

REMUNERATION REPORT

Remuneration of the members of the Board of Directors and the Management Committee

PROCEDURE APPLIED 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 draft remuneration policy for members of the Board of Directors and the Management Committee was drawn up by the Remuneration Committee. The Boards of Directors of Elia System Operator and Elia Asset approved this draft remuneration policy for Management Committee members. The draft remuneration policy for directors was approved by the General Meeting of Shareholders of Elia System Operator and of Elia Asset.

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

The composition and activities of the Remuneration Committee are covered in greater detail in page 64 of the annual report.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

Following the decision adopted by the Ordinary General Meeting of Elia System Operator and of 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.

Total gross remuneration of the 14 directors in 2016 was €806,300 (€403,900 for Elia System Operator and €402,400 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 11 meetings of the Board of Directors of Elia System Operator and 11 meetings of the Board of Directors of Elia Asset in 2016. In 2016, the Audit Committee met six times, the Corporate Governance Committee seven times and the Remuneration Committee six times¹.

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 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, the basic remuneration for each member of an advisory committee to the Board of Directors (the Audit Committee, the Remuneration Committee and the Corporate Governance Committee) 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 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.

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	CORPORATE GOVERNANCE COMMITTEE OF ELIA SYSTEM OPERATOR	CORPORATE GOVERNANCE COMMITTEE OF ELIA ASSET	REMUNERATION COMMITTEE OF ELIA SYSTEM OPERATOR	REMUNERATION COMMITTEE OF ELIA ASSET
RATION	24,500.00 €	6/7	6/7	-	-	-	-	-	-
Jacques DE SMET	73,750.00 €	10/11	10/11	6/6	6/6	-	-	6/6	5/5
Luc DE TEMMERMAN ³	74,050.00 €	11/11	11/11	6/6	6/6	-	-	5/6	5/5
Frank DONCK ⁴	68,500.00 €	9/11	9/11	5/6	5/6	7/7	7/7	-	-
Cécile FLANDRE ⁵	38,500.00 €	9/11	9/11	-	-	-	-	-	-
Claude GRÉGOIRE ⁶	63,550.00 €	9/11	9/11	-	-	-	-	5/6	5/5
Philip HEYLEN	52,000.00 €	8/11	8/11	-	-	6/7	6/7	-	-
Luc HUJOEL ⁷	61,450.00 €	10/11	10/11	-	-	7/7	7/7	-	-
Miriam MAES	83,000.00 €	11/11	11/11	-	-	-	-	-	-
Jane MURPHY	58,000.00 €	11/11	11/11	-	-	7/7	7/7	-	-
Dominique OFFERGELD	50,500.00 €	9/11	9/11	4/6	4/6	-	-	-	-
Saskia VAN UFFELEN ⁸	66,250.00 €	9/11	9/11	-	-	5/7	5/7	6/6	5/5
Geert VERSNICK	67,000.00 €	10/11	10/11	6/6	6/6	-	-	-	-
Peter VANVELTHOVEN ⁹	25,250.00 €	4/8	4/8	-	-	-	-	-	-

2. Michel Allé has been a director since 17 May 2016.

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

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

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

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

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

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

9. Peter Vanvelthoven has been a director since 24 March 2016.

MANAGEMENT COMMITTEE REMUNERATION POLICY

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.

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.

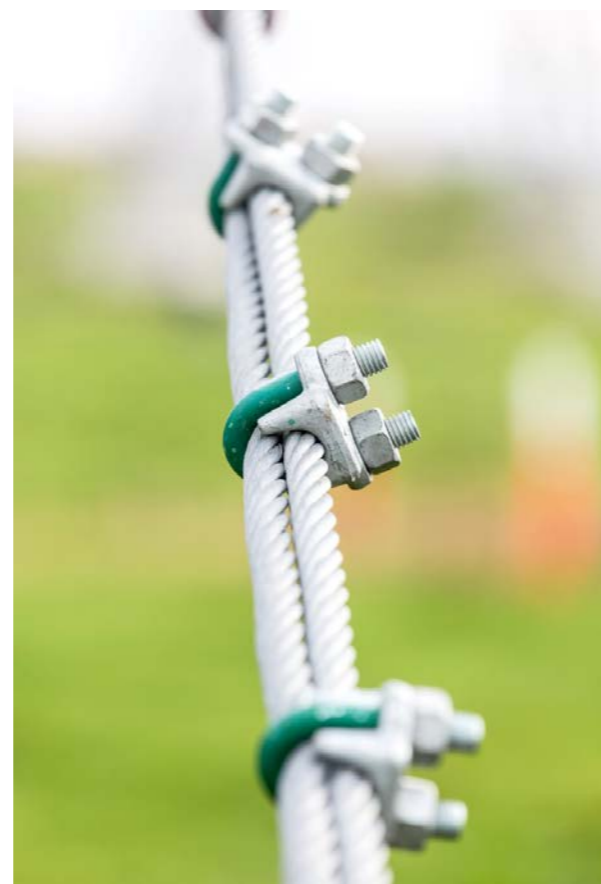
The remuneration of members of the Management Committee consists of the following components:

- 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 and long-term one.

1. Including one meeting held before a notary in order to formally record the capital increase reserved for staff members with respect to Elia System Operator. The Remuneration Committee of Elia Asset met five times.



BASIC REMUNERATION

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

In 2016, the basic remuneration paid to the Chairman of the Management Committee was €405,239. The recurring remuneration paid to the other members of the Management Committee totalled €1,242,362 (€785,809 for management employed by Elia System Operator and €456,553 for management employed by Elia Asset, respectively).

Total basic remuneration of €1,647,601 was therefore paid to members of the Management Committee in 2016.

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 a maximum of 25% of variable remuneration for the individual targets and 75% for the attainment of the Elia group's collective targets ('short-term incentive plan').

In 2016, the short-term variable remuneration earned by the Chairman of the Management Committee was €268,651.

The variable remuneration earned by other members of the Management Committee in 2016 was €483,141 (€304,501 for management employed by Elia System Operator and €178,640 for management employed by Elia Asset, respectively).

A total of €751,792 in variable remuneration was therefore paid to members of the Management Committee in 2016.

TOTAL ANNUAL REMUNERATION

In 2016, the total remuneration paid to the Chairman of the Management Committee was €673,890.

The total annual remuneration of other members of the Management Committee was €1,725,503 (€1,090,310 for management employed by Elia System Operator and €635,193 for management employed by Elia Asset, respectively).

Total annual remuneration for all members of the Management Committee in 2016 was therefore €2,399,393.

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 2016 can be estimated at €55,628 (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 in 2016 and €307,593 for the other members of the Management Committee (€194,559 for management employed by Elia System Operator and €113,034 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 will be paid in 2018 and the balance will be paid in 2020. No other variable remuneration was paid in 2016. Remuneration is definitively acquired at the moment of payment.

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 2016, Elia System Operator paid a total of €104,830 for the Chairman of the Management Committee.

For the other members of the Management Committee, Elia paid a total of €265,476 (€154,862 for management employed by Elia System Operator and €110,614 for management employed by Elia Asset, respectively).

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 2016 was valued at €43,812 for the Chairman of the Management Committee and at €184,129 for the other members of the Management Committee (€108,937 for management employed by Elia System Operator and €75,192 for management employed by Elia Asset, respectively).

There were no stock options awarded in Elia for the Management Committee in 2016.

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.

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 2016:

MEMBERS OF THE MANAGEMENT COMMITTEE ¹	AS AT 31/12/2016	AS AT 31/12/2015
Chris PEETERS <i>Chief Executive Officer - Chairman of the Management Committee</i>	1,805	-
Markus BERGER <i>Chief Infrastructure Officer</i>	9,156	9,156
Frédéric DUNON <i>Chief Assets Officer</i>	2,833	1,986
Pascale FONCK ² <i>Chief External Relations Officer</i>	661	-
Ilse TANT <i>Chief Human Resources & Internal Communication Officer</i>	2,450	1,825
Frank VANDENBERGHE <i>Chief Customers, Market & System Officer</i>	3,779	4,774
Catherine VANDENBORRE <i>Chief Financial Officer</i>	1,355	1,370

1. Functions on 31.12.2016

2. The Board appointed Pascale Fonck as Chief External Relations Officer on 23 June 2016.

No stock options were awarded at of Elia System Operator for the members of the Management Committee in 2016. Members of the Management Committee may purchase shares via existing capital increases reserved for members of personnel or on the stock exchange.