structure is applied and made public in an adequate manner.
2. The members' rights are respected.
3. IMEC is managed by an efficient board whose members are appointed in conformity with a rigorous and transparent procedure. In certain cases, the board members receive an equitable remuneration.
4. In well-defined circumstances the IMEC board of directors can ask to be assisted and advised by specialised committees composed of one or more directors and, if necessary, one or more in-house or external experts. Such committees have only advisory powers. The final decisions shall be taken by the board of directors in mutual agreement.
5. The IMEC board of directors can delegate certain competences to the CEO and an executive management. This delegation is clearly laid down in unequivocal delegation regulations.
6. The directors and the management are honourable and dedicated. As far as their deliberations and decisions are concerned, they will only have IMEC's interests and mission in mind. They will therefore sign a code of conduct, as explained below.

1. Documents regarding governance structure made public

- The association's governance structure is determined in the first place by the legal division of competences between the general assembly and the board of directors, in conformity with the act regarding non-profit associations, international non-profit associations and foundations of 27 June 1921 (Belgian Bulletin of Acts, Orders and Decrees, hereafter "A&F act").
- The legal division has been refined in the association's bylaws, drawn up on the occasion of its foundation on 16 January 1984 (appendices B.B. 15 March 1984) and in the respective changes to the bylaws of 29 April 2005 and 26 April 2006. In accordance with law, the bylaws were coordinated on 26 April 2006.
- The practical issues concerning the organisation of the general assembly and the board of directors are further specified in a code of internal order.

2. IMEC members' rights**➤ Number and types of members**

- The number of members is at least fifteen and not limited.
- Membership is taken up for a term of six years. It is unlimitedly renewable if approved by the general assembly.
- The members' rights and duties are determined by the A&F act and the bylaws. All categories of members have the same rights and duties, except if stated otherwise in the bylaws.
- The members are representatives of the main social branches and the educational system. They are divided into the following categories:
 1. members-representatives of the Flemish universities;
 2. members-representatives of the Flemish industry;
 3. members-representatives of the Flemish professional organisations;
 4. members-representatives of the Flemish polytechnic colleges;
 5. members-representatives of the Flemish government.

➤ Accession, resignation and exclusion of members

- New members, additional to the number of existing members, can only accede to a certain category after the principle of the increase of the number of members in the category concerned has been unanimously approved by the general assembly. Only the principle of the accession of a third member in the third category of members-representatives of professional organisations can be approved by the board of directors, by a simple majority of votes of the directors present and represented.

After approval of the principle, the additional members in the category concerned must be (1) proposed by two members of the corresponding category of members and (2) accepted by the general assembly, with a three-quarter majority of votes of the members present and represented.

New members replacing and continuing a membership that is ended due to resignation, exclusion or decease are proposed and accepted by the general assembly, with a three-quarter majority of votes of the members present and represented.

For any deliberation of the general assembly concerning the increase of the number of members or the acceptance of new members, either as addition or replacement, at least three fourths of the members must be present or represented to allow a valid deliberation. If this quorum is not reached, a second assembly can be convened, which can take a decision with the same majority of votes but irrespective of the number of members present or represented.

- Should a member's professional career change to such an extent that he can no longer be deemed to adequately represent the body that has delegated him, he is supposed to resign by right as a member-representative at the moment the represented body informs the (chairman of the) board of directors that the member no longer meets the qualifications required for representation.

Members are supposed to resign by right after the expiry of the six-year term, except if their membership is renewed in time, according to the stipulations in the bylaws.

Members can resign at any moment; to do so, they should inform the board of directors of their resignation by fax, simple letter or registered post.

The exclusion of a member can only be decided upon by the general assembly, composed of at least three fourths of the members and with a three-quarter majority of votes.

The board of directors has the right to suspend members who have broken the bylaws until the decision of the general assembly.

➤ **The general assembly's authority**

The following competences are assigned to the general assembly by the A&F act and the bylaws. It has the authority to:

1. modify the bylaws;
2. appoint and dismiss board members and, if need be, determine their remuneration;
3. appoint and dismiss commissioners and, if need be, determine their remuneration;
4. acquit directors and commissioners;
5. approve budgets and accounts;
6. exclude and accept members;
7. declare the voluntary dissolution of the association;
8. convert the association into a company with a social purpose;
9. execute all other powers and decisions reserved to it by the A&F act or the bylaws.

➤ **Convocation of and deliberation by the general assembly**

- The annual general assembly is held in the month of April, in accordance with the information in the notification.

A special and/or extraordinary general assembly can be convoked whenever required to protect the association's interests and when requested by one fifth of the members.

- Except for the cases stipulated in the A&F act and the bylaws, decisions are made, irrespective of the number of members present or represented, by simple majority of the members present or represented, exclusive of abstentions.

Members can have themselves represented, by means of a written mandate, by a proxy who must also be a member. A member can only represent one of the other members.

➤ **Minutes**

- Draft minutes of every meeting are made by the secretary or, in his/her absence, by his/her replacement.

The draft minutes are drawn up during the meeting, after which they are read out loud and submitted for approval to the members present.

Upon approval the minutes are signed by the chairman of the meeting, the secretary, the vote counters when applicable and the directors who wish to do so.

- The signed minutes are kept in a minute register at the association's registered office. The letters of attorney and the signed attendance list are attached to the minutes.

Each member has the right to consult the minutes kept at the association's registered office, in accordance with the stipulations of the Royal Decree of 26 June 2003.

3. Board of directors

➤ **Composition and appointment**

- The board of directors is composed of nine directors, either member or non-member of the association.

A director's mandate is valid for three years and renewable with no limit.

A director's mandate is paid, except if the general assembly decides otherwise or if the director concerned personally and expressly renounces this salary. The amount of the salary is determined each year by the general assembly. Expenses made by the directors within the framework of their mandate can always be reimbursed.

- The directors are appointed among the candidates proposed as follows:
 1. Four directors are appointed among the candidates proposed by the members-representatives of the Flemish universities. These candidates must be a member of the academic staff of the Flemish universities. This group of four directors must count at least one member of the academic staff of the Katholieke Universiteit Leuven, the Universiteit Gent en the Vrije Universiteit Brussel respectively.
 2. Two directors are appointed among the candidates proposed by the members-representatives of the Flemish industry.
 3. Two directors are appointed among the candidates proposed by the Flemish minister of Economy.
 4. One director is appointed among the candidates proposed by the Flemish minister of Education.

All candidates – except those proposed by the members-representatives of Flemish universities – must have an academic degree in law or in economic or applied economic sciences and/or have acquired sufficient management experience.

- Directors can be dismissed at any time by the general assembly, with a majority of votes of the members present and represented.
- The board of directors elects a chairman, who must be part of the directors proposed by the members-representatives of the Flemish industry, and a vice-chairman, who must be part of the directors proposed by the members-representatives of the Flemish universities.

➤ **Management authority**

- The board of directors is the highest governing body and sets out the association's general policy, except for the matters falling under the exclusive competence of the general assembly.
- De board of directors may delegate the operational execution of the policy it has outlined to the executive management.

➤ **Representation authority**

- The association is represented before court and in the case of legal acts by either:
 - the board of directors acting as a college by a majority of directors;
 - two directors, each of them being appointed among the candidates proposed by a different category of members, acting jointly;
 - a special authorised representative, within the boundaries of his/her mandate.

➤ **Delegation of authority**

- As far as powers of decision and representation are concerned, the board of directors may delegate specific and well-defined competences to special authorised representatives, be they directors or not.

➤ **Convocation of and deliberation by the board of directors**

- The board of directors convenes whenever the association's interest requires it and after being convoked by the chairman, the vice-chairman or two directors, at least eight days prior to the meeting and stating the agenda. In exceptional cases, a shorter period of at least twenty-four hours may be sufficient.

In exceptional cases, when urgent necessity and the interests of the association demand it, the board of directors may take decisions by written communication, except in connection with the annual account and the annual budget. In such cases, all directors must unanimously agree on the application of the written procedure and the decision to be taken.

- Deliberations are valid if at least half of the directors are present or represented. If this quorum is not met, a new meeting can be called, which can confer legitimately if at least three directors are present or represented.

Decisions are taken validly by simple majority of the votes of the directors present and represented, exclusive of abstentions. Only the decision on the appointment of the general manager requires a confirmed and double majority for approval (1) by three quarters of the votes of the directors present and represented and (2) by the director/directors appointed on the recommendation of the members-representatives of the Flemish universities and subsequently those appointed on the recommendation of the Katholieke Universiteit Leuven.

- Each director may have himself represented, by letter of attorney, at a meeting by an authorised representative who must also be a director. A director can only represent one of the other directors.

➤ **Basic rules to avoid conflicts of interest**

- All directors must be non-executive and therefore cannot combine their mandate as director with an assignment in the association's executive management for the duration of their mandate.
- The majority of directors must be "independent", in the sense that, during his mandate, the director:
 - must not be linked to the association by being an employee;
 - is not allowed to hold an executive management position in a company in which the association is a majority shareholder;

- is not allowed to execute a task in connection with the commissioner's control proceedings;
 - must not have direct relatives to the second degree within the members of the executive management.
- Directors are supposed to avoid actions that are or might be contrary to the association's interests.

Should a director, either directly or indirectly, have a personal interest or an interest with regard to a related person or organisation, in connection with property rights or other subjects, which is contrary to a decision or a competence reserved to the board of directors, he is to inform the chairman before the deliberation on the matter commences.

The director experiencing the conflict of interest shall leave the meeting and not take part in the deliberation and the vote on the matter at hand.

The above procedure also applies to the usual operations taking place under the conditions and certainties that usually apply to similar transactions on the market.

➤ **Minutes**

- Draft minutes of every meeting are made by the secretary or, in his/her absence, by his/her replacement.

Except in the case of the minutes being drawn up and approved at the meeting, the draft minutes are in principle sent to the directors for approval. The first point on the agenda of the next board meeting is the approval of the draft minutes of the previous meeting.

After the minutes have been approved, they are signed by the association's chairman and the secretary.

- The signed minutes are kept in a minute register at the association's registered office. The letters of attorney are attached to the minutes.

Each member has the right to consult the minutes kept at the association's registered office, in accordance with the stipulations of the Royal Decree of 26 June 2003.

4. Committees

➤ **Audit committee**

- The audit committee is composed of at least three members, with at least one member-representative of the Flemish education system (universities or polytechnic colleges), one member-representative of the Flemish industry and one member-representative of the Flemish government. All members of the audit committee must be non-executive and a majority must be independent. The board of directors appoints a chairman to the audit committee, who cannot be the same person as the chairman of the board of directors.

The audit committee convenes at least twice a year upon convocation by its chairman, and each time one of the audit committee's members requests to do so.

- The audit committee assists the board of directors in controlling the association's financial reporting process. It is part of the audit committee's task to supervise:
 - the reliability and coherence of the financial information;
 - the reliability of the systems for internal control and risk management;
 - the independence, objectivity and performances of the internal and external auditing bodies;
 - the commissioner's remarks and the subsequent follow-up.
- The audit committee also advises on the (re)appointment of the commissioner.
- With a view to the execution of its tasks, the audit committee has the right and the authority to:
 - request, consult and obtain all necessary information from all of the association's departments and staff members;
 - call in, at the expense of the association, all external experts for professional advice.
- With a view to advising the board of directors, the audit committee will report its findings after every meeting. This report will be sent to all directors by the next board meeting.

More particularly, the audit committee will, at least once a year, report and if necessary advise on:

- the association's overall financial situation;
- possible improvements concerning the internal systems for control and risk management;
- the performances of the internal auditors and commissioners;
- the assessment of the audit committee's way of working.

➤ **Remuneration committee**

- The remuneration committee is composed of at least three members who must all be non-executive directors and a majority of which must be independent. The chairman of the remuneration committee is appointed by the board of directors.

The remuneration committee convenes at least twice a year upon convocation by its chairman, and each time one of the remuneration committee's members requests to do so.

A report is made of the meetings of the remuneration committee and sent to all directors by the next board meeting.

- The remuneration committee advises the board of directors through recommendations on:
 - the appointment of the general manager (CEO) and the executive board members;
 - the general policy regarding the remuneration of the association for a given year;
 - the remuneration of the association's executive board;
 - a succession plan for the general manager and the executive board.

➤ **Other committees**

- For specific matters, the board of directors can appoint, at its own discretion, specialised committees composed of one or more directors, assisted by one or more members of the executive board and, if necessary, one or more external experts. These committees can either be permanent or temporary ("*ad hoc*"). The committees' chairmen are always appointed by the board of directors.
- The sole task of the *ad hoc* committees consists in advising and assisting the board of directors in the matter it was created for. The power of decision always lies with the board of directors, conferring and deciding collectively.

5. Executive management

➤ **The general manager (CEO)**

- The board of directors can delegate the association's day-to-day management to one of the directors or to a third party called general manager (or 'chief executive officer', abbreviated to CEO).

In principle, the general manager is appointed for a term of six (6) years, with the option of his assignment being renewed.

- For lack of a legal definition of the term day-to-day management, all acts are considered to be part of day-to-day management that need to be performed on a daily basis to ensure the smooth running of the association and that, either through their lesser importance or because an immediate decision is required, do not make an intervention by the board of directors necessary or advisable.

The following activities are in any case considered to be part of day-to-day management, although this list is not restrictive:

- concluding all research and license agreements;
- taking out all credits and loans for a maximum amount of 1,250,000.00 EUR;
- recruiting and dismissing all staff members except executive board members, the latter requiring the preliminary approval of the board of directors;
- acquiring and transferring, in consultation with the financial manager, all participations in associations and companies for a maximum countervalue of 250,000.00 EUR;

- realising, in consultation with the financial manager, disinvestments of participations in companies in favour of the association's 99.9% affiliated legal person FIDIMEC NV, for a maximum countervalue of 500,000.00 EUR.

➤ **Delegation of authority by the general manager (CEO)**

- The general manager has the right to delegate certain of the competences assigned to him to one or more persons and members of the executive board.

➤ **Executive board**

- **Members:**

The members of the executive board are appointed by the board of directors on the general manager's proposal, stating their functions.

Executive board members are not directors. The members of the executive board are appointed by the board of directors, which can dismiss them at any time.

In principle, the members of the executive board are given a well-defined assignment for a maximum duration of six (6) years, with the option of the assignment being renewed.

If a mandate in the executive board comes free, the other members of the executive board can appoint a temporary substitute. The appointment of a replacement will be on the agenda of the next board of directors.

The chairmanship of the executive board is filled by the general manager or CEO.

- **The executive board's role and authority:**

The executive board is the group of persons whom the general manager delegates certain of his day-to-day management tasks to.

The executive board will assume a collective responsibility - under the supervision of the general manager - for the tasks that were delegated to it by the general manager, more particularly with regard to the execution of the association's present and long-term strategy, its goal and mission, as well as its budget and all matters that are part of the association's day-to-day management. The executive board will carry out its tasks in accordance with the laws and norms in force, with a view to the common good and the overall association's interest.

- **The executive board's way of working:**

Meetings:

The executive board convenes when invited by the general manager, who also draws up the agenda. Each member of the executive board has the right to propose agenda items to the general manager. The general manager is responsible for the organisation and the smooth proceeding of the executive board meeting. The general manager chairs the executive board meetings.

The executive board convenes at least once a month. The general manager can schedule an additional meeting of the executive board at any time. The executive board meetings take place at the association's registered office or any location the general manager indicates in the agenda he sends to the members in preparation of the meeting.

Minutes:

A secretary, to be appointed by the general manager, draws up draft minutes of every meeting. These draft minutes are sent to the executive board members for approval. The first item on the agenda of the next executive board meeting is the approval of the minutes of the previous meeting.

Upon approval the minutes are signed by the chairman of the executive board. The signed minutes are kept in a minute register at the association's registered office.

- Reporting to the board of directors

The executive board report to the association's board of directors via the general manager. To this end, the general manager draws up a survey of day-to-day management issues, which he sends to the board of directors and further explains at the board meetings.

6. Advisory bodies

- The legally required advisory bodies are an active part of the association.
- The scientific advisory body is also an active part of the association, as laid down in the bylaws.

Composition:

the members of the scientific advisory body are appointed, on the proposal of the association's executive board, by the board of directors and afterwards made known to the Vlaamse Interuniversitaire Raad (Flemish Interuniversity Council).

Authority:

the scientific advisory body advises the executive management on decisions with regard to the association's research activities, while the association in its turn informs the board of directors on the decisions of the scientific advisory body.

- The advisory body in connection with INVOMEK activities is also an active part of the association, as laid down in the bylaws.

7. Financial control

- The commissioner is appointed by the association's general assembly.
- The commissioner is charged with the control of the financial situation, the annual account and the regularity of the association in view of the law and the association's bylaws.

8. Government commissioners

- The association is under the supervision of the Flemish minister of Finance and Budget and of the Flemish minister of Scientific Research.
- The government's supervision is executed by two government commissioners. The government commissioners are appointed by the Flemish government, on the recommendation of the competent community ministers.

Both government commissioners have the right to be informed of all decisions taken by the general assembly and the board of directors, to carry out all necessary controls and to retrieve all useful information in that respect. If they consider it useful to do so, they have the right to attend the meetings of the general assembly, the board of directors and the audit committee, in which they will have an advisory vote. The agendas of these meetings will be sent to them in time.

If the government commissioner deems a decision to be contrary to the law, the bylaws or the public interest, he has a period of four free days to lodge an appeal with the Flemish government via the competent community minister, and to inform the body that has taken the decision. Such an appeal suspends the decision in question, pending a decision of the Flemish government.

- Government commissioner for Finance
- Government commissioner for Applied Scientific Research

9. Remuneration of managers, executive management and commissioner(s)

- With a view to transparency as far as the remuneration of the association's directors, executive management and commissioners is concerned, the board of directors has decided to make public the information below.
 - The total amount paid to all IMEC directors for their work as a member of the board of directors and/or of one of the committees, as mentioned in the most recent annual account approved by the general assembly.
 - The total amount of the remuneration of the members of the executive management, including the general manager, as mentioned in the most recent annual account approved by the general assembly.

- The remuneration of the commissioner and the other persons he works with for the execution of his duty to control the association, as mentioned in the most recent annual account approved by the general assembly.
- The remuneration of the commissioner and the other persons he works with for special assignments, as mentioned in the most recent annual account approved by the general assembly.

The association has not awarded any abnormal or favourable benefits to the directors, the executive management or the commissioners.

- The association has not granted any loans to the members of the executive management and/or the board of directors.

CHAPTER IV. IMEC AND SUSTAINABLE ENTREPRENEURSHIP

- Sustainable entrepreneurship is a cornerstone of the association's policy. It is based on a stakeholder model that is assessed periodically and subject to a permanent evolution. The attention paid to the Triple P Bottom Line (people, planet and profit) is interwoven in all of the association's activities.

All stakeholders benefit from the focus on sustainable entrepreneurship. These stakeholders include in the first place all IMEC members, its employees, customers and suppliers, associated labs and partners in scientific research, innovation and spin-offs, both in Belgium and abroad. In addition, IMEC considers, as it were, society as a whole as the ultimate stakeholder. Through a close cooperation with the RVO-Society non-profit organisation and initiatives such as the IMECEXPO visitors' centre, the association once more emphasises the social value of technology.

CHAPTER V. THE IMEC CODE OF CONDUCT

- The association expects all its staff members, both permanent and temporary, to act ethically and responsibly, in compliance with its code of conduct.

This code of conduct provides a clear framework, in which respect for external laws and regulations as well as for internal lines of policy is of paramount importance, with a view to closely monitoring the impact of all the actions undertaken by the staff.

- The executive management takes all the necessary measures to ensure that on-going education and training lead to the code of conduct being known, understood and respected to the highest possible extent.