

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 16.1 and 15.1 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 members of the Board of Directors

Following the decision adopted by the Ordinary General Meeting of Elia System Operator and Elia Asset on 17 May 2016, the rules on the remuneration of directors were amended. The new rules, effective from 1 January 2016, are described below.

The total cost of gross remuneration paid to the 14 directors in 2018 was €885,128.26 (€478,895.33 for Elia System Operator and €406,232.93 for Elia Asset).

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

These amounts were calculated on the basis of nine meetings of the Board of Directors of Elia System Operator and eight meetings of the Board of Directors of Elia Asset in 2018. In 2018, the Audit Committee met seven times, the Corporate Governance Committee four times, the Remuneration Committee of Elia System Operator six times⁹, the Remuneration Committee of Elia Asset five times, the Strategic Committee three times and the ad-hoc Advisory Committee of Elia System Operator eleven times.

Directors' remuneration consists of a basic remuneration of €25,000 per annum (€12,500 for Elia System Operator and €12,500 for Elia Asset) and an attendance fee of €1,500 (€750 for Elia System Operator and €750 for Elia Asset) per Board meeting, starting with the first Board meeting attended by the director. The basic annual remuneration and the attendance fee are increased by 100% for the Chairman of the Board of Directors and by 30% for each Vice-Chairman of the Board of Directors.

For each company, additional basic remuneration for each member of an advisory committee to the Board of Directors (the Audit Committee, the Remuneration Committee, the Corporate Governance Committee and the ad-hoc Advisory Committee of Elia System Operator) is set at €3,000 per annum per committee, and the attendance fee for each member of a committee is €750 per committee meeting (starting with the first meeting attended by the member). Both the basic remuneration and the attendance fee are increased by 30% for each committee chairman. The members of the Strategic Committee are not remunerated, with the exception of the Chairman, who is remunerated in the same way as the Chairs of the Board of Directors' other advisory committees.

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 the exercise of his/her office (such as travel and accommodation costs) providing 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 issued credit to or on behalf of any member of the Board of Directors.

⁹ Including one meeting held before a notary in order to formally record the capital increase reserved for staff members.

DIRECTOR	REMUNERATION	BOARD OF DIRECTORS OF ELIA SYSTEM OPERATOR	BOARD OF DIRECTORS OF ELIA ASSET	AUDIT COMMITTEE OF ELIA SYSTEM OPERATOR	AUDIT COMMITTEE OF ELIA ASSET	GOVERNANCE COMMITTEE OF ELIA SYSTEM OPERATOR	GOVERNANCE COMMITTEE OF ELIA ASSET	REMUNERATION COMMITTEE OF ELIA SYSTEM OPERATOR	REMUNERATION COMMITTEE OF ELIA ASSET	STRATEGIC COMMITTEE OF ELIA SYSTEM OPERATOR	STRATEGIC COMMITTEE OF ELIA ASSET	AD-HOC ADVISORY COMMITTEE
Michel ALLÉ	€73,549.80	9/9	8/8	7/7	7/7	-	-	-	-	3/3	3/3	11/11
Luc DE TEMMERMAN ¹⁰	€75,977.10	9/9	8/8	4/4 ¹¹	4/4 ¹²	3/3 ¹³	3/3 ¹⁴	6/6	5/5	-	-	-
Frank DONCK ¹⁵	€69,165.00	9/9	8/8	7/7	7/7	4/4	4/4	-	-	-	-	-
Cécile FLANDRE ¹⁶	€37,062.00	7/9	7/8	-	-	-	-	-	-	-	-	-
Claude GRÉGOIRE ¹⁷	€54,883.08	9/9	8/8	-	-	-	-	3/3 ¹⁸	3/3 ¹⁹	2/3	2/3	-
Bernard GUSTIN ²⁰	€94,090.50	9/9	8/8	-	-	-	-	-	-	3/3	3/3	11/11
Philip HEYLEN	€56,824.92	7/9	6/8	-	-	4/4	4/4	2/2 ²¹	2/2 ²²	-	-	-
Luc HUJOEL ²³	€65,093.40	8/9	7/8	-	-	4/4	4/4	-	-	2/3	2/3	10/11
Roberte KESTEMAN ²⁴	€69,540.84	9/9	8/8	3/3 ²⁵	3/3 ²⁶	-	-	3/3 ²⁷	2/2 ²⁸	-	-	11/11
Jane MURPHY	€50,373.00	9/9	8/8	-	-	3/4	3/4	-	-	-	-	-
Dominique OFFERGELD	€63,088.92	9/9	8/8	7/7	7/7	-	-	1/2 ²⁹	1/2 ³⁰	-	-	-
Rudy PROVOOST	€56,317.54	7/9	7/8	2/3 ³¹	2/3 ³²	-	-	-	-	3/3	3/3	-
Saskia VAN UFFELLEN ³³	€51,751.08	7/9	6/8	-	-	1/1 ³⁴	1/1 ³⁵	4/6	4/5	-	-	-
Geert VERSNICK	€67,411.08	9/9	8/8	4/4 ³⁶	4/4 ³⁷	-	-	-	-	3/3	3/3	10/11

10 Luc De Temmerman's fees are paid to the company InDeBom Strategies Comm. V.

11 Luc De Temmerman was a member of the Audit Committee until 22 March 2018.

12 Luc De Temmerman was a member of the Audit Committee until 22 March 2018.

13 Luc De Temmerman has been a member of the Corporate Governance Committee since 22 March 2018.

14 Luc De Temmerman has been a member of the Corporate Governance Committee since 22 March 2018.

15 Frank Donck's fees are paid to the company Ibervest NV.

16 Cécile Flandre's fees are paid to the company Belfius Insurance SA.

17 Claude Grégoire's fees are paid to the company Socofe SA.

18 Claude Grégoire was a member of the Remuneration Committee until 22 March 2018.

19 Claude Grégoire was a member of the Remuneration Committee until 22 March 2018.

20 Bernard Gustin's fees are paid to the company Bernard Gustin SPRL.

21 Philip Heylen has been a member of the Remuneration Committee since 22 March 2018.

22 Philip Heylen has been a member of the Remuneration Committee since 22 March 2018.

23 Luc Hujuel's fees are paid to the company Interfin CVBA.

24 Roberte Kesteman's fees are paid to the company Symvouli BVBA.

25 Roberte Kesteman has been a member of the Audit Committee since 22 March 2018.

26 Roberte Kesteman has been a member of the Audit Committee since 22 March 2018.

27 Roberte Kesteman has been a member of the Remuneration Committee since 22 March 2018.

28 Roberte Kesteman has been a member of the Remuneration Committee since 22 March 2018.

29 Dominique Offergeld has been a member of the Remuneration Committee since 22 March 2018.

30 Dominique Offergeld has been a member of the Remuneration Committee since 22 March 2018.

31 Rudy Provoost has been a member of the Audit Committee since 22 March 2018.

32 Rudy Provoost has been a member of the Audit Committee since 22 March 2018.

33 Saskia Van Uffelen's fees are paid to the company Quadrature SPRL.

34 Saskia Van Uffelen was a member of the Corporate Governance Committee until 22 March 2018.

35 Saskia Van Uffelen was a member of the Corporate Governance Committee until 22 March 2018.

36 Geert Versnick was a member of the Audit Committee until 22 March 2018.

37 Geert Versnick was a member of the Audit Committee until 22 March 2018.

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, retain 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 be competitive, using data from multiple providers (including Hay)
- Do not discriminate between employees on any grounds whatsoever through our remuneration system
- Design our benefit plans to promote retention and provide a secure environment for our employees and their families.

In 2018, among others, the Remuneration Committee began a review of the guiding principles behind the remuneration policy for the Group's executives. This review will continue in 2019.

The Remuneration Committee evaluates the members of the Management Committee once a year. Any change in the basic remuneration is linked to the position of each member of the Management Committee with respect to the general benchmark salary in the market and the assessment of the member's individual performance. In addition, the Remuneration Committee may, on a case-by-case basis, recommend the Board of Directors to award exceptional bonuses in view of particular performances in specific, non-recurring matters.

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;
- pension;
- other benefits.

In accordance with Article 17.9 of the articles of association of Elia System Operator, an exemption from the provisions of Article 520ter(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 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 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 €417,910.66. The basic remuneration paid to the other members of the Management Committee totalled €1,489,240.99 (€1,002,173.93 for management employed by Elia System Operator and €487,067.06 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 30% of variable remuneration related to the attainment of individual targets and 70% related to the attainment of the collective targets of Elia Group ("short-term incentive plan").

In 2018, the short-term variable remuneration earned by the Chairman of the Management Committee was €285,312.01.

The variable remuneration earned by other members of the Management Committee in 2018 was €605,338.46 (€415,045.65 for management employed by Elia System Operator and €190,297.82 for management employed by Elia Asset).

A total of €890,650.47 in variable remuneration was therefore earned by members of the Management Committee in 2018.

The collective targets for 2018 were:

- **Net finance costs after tax**
- **OPEX 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 additional work. €100,000 of this was paid to the Chairman of the Management Committee, while €90,000 was paid to certain other members of the Management Committee (for Elia System Operator). This remuneration, which is part of the exceptional remuneration for particular performances in certain specific, non-recurring matters, was added to the aforementioned short-term variable remuneration earned for 2018.

Total annual remuneration

In 2018, the total remuneration earned by the Chairman of the Management Committee was €803,222.67.

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

Total annual remuneration for all members 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 variable remuneration earned in 2018 can be estimated at €58,005.32 (maximum amount in the event of full attainment of the multi-annual criteria for the tariff period concerned) for the Chairman of the Management Committee for the period performed in 2018 and €375,321.71 for the other members of the Management Committee (€252,592.13 for management employed by Elia System Operator and €122,729.03 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 moment 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 Management 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 €107,935.55 for the Chairman of the Management Committee.

For the other members of the Management Committee, Elia paid a total of €332,032.48 (€213,207.19 for manage-

ment employed by Elia System Operator and €118,825.29 for management employed by Elia Asset).

Other benefits

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

The cost of these other benefits for 2018 was valued at €38,823.00 for the Chairman of the Management Committee and at €215,832.65 for the other members of the Management Committee (€145,427.27 for management employed by Elia System Operator and €70,405.38 for management employed by Elia Asset).

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 Management 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 months' compensation.

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	as at 31.12.2018	as at 31.12.2017
Chris PEETERS <i>Chief Executive Officer - Chairman of the Management Committee</i>	3,324	1,844
Markus BERGER <i>Chief Infrastructure Officer</i>	9,156	9,156
Patrick DE LEENER <i>Chief Customers, Market & System Officer</i>	3,886	3,125
Frédéric DUNON <i>Chief Assets Officer</i>	2,171	2,852
Pascale FONCK <i>Chief External Relations Officer</i>	661	661
Peter MICHIELS <i>Chief Human Resources & Internal Communication Officer</i>	729	-
Ilse TANT <i>Chief Community Relations Officer</i>	2,460	2,460
Catherine VANDENBORRE <i>Chief Financial Officer</i>	1,406	1,389

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.