

Remuneration Report

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

PROCEDURE APPLIED IN 2015 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 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 pages 52-53 of the annual report.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

Total remuneration paid to the 14 directors in 2015 was €607,207.73 (€308,516.42 for Elia System Operator and €298,691.31 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 nine meetings of the Board of Directors of Elia Asset in 2015. In 2015, the Audit Committee met eight times, the Corporate Governance Committee nine times and the Remuneration Committee five 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) plus an additional €800 (€400 for Elia System Operator and €400 for Elia Asset) for each meeting after the eighth Board meeting of the year, including meetings with regulators. This remuneration is increased by an additional 50% for the Chairman and by 20% for each Vice-Chairman of the Board of Directors.

Jacques de Smet	59,135.00	€
Luc De Temmerman ¹	46,058.74	€
Frank Donck ²	52,252.00	€
Cécile Flandre ³	31,860.00	€
Claude Grégoire ⁴	49,142.00	€
Philip Heylen	44,606.00	€
Luc Hujuel ⁵	45,626.00	€
Jean-Marie Laurent Josi (until 29 July 2015)	32,115.75	€
Miriam Maes ⁶	49,320.00	€
Jane Murphy	49,449.00	€
Dominique Offergeld	43,586.00	€
Steve Stevaert (until 2 April 2015)	9,876.50	€
Saskia Van Uffelen ⁷	42,998.74	€
Geert Versnick ⁸	51,182.00	€

Additional basic remuneration of €6,000 per year per committee (€3,000 for Elia System Operator and €3,000 for Elia Asset) is awarded to directors who sit on an advisory committee to the Board of Directors (i.e. the Audit Committee, the Remuneration Committee or the Corporate Governance Committee). An additional remuneration of €800 (€400 for Elia System Operator and €400 for Elia Asset) is also awarded for each additional

¹ Luc De Temmerman's fees are paid to the company InDeBom Strategies Comm. V.

² Frank Donck's fees are paid to the company Ibervest NV.

³ Cécile Flandre's fees are paid to the company Belfius Insurance SA.

⁴ Claude Grégoire's fees are paid to the company Socofe SA. Claude Grégoire has been Vice-Chairman of the Board of Directors of Elia System Operator and Elia Asset since 26 June 2014.

⁵ Luc Hujuel's fees are paid to the company Interfin CVBA.

⁶ Miriam Maes has been Chairman of the Board of Elia System Operator and Elia Asset since 26 June 2014.

⁷ Saskia Van Uffelen's fees are paid to the company Quadrature SPRL.

⁸ Geert Versnick's fees are paid to the company Flemco BVBA. Geert Versnick has been Vice-Chairman of the Board of Directors of Elia System Operator and Elia Asset since 26 June 2014.

committee meeting (i.e. each meeting after the three covered by the basic remuneration), including meetings with regulators.

This remuneration covers all costs, except for travel and accommodation costs abroad incurred by directors in the performance of their mandate. It is included in the company's operating costs and is indexed annually in accordance with the consumer price index. 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. The advance is calculated on the basis of the basic indexed remuneration and on a pro rata basis in relation to the duration of the directorship during the quarter in question. A detailed account is prepared during the month of December for the current year. This account takes into consideration any additional remuneration on top of the basic remuneration.

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.

Since there will be a Board of Directors evaluation in 2016, it cannot be ruled out that, pursuant to the conclusions of this evaluation, modifications to the current remuneration policy for directors will be proposed.

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 one and a long-term one.

BASIC REMUNERATION

With the exception of the acting chairman⁹, all the members of the Management Committee of Elia System Operator and Elia Asset have employee status.

The remuneration paid to the acting chairman of the Management Committee (Monticello SPRL, with François Cornélis as permanent representative) in 2015 was €308,000¹⁰.

The basic remuneration paid to the chairman of the Management Committee, Chris Peeters, in 2015 was €182,648.¹¹ The basic remuneration paid to the former chairman of the Management Committee, Jacques Vandermeiren, for the period from 1 January to 14 January 2015 was €11,636. He received an additional amount of €102,854 in connection with the end of his contract as per the legal provisions (severance pay).

The recurring remuneration paid to the other members of the Management Committee totalled €1,130,486 (€678,857 for management employed by Elia System Operator and €451,629 for management employed by Elia Asset, respectively).

Total basic remuneration of €1,632,770 was therefore paid to members of the Management Committee in 2015¹².

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 2015, the short-term variable remuneration earned by the Chairman of the Management Committee was €107,652.84.

⁹ Monticello SPRL, whose permanent representative is François Cornélis.

¹⁰ Covering the period from 14 January 2015 until 5 July 2015.

¹¹ Covering the period from 6 July 2015 until 31 December 2015.

¹² Excluding severance holiday pay.

The variable remuneration earned by other members of the Management Committee in 2015 was €419,989 (€252,769 for management employed by Elia System Operator and €167,220 for management employed by Elia Asset, respectively).

A total of €527,642 in variable remuneration was therefore paid to members of the Management Committee in 2015.

TOTAL ANNUAL REMUNERATION

In 2015, the total remuneration paid to the chairmen of the Management Committee was €609,936¹³.

The total annual remuneration of other members of the Management Committee was €1,550,476 (€931,626 for management employed by Elia System Operator and €618,850 for management employed by Elia Asset, respectively).

Total annual remuneration for all members of the Management Committee in 2015 was therefore €2,160,413¹⁴.

LONG-TERM VARIABLE REMUNERATION

The second component of variable remuneration is based on multiannual criteria covering a period of 4 years ("long-term incentive plan"). The variable remuneration earned in 2015 can be estimated at €27,500 (maximum amount in the event of full attainment of the multiannual criteria for the tariff period concerned) for the Chairman of the Management Committee in 2015 and €288,540 for the other members of the Management Committee (€174,400 for management employed by Elia System Operator and €114,140 for management employed by Elia Asset, respectively).

These amounts are reviewed at the end of each year based on the achievement of the multiannual criteria. The first part of the long-term variable remuneration was paid in 2014 and the balance will be paid in 2016.

No other variable remuneration was paid in 2015.

Remuneration is definitively acquired at the moment of payment.

¹³ Jacques Vandermeiren (for the period from 1 January until 14 January 2014), Monticello SPRL, whose permanent representative is François Cornélis (for the period from 14 January 2015 until 5 July 2015) and Chris Peeters (for the period from 6 July 2015 until 31 December 2015).

¹⁴ Excluding severance holiday pay.

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 2015, Elia System Operator paid a total of €54,402 for the outgoing chairman of the Management Committee¹⁵.

For the other members of the Management Committee, Elia paid a total of €277,017 (€154,148 for management employed by Elia System Operator and €122,869 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 small benefits are in line with the regulations applying to all company executives.

The cost of these other benefits for 2015 was valued at €36,457 for the chairman of the Management Committee¹⁶ and the outgoing chairman¹⁷ and at €144,786 for the other members of the Management Committee (€86,674 for management employed by Elia System Operator and €58,112 for management employed by Elia Asset, respectively).

There were no stock options awarded in Elia for the Management Committee in 2015.

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.

Pursuant to the decision to terminate the employment relationship with Jacques Vandermeiren, compensation in lieu of notice (25 months and 8 weeks) was paid in accordance with prevailing legislation (an amount of €1,697,194, on which was paid the amount of group insurance due to cover the notice period).

¹⁵ Jacques Vandermeiren.

¹⁶ Chris Peeters.

¹⁷ Jacques Vandermeiren.

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 2015:

Members of the Management Committee	as at 31/12/2015	as at 31/12/14
Chris Peeters ¹⁸ <i>Chief Executive Officer - Chairman of the Management Committee</i>	-	-
Markus Berger <i>Chief Infrastructure Officer</i>	9,156	9,156
Frédéric Dunon <i>Chief Assets Officer</i>	1,986	1,961
Ilse Tant <i>Chief HR & Internal Communication Officer</i>	1,825	1,825
Frank Vandenberghe <i>Chief Customers, Market & System Officer</i>	4,774	4,749
Catherine Vandenborre <i>Chief Financial Officer</i>	1,370	1,120

No stock options were awarded at Elia System Operator for the members of the Management Committee in 2015. Members of the Management Committee may purchase shares via existing capital increases reserved for members of personnel or on the stock exchange.

¹⁸ Chairmanship and membership of the Management Committee of Elia System Operator and Elia Asset as of 6 July 2015.

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 4.3 of the articles of association of Elia System Operator 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 association state that specific rights are associated with Class A and Class C shares regarding (i) the appointment of members of the Board of Directors (Article 13.5.2 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 of decisions by the General Meeting (Articles 28.2.1 and 28.2.2 of the articles of association of Elia System Operator and Article 27.2 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 4.3(3) 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 generation and/or supply of electricity and/or natural gas are suspended.

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 29 of the articles of association of Elia System Operator and Article 28 of the articles of association of Elia Asset are applicable.

Information regarding statutory limitations or limitations under the articles of association on transfers of securities

Transfers of securities within Elia System Operator are governed by Article 9 of the articles of association of Elia System Operator.

Information regarding the company's repurchase of its own shares

The permission granted to the Board of Directors of Elia System Operator for the repurchase by the company of its own shares in the event of serious and imminent damage, as defined in Article 37 of the articles of association of Elia System Operator, was renewed for a period of 3 years with effect from the date of publication of the decision of the Extraordinary

General Meeting of 21 May 2013.

SHAREHOLDER STRUCTURE ON THE CLOSING DATE

	Shares	% Shares	% Voting rights
Publi -T ¹⁹ (Class B and C shares)	27,383,507	45.08	45.08
Publipart (Class A shares)	1,526,756	2.51	2.51
Belfius Insurance (Société Fédérale de Participations et d'Investissement) ²⁰ (Class B shares)	1,231,060	2.03	2.03
Katoen Natie Group ²¹ (Class B shares)	3,157,624	5.20	5.20
Interfin (Class B shares)	2,375,143	3.91	3.91
Other Free float (Class B shares)	25,076,149	41.28	41.28
Total	60,750,239	100	100

¹⁹ Based on the Publi-T - Fédérale de Participations et d'Investissement declaration of transparency of 29 October 2014.

²⁰ Based on the Publi-T - Fédérale de Participations et d'Investissement declaration of transparency of 29 October 2014.

²¹ Based on the Katoen Natie declaration of transparency of 29 October 2014.