Changes in the composition of the management committee

The composition of the Management Committee did not change in 2018.

In accordance with the Act of 3 September 2017 on the disclosure of non-financial information and diversity information by certain large undertakings and groups, the composition of the Management Committee is based on gender diversity and diversity in general, as well as on the promotion of the transversality of skills, experience and knowledge.

When searching for and appointing new members of the Management Committee, special attention is paid to diversity parameters in terms of age, gender and complementarity.

Code of conduct

Following the entry into force of European Regulation (EU) No. 596/2014 on insolvency proceedings on 1 January 2018, Elia amended its Code of Conduct that aims to prevent staff and board members, including members of the Management Committee, from infringing any laws on the use of privileged information.

In accordance with Article 15 of the Act of 2 May 2007 on 18 January 2019 Elia System Operator gave notice of the capital increase reserved for members of the Board of Directors and the Management Committee. This was formally recorded under the name Elia System Operator SA and its Belgian subsidiary, which was formally recorded on 20 December 2018. Both notices were issued by the Remuneration Committee and approved by the Board of Directors of Elia System Operator and Elia Asset.

The remuneration policy for members of the Board of Directors was approved by the General Meeting of Shareholders of Elia System Operator and Elia Asset on 17 May 2016. The remuneration policy for members of the Strategic Committee was approved by the Extraordinary General Meeting of Shareholders of Elia System Operator and Elia Asset on 15 May 2018.

The Remuneration Committee also made recommendations regarding the remuneration policy and the remuneration of members of the Board of Directors and Management Committee.

The composition and activities of the Remuneration Committee are covered in greater detail on page 6.

Remuneration of the members of the Board of Directors

Following the decision adopted by the General Meeting of Shareholders of Elia System Operator and Elia Asset on 15 May 2016, the remuneration policy for members of the Board of Directors and the Management Committee was formally recorded.

The composition of the Remuneration Committee was described in detail on the internal rules of the Board of Directors and the Management Committee. The responsibilities of the Board of Directors and of the Management Committee are described in detail in the internal rules of association of the company and are therefore not reiterated in the internal rules of the Board of Directors and of the Management Committee.

Transparency rules - notifications

Elia System Operator received no notifications in 2018 within the meaning of the Act of 2 May 2007 on disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market and laying down miscellaneous provisions, and within the meaning of the Royal Decree of 14 February 2018 on disclosure of major shareholdings.

In accordance with Article 15 of the Act of 2 May 2007 on 18 January 2019 Elia System Operator gave notice of the capital increase reserved for members of the Board of Directors and the Management Committee. This was formally recorded in 2016 by the Remuneration Committee and approved by the Board of Directors of Elia System Operator and Elia Asset.

For more information about the shareholders’ structure as at 31 December 2018, see the section ‘Shareholder structure on page 6’.

The table below lists the individual gross sums paid to each director for Elia System Operator and Elia Asset combined.

The basic annual remuneration and the attendance fees are indexed in January each year on the basis of the consumer price index for January 2016.

The basic annual remuneration and the attendance fees cover all costs, except (a) any costs incurred by a director resident outside Belgium in connection with his/her office (such as travel and accommodation costs) provided that the director in question was resident outside Belgium at the time of appointment or, if the director changed his/her place of residence after appointment, providing that the Remuneration Committee gave its approval. (b) any costs incurred by a director in the event that a meeting of the Board of Directors is held outside Belgium (e.g. in Germany) and (c) any costs incurred by a director travelling abroad in connection with the exercise of his/her office upon the request of the Chairman or a Vice-Chairman of the Board of Directors. All remuneration and costs are included in the company’s operating costs.

All remuneration is paid on a pro rata basis according to the duration of the director’s term of office.

An advance on annual remuneration is paid to the directors at the end of the 1st, 2nd and 3rd quarter. A detailed account is prepared during the month of December for the current year.

Directors do not receive any other benefits in kind, stock options, special loans or advances. Neither Elia System Operator nor Elia Asset has leased credit to or on behalf of any member of the Board of Directors.

REMUNERATION REPORT

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT COMMITTEE

Procedure approved in 2016 to define the remuneration policy and the remuneration of members of the Board of Directors and the Management Committee

In accordance with Articles 161 and 161 of the respective articles of association of Elia System Operator and Elia Asset, a remuneration policy for members of the Board of Directors and the Management Committee was drawn up in 2016 by the Remuneration Committee and approved by the Boards of Directors of Elia System Operator and Elia Asset.

The remuneration policy for members of the Board of Directors was approved by the General Meeting of Shareholders of Elia System Operator and Elia Asset on 17 May 2016. The remuneration policy for members of the Strategic Committee was approved by the Extraordinary General Meeting of Shareholders of Elia System Operator and Elia Asset on 15 May 2018.

The Remuneration Committee also made recommendations regarding the remuneration policy and the remuneration of members of the Board of Directors and Management Committee members.

The composition and activities of the Remuneration Committee are covered in greater detail on page 6.

Remuneration of the members of the Board of Directors

For each company, additional basic remuneration is paid to each member of the Board of Directors, which consists of a remuneration policy for members of the Board of Directors and the Management Committee.

For each company, additional basic remuneration is paid to each member of the Board of Directors, which consists of a basic remuneration and an attendance fee for each meeting attended by the member. The basic annual remuneration and the attendance fee are increased by 100% for members of the Strategic Committee.

For each company, additional basic remuneration is paid to each member of the Board of Directors, which consists of a basic remuneration and an attendance fee for each meeting attended by the member. The basic annual remuneration and the attendance fee are increased by 100% for members of the Strategic Committee.
Management Committee remuneration policy

Aspirations
Our remuneration system is designed to attract, retain and motivate the most talented individuals with a view to achieving our short- and long-term goals within a consistent framework.

The principles governing remuneration of the group’s executives are:
• Focus on safety first and work in the interests of the company by targeting operational performance.
• Design a salary scheme that encourages executives to live up to our core values of entrepreneurship, collaboration, accountability and agility.
• Attract and nurture the best talent to achieve our strategy and goals in the short and long term.

Ensure that our variable remuneration rewards both team success at company level and individual contributions.
• Develop a job classification and staff remuneration system based on an objective and measurable methodology.
• Position the remuneration system at the appropriate point of reference in the marketplace to attract the talent we need and to compete using data from multiple providers (including Hay).
• Discriminate between employees on any grounds whatsoever through our remuneration system.

Develop career, performance and personal development plans to promote retention and provide a secure environment for our employees and their families.

In 2018, among others, the Remuneration Committee with respect to the members of the Management Committee with the aim of retaining and motivating those individuals on a case-by-case basis, recommended the implementation of the following short-term variable remuneration:

• Long-term variable remuneration
• Other benefits.

In 2018, the short-term variable remuneration earned by the Chairman of the Management Committee was €285,312.00.

The variable remuneration earned by other members of the Management Committee in 2018 was €205,336.46 (€435,045.65 for management employed by Elia System Operator and €190,297.02 for management employed by Elia Asset).

A total of €900,650.47 in variable remuneration was therefore earned by members of the Management Committee in 2018.

The collective targets for 2018 were:

• DFO efficiency
• Safety
• Implementation and monitoring of collective projects and our company transformation
• AIT (grid reliability)

Following the successful acquisition of an additional 20% stake in Eurogrid International, the holding company of the German TSO 50Hertz Transmission GmbH, the Board of Directors – acting on the advice of the Remuneration Committee – decided to award certain members of the Management Committee additional remuneration totalling €190,000 for their contribution and commitment behind the successful acquisition and integration of TSO 50Hertz Transmission GmbH. As a result, the remuneration of the remaining Management Committee members has comprised two components: a short-term one and a long-term one.

Basic remuneration
All the members of the Management Committee of Elia System Operator and Elia Asset have employee status.

In 2018, the basic remuneration paid to the Chairman of the Management Committee was €747,993.56. The basic remuneration paid to the other members of the Management Committee totalled €131,843.16 for management employed by Elia System Operator and €47,667.95 for management employed by Elia Asset.

Total basic remuneration of €1,907,151.65 was therefore paid to members of the Management Committee in 2018.

Short-term variable remuneration
The first component of variable remuneration is based on the attainment of a certain number of targets set by the Remuneration Committee at the start of the year, with 50% of variable remuneration related to the attainment of individual targets and 50% related to the attainment of the collective targets of Elia Group (‘short-term incentive plan’). Since 2004, the Hay Group methodology has been used to define the weighting for each management position and to ensure that remuneration is in line with the going market rate.

The remuneration of members of the Management Committee consists of the following components:
• Basic salary
• Short-term variable remuneration
• Long-term variable remuneration
• Other benefits.

In accordance with Article 179 of the articles of association of Elia System Operator, an exemption from the provisions of Article 520(1) and (2) of the Belgian Companies Code is provided for members of the Management Committee.

As regards variable remuneration, the Remuneration Committee evaluates the members of the Management Committee to see at the end of each year based on a number of qualitative and quantitative targets. Since 2008, variable remuneration has comprised two components: a short-term and a long-term one.

Basic remuneration
All the members of the Management Committee of Elia System Operator and Elia Asset have employee status.

In 2018, the basic remuneration paid to the Chairman of the Management Committee was €477,993.56. The basic remuneration paid to the other members of the Management Committee totalled €131,843.16 for management employed by Elia System Operator and €47,667.95 for management employed by Elia Asset.

Total basic remuneration of €1,907,151.65 was therefore paid to members of the Management Committee in 2018.

In 2018, the short-term variable remuneration earned by the Chairman of the Management Committee was €285,312.00.

The variable remuneration earned by other members of the Management Committee in 2018 was €205,336.46 (€435,045.65 for management employed by Elia System Operator and €190,297.02 for management employed by Elia Asset).

A total of €900,650.47 in variable remuneration was therefore earned by members of the Management Committee in 2018.

The collective targets for 2018 were:

• DFO efficiency
• Safety
• Implementation and monitoring of collective projects and our company transformation
• AIT (grid reliability)
Total annual remuneration
In 2018, the total remuneration earned by the Chairman of the Management Com-
mittee was €301,222.67.

The total annual remuneration of other members of the Management Commit-
tee was €2,184,579.45 (€1,507,124.58 for management employed by Elia System Operator and €677,364.88 for manage-
ment employed by Elia Asset).

Total annual remuneration for all mem-
bers of the Management Committee in 2018 was therefore €2,987,802.12.

Long-term variable remuneration
The second component of variable remuneration is based on multi-annual criteria covering a period of four years (long-term incentive plan). The vari-
able remuneration earned in 2018 can be estimated at €356,055.23 (maximum amount in the event of full attainment of the multi-annual criteria for the tariff per-
iod concerned) for the Chairman of the Management Committee for the period performed in 2018 and €357,317.11 for the other members of the Management Committee (€252,921.53 for management employed by Elia System Operator and €70,405.38 for management employed by Elia Asset, respectively).

These amounts are reviewed at the end of each year based on the achievement of the multi-annual criteria. The first part of the long-term variable remuneration for the 2016-2019 tariff period was paid in 2018. The balance will be paid in 2020. The remuneration is definitively acquired at the point of payment.

Clawback
Bonuses paid for the prior period may be clawed back in case of proven fraud or material misstatement.

Contributions to the supplementary pension scheme
Since 2007 all pension plans for Manage-
ment Committee members have been defined contribution plans, where the amount paid, excluding tax, is calculated on the basis of annual remuneration. In 2018, Elia System Operator paid a total of €22,032.48 (€23,670.79) for manage-
ment employed by Elia System Oper-
ator and €718,825.29 for management employed by Elia Asset).

No stock options were awarded at Elia System Operator for the members of the Management Committee in 2018. Members of the Management Committee may purchase shares via existing capital increases reserved for members of personnel or on the stock exchange.

For the other members of the Manage-
ment Committee, Elia paid a total of €332,032.48 (€213,207.19 for manage-
ment employed by Elia Asset).

Other benefits
Other benefits awarded to members of the Management Committee, such as long-term illness or an accident, healthcare and hospitalisation insurance, invalidity insurance, life insurance, tariff benefits, allowances, assistance with public transport costs, provision of a com-
pany car, employer-borne costs and other minor benefits are in line with the regula-
tions applying to all company executives.

Elia System Operator shares held by members of the Management Committee
The members of the Management Committee held the following number of shares as at 31 December 2018.

MEMBERS OF THE MANAGEMENT COMMITTEE

<table>
<thead>
<tr>
<th>Name</th>
<th>Class of Shares</th>
<th>No. of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris PRETERIS</td>
<td>Class B</td>
<td>332,485.83</td>
</tr>
<tr>
<td>Markus BERGER</td>
<td>Class C</td>
<td>93,589.62</td>
</tr>
<tr>
<td>Patrick DE LEENER</td>
<td>Class A</td>
<td>12,701.69</td>
</tr>
<tr>
<td>Patrick DIBON</td>
<td>Class B</td>
<td>60,840.12</td>
</tr>
<tr>
<td>Pascale FONCK</td>
<td>Class C</td>
<td>6,615.12</td>
</tr>
<tr>
<td>Peter MICHELS</td>
<td>Class B</td>
<td>729,360.12</td>
</tr>
<tr>
<td>Catherine VALENDEBOIS</td>
<td>Class A</td>
<td>1,406,123.12</td>
</tr>
</tbody>
</table>

No stock options were awarded at Elia for the Management Committee in 2018.

Provisions of employment contracts and severance benefits of members of the management committee
The employment contracts of Manage-
ment Committee members concluded after 3 May 2010 were drawn up in accordance with the prevailing legislation on notice periods and dismissal.

The employment contracts of members of the Management Committee hired before 3 May 2010 contain no specific provisions regarding dismissal.

If the company decides to impose a 12-month non-compete restriction on a Management Committee member, that member is entitled to an additional six-month compensation.

To be communicated pursuant to article 34 of the Royal decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market

OTHER INFORMATION TO BE COMMUNICATED PURSUANT TO ARTICLE 96 OF THE BELGIAN COMPANIES CODE AND ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 ON THE OBLIGATIONS OF ISSUERS OF FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET

This section contains the information required to be disclosed under the aforementioned legislation and not included in other parts of the annual report.

Information regarding special control rights of certain holders of securities
In accordance with Article 4.5 of the arti-
cles of association of Elia System Oper-
ator and Elia Asset, all shares in these two companies have the same rights, irrespective of the class to which they belong, unless otherwise stated in the articles of association.

In this context, the articles of associ-
ation state that specific rights are asso-
ciated with Class A and Class C shares regarding (i) the appointment of mem-
bers of the Board of Directors (Article 13.2 of the articles of association of Elia System Operator and Article 12.5.2 of the articles of association of Elia Asset) and (ii) the approval by the General Meeting of Articles 28.21 and 28.2.2 of the articles of association of Elia System Operator and Article 272 of the articles of association of Elia Asset).

Information regarding statutory limitations or limitations under the articles of association on the exercising of voting rights
In accordance with Article 4.35 of the articles of association of Elia System Operator and Elia Asset, the voting rights associated with shares held directly or indirectly by companies active in the gen-
eration and/or supply of electricity and/or gas in the Belgian energy market are subject to statutory limitations or limitations under the articles of association.

Information regarding the rules on amending the articles of association
In the event of the articles of association of Elia System Operator and Elia Asset being amended, Article 69 of the arti-
cles of association of Elia System Oper-
ator and Article 28 of the articles of asso-
ciation of Elia Asset are applicable.

No stock options were awarded at Elia System Operator for the members of the Management Committee in 2018. Members of the Management Committee may purchase shares via existing capital increases reserved for members of personnel or on the stock exchange.