

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 draft 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 draft remuneration policy for directors was approved by the General Meeting of Shareholders of Elia System Operator and Elia Asset on 17 May 2016.

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 on page 104 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 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 2017 was €872,583.54 (€437,177.27 for Elia System Operator and €435,406.27 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 12 meetings of the Board of Directors of Elia System Operator and 12 meetings of the Board of Directors of Elia Asset in 2017. In 2017, the Audit Committee met six times, the Corporate Governance Committee 10 times, the Remuneration Committee of Elia System Operator six times¹³ and the Remuneration Committee of Elia Asset 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) 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 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 committee 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.

(13) 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
Michel ALLÉ	€51,310.86	10/12	10/12	3/3 ¹⁴	3/3 ¹⁵	-	-	-	-
Jacques DE SMET ¹⁶	€30,751.40	3/3	3/3	3/3	3/3	-	-	4/4	3/3
Luc DE TEMMERMAN ¹⁷	€78,556.40	12/12	12/12	6/6	6/6	-	-	6/6	5/5
Frank DONCK ¹⁸	€76,478.00	10/12	10/12	5/6	5/6	10/10	10/10	-	-
Cécile FLANDRE ¹⁹	€37,982.00	8/12	8/12	-	-	-	-	-	-
Claude GRÉGOIRE ²⁰	€91,491.68	12/12	12/12	-	-	-	-	5/6	5/5
Bernard GUSTIN ²¹	€29,000.30	8/9	8/9	-	-	-	-	-	-
Philip HEYLEN	€58,000.00	10/12	10/12	-	-	7/10	7/10	-	-
Luc HUJOEL ²²	€69,087.40	10/12	10/12	-	-	10/10	10/10	-	-
Roberte KESTEMAN ²³	€10,779.16	4/4	4/4	-	-	-	-	-	-
Miriam MAES ²⁴	€41,317.78	4/8	4/8	-	-	-	-	-	-
Jane MURPHY	€64,160.00	12/12	12/12	-	-	9/10	9/10	-	-
Dominique OFFERGELD	€54,920.00	11/12	11/12	4/6	4/6	-	-	-	-
Rudy PROVOOST ²⁵	€30,027.06	9/9	9/9	-	-	-	-	-	-
Saskia VAN UFFELEN ²⁶	€78,018.00	12/12	12/12	-	-	9/10	9/10	5/6	5/5
Geert VERSNICK	€63,774.48	12/12	12/12	6/6	6/6	-	-	-	-
Peter VANVELTHOVEN ²⁷	€6,929.02	1/1	1/1	-	-	-	-	-	-

(14) Michel Allé has been a member and Chairman of the Audit Committee of Elia System Operator since 22 June 2017.

(15) Michel Allé has been a member and Chairman of the Audit Committee of Elia Asset since 22 June 2017.

(16) Jacques de Smet's directorship expired on 16 May 2017.

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

(18) Frank Donck's fees are paid to the company Ibervest NV.

(19) Cécile Flandre's fees are paid to the company Belfius Insurance SA.

(20) Claude Grégoire's fees are paid to the company Socofe SA.

(21) Bernard Gustin has been a director since 16 May 2017. Bernard Gustin's fees are paid to the company Bernard Gustin SPRL.

(22) Luc Hujoel's fees are paid to the company Interfin CVBA.

(23) Roberte Kesteman has been a director since 27 October 2017. Roberte Kesteman's fees are paid to the company Symvouli BVBA.

(24) Miriam Maes's directorship expired on 27 October 2017.

(25) Rudy Provoost has been a director since 16 May 2017.

(26) Saskia Van Uffelen's fees are paid to the company Quadrature SPRL.

(27) Peter Vanvelthoven resigned with effect from 19 March 2017.

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.

Management committee remuneration policy

ASPIRATIONS

Our remuneration system is designed to attract, retain and motivate the most talented individuals to achieve 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

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

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

In 2017, the basic remuneration paid to the Chairman of the Management Committee was €409,647.13. The recurring remuneration paid to the other members of the Management Committee totalled €1,417,147.29 (€948,406.65 for management employed by Elia System Operator and €468,740.64 for management employed by Elia Asset).

Total basic remuneration of €1,826,794.42 was therefore paid to members of the Management Committee in 2017.

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 2017, the short-term variable remuneration earned by the Chairman of the Management Committee was €259,997.44.

The variable remuneration earned by other members of the Management Committee in 2017 was €534,605.94 (€360,872.59 for management employed by Elia System Operator and €173,733.35 for management employed by Elia Asset).

A total of €794,603.37 in variable remuneration was therefore paid to members of the Management Committee in 2017.

The collective targets for 2017 were:

- Net financial result after tax
- OPEX efficiency
- Safety
- Implementation and monitoring of collective projects and our company transformation
- AIT (grid reliability)

TOTAL ANNUAL REMUNERATION

In 2017, the total remuneration paid to the Chairman of the Management Committee was €669,644.57.

The total annual remuneration of other members of the Management Committee was €1,951,753.23 (€1,309,279.24 for management employed by Elia System Operator and €642,473.99 for management employed by Elia Asset).

Total annual remuneration for all members of the Management Committee in 2017 was therefore €2,621,397.79.

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 2017 can be estimated at €56,671.96 (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 services rendered in 2017 and €363,328.50 for the other members of the Management Committee (€245,649.94 for management employed by Elia System Operator and €117,678.56 for management employed by Elia Asset).



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 in 2020. No other variable remuneration was paid in 2017. 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 significant misstatements in financial reporting.

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 2017, Elia System Operator paid a total of €106,236.88 for the Chairman of the Management Committee.

For the other members of the Management Committee, Elia paid a total of €317,684.72 (€203,078.31 for management employed by Elia System Operator and €114,606.41 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, health-care 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 2017 was valued at €40,701.54 for the Chairman of the Management Committee and at €209,718.96 for the other members of the Management Committee (€135,217.08 for management employed by Elia System Operator and €74,501.88 for management employed by Elia Asset).

There were no stock options awarded in Elia for the Management Committee in 2017.

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 2017:

MEMBERS OF THE MANAGEMENT COMMITTEE ²⁸	AS AT 31.12.2017	AS AT 31.12.2016
Chris PEETERS Chief Executive Officer - Chairman of the Executive Committee	1,844	1,805
Markus BERGER Chief Infrastructure Officer	9,156	9,156
Patrick DE LEENER ²⁹ Chief Customers, Market & System Officer	3,125	-
Frédéric DUNON Chief Assets Officer	2,005	2,833
Pascale FONCK Chief Officer External Relations	661	661
Peter MICHIELS ³⁰ Chief Human Resources & Internal Communication Officer	0	-
Ilse TANT Chief Public Acceptance Officer	2,460	2,460
Catherine VANDENBORRE Chief Financial Officer	1,389	1,355

No stock options were awarded at Elia System Operator for the members of the Management Committee in 2017. Members of the Management Committee may purchase shares via existing capital increases reserved for members of personnel or on the stock exchange.

(28) Positions held on 31/12/2017.

(29) Patrick De Leener was appointed Chief Customers, Market & System Officer from 1 February 2017.

(30) Peter Michiels was appointed Chief Human Resources & Internal Communication Officer from 3 January 2017.