

Corporate Governance

INTRODUCTION

Roularta Media Group, as a multimedia company, sets out to create value for its readers, viewers, listeners, advertising customers, employees and shareholders.

In the light of this task Roularta Media Group subscribes to the principles set out in the Belgian Corporate Governance Code of 9 December 2005. The 'best practices' with regard to proper company management, which Roularta Media Group has already applied in the past, have been extended by the principles of the Belgian Corporate Governance Code and laid down in the Corporate Governance Charter approved by the board of directors on 18 November 2005.

The board of directors of NV Roularta Media Group feels that by adhering as closely as possible to the principles set out in the Corporate Governance Charter, it is contributing to a more efficient, transparent administration and a better risk and control management of the company. Through this more efficient, transparent administration and good risk and control management, the board can achieve its aim of maximising value for shareholders, stakeholders and also institutional investors.

The Corporate Governance Charter published on the company's website¹ contains:

- a description of the company's corporate governance structure, with the internal rules of the board of directors;
- the policy adopted by the board of directors for transactions and other contractual links between the company, including its associated companies, and its directors and members of the executive management staff not covered by the conflict of interests rules;
- the remuneration policy for the members of the board of directors and executive management;
- the measures that the company has introduced to comply with EC Directive 2003/6 concerning trading with prior knowledge and market manipulation (market abuse);
- the internal rules of the audit committee;
- the internal rules of the appointments and remuneration committee;
- the internal rules of the executive management (role and responsibilities of the CEO and management team).

In this chapter of the annual report, the board of directors will provide more factual information, also in accordance with annex F to the Belgian Corporate Governance Code, regarding corporate governance, including any changes in the company's corporate governance policy, the appointment of new directors, the appointment of members to board committees and the annual remuneration of members of the board of directors and members of the executive management.

COMPOSITION OF AND REPORT BY THE BOARD OF DIRECTORS AND THE PERSONAL ATTENDANCE RATIO OF ITS MEMBERS

The board of directors of NV Roularta Media Group consists of nine members:

- six directors representing the reference shareholder, in accordance with the proposal rights under the articles of association: Mr Rik De Nolf, permanent representative of NV De Publigaaf (2010), Mr Leo Claeys, permanent representative of NV De Meiboom (2010), Mrs Lieve Claeys, permanent representative of NV Fraka-Wilo (2008), Mrs Caroline De Nolf (2008), Mr Iwan Bekaert (2007), and Mr Jean Pierre Dejaeghere (2012).

Mrs Caroline De Nolf resigned from her office of director on 24 June 2006. In accordance with article 15 of the articles of association, the board decided to co-opt NV Verana, with Mrs Caroline De Nolf as its permanent representative, as director. A proposal will be put forward to the general meeting to confirm this appointment.

- Three independent directors, each of them holding an executive corporate position: Mr Clement De Meersman, permanent representative of BVBA Clement De Meersman (2009) and managing director of NV Deceuninck, Mr Dirk Meeus (2009), partner of Allen & Overy LLP, and Baron Hugo Vandamme, permanent representative of NV HRV (2009), chairman of the board of directors of NV Kinopolis Group, vice-chairman of the board of directors of NV Picanol and member of the supervisory board of Sara Lee DE International B.V.

The board of directors met seven times in the past year. Besides the customary meetings of the board of directors to discuss the company's results and the annual meetings for considering the multi-year plan and budget for the following

financial year, there was also a meeting of the board of directors to approve the terms of the US Private Placement.

Board of Directors	10/03	24/04	12/05	23/06	01/09	17/11	21/12
Baron Hugo Vandamme	P	P	P	P	P	P	P
Rik De Nolf	P	P	P	P	P	P	P
Leo Claeys	P	P	P	P	P	P	P
Lieve Claeys	P	P	P	P	P	P	E
Caroline De Nolf	P	P	P	P	P	P	P
Iwan Bekaert	P	P	P	P	P	P	P
Jean Pierre Dejaeghere	P	P	P	P	P	P	P
Clement De Meersman	P	P	P	P	P	P	E
Dirk Meeus	P	P	E	P	P	P	P

P: present - E: excused

In the past year there was also a meeting of the independent directors. Six board meetings are scheduled for 2007.

COMPOSITION AND REPORT OF THE AUDIT COMMITTEE AND INDIVIDUAL ATTENDANCE OF ITS MEMBERS

The audit committee is formed in accordance with the Belgian Corporate Governance Code of exclusively non-executive directors (3), including two independent directors.

The audit committee met four times in 2006. During these meetings, the audit committee has monitored the integrity of the company's financial information and supervised the activities of the internal and external auditors, and where it considered it necessary, the audit committee made recommendations on this to the board of directors.

Audit committee	06/03	10/05	30/08	16/11
Clement De Meersman	P	P	P	P
Leo Claeys	P	P	P	E
Dirk Meeus	P	P	E	P

P: present - E: excused

By invitation of the chairman, the audit committee was attended by the auditor (Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Mr Jos Vlaminckx and Mr Mario Dekeyser), Mr Jean Pierre Dejaeghere (CFO) and the internal auditor.

COMPOSITION AND REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE AND INDIVIDUAL ATTENDANCE OF ITS MEMBERS

The board has decided to entrust implementation of the fourth (*the company has a rigorous, transparent procedure for appointing and assessing its board and its members*), and seventh principle (*the company remunerates directors and members of the executive management in an equitable and responsible way*) of the Belgian Corporate Governance Code to a committee, namely the appointments and remuneration committee. Roularta Media Group here departs from the Belgian Corporate Governance Code, which provides for two separate committees. However, the board of directors feels that the appointment and remuneration of directors and members of the executive management are matters that are very closely interlinked, so that they can be dealt with by the same committee without any problem. Having regard also to the busy agenda of all directors, there is good reason for combining these two remits within one committee.

Departing from the Belgian Corporate Governance Code, the board of directors decided to make the CEO a member of the committee. The reason for this di-

¹www.roularta.be/investor_info

vergent composition is that the committee must in principle consider the recruitment and remuneration policy for members of the executive management, namely matters where the CEO's opinion, which closely follows that of the executive management, is very valuable.

The appointments and remuneration committee met twice during 2006 with the organisation of the executive management as main item on the agenda.

	10/03	12/05
Baron Hugo Vandamme	P	P
Rik De Nolf	P	P
Leo Claeys	P	P
Dirk Meeus	P	E

P: present - E: excused

COMPOSITION OF EXECUTIVE MANAGEMENT

The Chief Executive Officer together with the Company's management team forms NV Roularta Media Group's executive management. The following positions are part of NV Roularta Media Group's management team:

▪ Director finance
▪ Director newspapers
▪ Director freesheets
▪ Director administration
▪ Director premedia
▪ Director human resources
▪ Director foreign media
▪ Director IT
▪ Director printing
▪ Director magazines
▪ Director national advertising

In principle, the management team meets monthly on the basis of a previously fixed calendar. Additional meetings can be convened at any time on the initiative of the Chief Executive Officer. Each member of the management team may put forward agenda items for meetings.

POLICY CONCERNING TRANSACTIONS AND OTHER CONTRACTUAL LINKS BETWEEN THE COMPANY, INCLUDING ASSOCIATED COMPANIES, AND ITS DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT NOT COVERED BY THE CONFLICT OF INTERESTS RULES

Allowing for the principles and guidelines contained in the Belgian Corporate Governance Code, the company has drawn up a policy for transactions and other contractual links between the company, including associated companies, and its directors and members of the executive management not covered by the statutory conflict of interests rules.

A transaction or any other contractual link arises between the company, its directors and/or members of its executive management when:

- a director or member of the executive management has a significant personal interest in the corporate body with which Roularta Media Group NV wishes to conclude a transaction;
- if the director or member of the executive management or his or her spouse, co-habiting partner, child or blood or other relative to the second degree are members of the board of directors or the executive management of the corporate body with which Roularta Media Group NV wishes to conclude an important transaction;
- the board of directors considers that such conflict exists with regard to the proposed transaction.

The director or member of the executive management concerned will provide the board of directors with all possible relevant information concerning the con-

flict of interests. The director or the executive management member concerned will refrain from participating in the discussion and resolution on this agenda item.

The board of directors confirms that in the past financial year no such transaction has occurred or situation has arisen that gives rise to the application of the above procedure.

MEASURES ADOPTED TO COMPLY WITH EC DIRECTIVE 2003/6 CONCERNING TRADING WITH PRIOR KNOWLEDGE AND MARKET MANIPULATION

The protocol to avoid misuse of insider information prohibits directors, members of the management team and other members of personnel or co-workers, who through the nature of their duties come into contact with confidential information, from trading directly or indirectly in financial instruments issued by Roularta Media Group on the basis of their prior knowledge.

REMUNERATION OF DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT

Remuneration of members of the board of directors

Remuneration of non-executive directors on an annual basis:

Non-executive directors	Fixed	Variable
Hugo Vandamme (permanent representative of NV HRV) – Chairman of the Board	80,000.00 euros	–
Leo Claeys (permanent representative of NV De Meiboom) – Vice-chairman of the Board	58,500.00 euros	–
Clement De Meersman (permanent representative of BVBA Clement De Meersman)	25,000.00 euros	–
Dirk Meeus	25,000.00 euros	–
Iwan Bekaert	25,000.00 euros	–
Caroline De Nolf (permanent representative of NV Verana)	25,000.00 euros	–

Remuneration of executive directors on an annual basis:

Executive directors	Fixed	Variable
Rik De Nolf (permanent representative of NV De Publgraaf) – Managing Director	80,000.00 euros	–
Lieve Claeys (permanent representative of NV Fraka-Wilo)	25,000.00 euros	–
Jean Pierre Dejaeghere	25,000.00 euros	–

Remuneration of the executive management

Fixed remuneration of EUR 539,420.92 gross was granted to the CEO, NV De Publgraaf, represented by Mr Rik De Nolf.

The other members of the executive management together received fixed remuneration of EUR 1,290,616.11, variable remuneration of EUR 283,493.33 and other components of EUR 171,459.99 (gross amounts).

In November 2006 the company has issued a new share option plan, in the course of which 67,000 share options have been awarded begin January 2007 to the members of the executive management. Each share option gives the right to obtain one share of Roularta Media Group providing the payment of the exercise price of EUR 53.53. A first portion of 40% of the share options can be exercised as of 1 January 2010. The share options cannot be exercised after 31 December 2016.

During the past financial year, the composition of the company's executive management changed as follows: by mutual agreement the collaboration between the company and Mr Hugo De Vidts, director IT and Mr Jan Van Lindt, director freesheets has been terminated. They have been replaced by Mr Alain Guillemyn (IT) and Mr Jo Bruneel (freesheets). In August 2006 Mrs Mieke Verhelst passed away unexpectedly. Within the management team she was followed up by Mr Dirk Van Roy, former director projects and processes.