

# Corporate Governance Report 2012

## Introduction

In 2006, Foyer Assurances S.A. participated in the working group of the Luxembourg Stock Exchange who drew up "The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange", a revised version of which has been published in October 2009, available on the website [www.bourse.lu](http://www.bourse.lu). These principles are intended to Luxembourg companies which shares are listed on the Stock Exchange. Their purpose is to contribute to the creation of long term value:

"A good corporate governance framework should create a balance between a performance-orientated strategy on the one hand, and adherence to reliable risk management systems and internal controls on the other. The latter requires responsibility, integrity and transparency." (Quotation from the preamble of the Ten Principles).

By decision of 6 March 2007, the Board of Directors of FOYER S.A. adhered to The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange by adopting a set of rules which constitute the Corporate Governance Charter of FOYER S.A. Group (hereafter "the Charter"). Further to the adherence to these rules, the articles of incorporation of FOYER S.A. were brought in line and amended by the Extraordinary General Meeting of Shareholders of 3 April 2007. The Charter was applicable immediately thereafter.

The Charter describes the principal aspects of governance of FOYER S.A. Group tracing in detail the manner in which FOYER S.A. is managed and controlled.

The Charter consists of several parts:

- a description of the structure and the organisation of the Group;
- the components of issued share capital of FOYER S.A.;
- the role and modus operandi of the General Meeting of Shareholders;
- the composition, attributions and modus operandi of the Board of Directors and specialised committees which are assisting the Board of Directors as advisory bodies;
- a description and modus operandi of the Executive Management in charge of daily management;
- an overview of the external controlling bodies which supervise the activities of Group companies and audit annual accounts.

The Charter is completed by a coordinated version of the statutes of FOYER S.A.

The Charter sticks to all the principles of Corporate Governance as enacted by the Luxembourg Stock Exchange. However, in as far as the independence criteria of the Board members is concerned, the Board of Directors considers that, contrary to the criteria proposed in the recommendation 3.5 (see annexe D paragraph h) of the Ten Principles), that a long term mandate will probably constitute an advantage, given the fact that it allows the board member to acquire over the years a thorough knowledge of FOYER S.A. Group, without any incidence on his critical judgment and/or his independence.

Whenever the Board of Directors adopts a change in the wording of the Charter, it is immediately updated.

An updated version of the Charter can be consulted in its entirety on the website [www.foyer.lu](http://www.foyer.lu).

In addition, in application of the law of 11 January 2008 on transparency requirements for issuers of securities, the Company is required to comply with the obligation to publish information on takeover bids, deriving from the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004. All required information is provided in the management report and the consolidated management report of FOYER S.A.

Concerning the General Meeting of Shareholders of FOYER S.A., operating mode and the powers inherent in this instance are those as provided by the law of 10 August 1915 on commercial companies as well as by the law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies. A coordinated version of statutes of FOYER S.A. can be consulted on the website [www.foyer.lu](http://www.foyer.lu).

## Shareholder's structure

On 31 December 2012, the shareholder's structure of FOYER S.A. is as follows:

<b>Participation held in the share capital</b>	<b>31.12.2012</b>
Foyer Finance S.A.	79,26 %
Luxempart	5,80 %
Public and institutional investors	13,39 %
FOYER S.A.	1,55 %
<b>Total</b>	<b>100,00 %</b>

On 31 December 2011, FOYER S.A. held 1,48% of its own shares. In accordance with the authorization granted by the General Meeting of Shareholders on 17 April 2012, the Board of Directors has approved the same day the implementation of a program to repurchase Company's shares in order to achieve the following objectives:

- a) Cover a stock option plan of FOYER S.A. for employees and executives of the Foyer Group;
- b) Cancel the repurchased shares by a decision of an

- Extraordinary General Meeting to be held later;
- c) Maintain and give subsequently shares of FOYER S.A. in exchange or payment in connection with an acquisition.

Due to the repurchase of shares made in 2012, based on this repurchase program, the rate of shares held in self-control on 31 December 2012 reached 1,55% of issued shares, i.e. 139 723 shares. The par value being € 5, the total amounted to € 698 615,00.

To the knowledge of the Company, no individual shareholder, with the exception of Foyer Finance S.A. and Luxempart S.A., held more than 5% of the share capital of FOYER S.A. on 31 December 2012.

## The Board of Directors

### MISSION

The Board of Directors is the body that is responsible for the management of FOYER S.A. It has the authority to take all decisions and to enact all measures necessary and useful to reach the object set out by the articles of incorporation of the Company, with the exception of all rights which either by law or by the articles of incorporation are specifically reserved to the General Meeting of Shareholders. It is its duty to insure the success of the Company in the long term and of its current activities, in the interest of its shareholders and other concerned parties such as its clients, its employees and in general the social environment in which it is active. Above all, the Board of Directors is responsible for the strategic lines followed by the Company and the control of current business.

### COMPOSITION

The Board of Directors consists of at least three members and up to twelve members, most of whom are non-executive Directors. A large enough number (at least one third) are independent members. The chairman of the Board and, if applicable, the vice-president(s) is (are) selected from non-executive members of the Board of Directors.

Important events during 2012 regarding the composition of the Board of Directors were the following:

- On 17 April 2012, as proposed by the Board of Directors, the Annual General Meeting of Shareholders has renewed for a three-year term, and expiring at the date of the Annual General Meeting of Shareholders of 2015, the mandates of the following Board members: Messrs Dominique LAVAL, François TESCH and Patrick ZURSTRASSEN;
- As proposed by the Board of Directors, the Annual General Meeting of Shareholders has decided to appoint Mrs. Carole WINTERSDORFF as a new non-executive member of Board for a period of three years, until the Annual General Meeting of Shareholders of 2015;
- As proposed by the Board of Directors, the Annual General Meeting of Shareholders has decided to appoint Mr. Paul MOUSEL as a new member of Board for a period of one year, until the Annual General Meeting of Shareholders of 2013. Mr. Paul MOUSEL complete the mandate period of Mr. Lucien THILL, who passed away;
- Mr. François TESCH was confirmed as Chief Executive Officer (CEO).

On 31 December 2012, the Board of Directors of FOYER S.A. consisted of 10 members:

- 1 Chief Executive Officer (CEO);
- 9 non-executive members, of which 6 independent members.

**Mr. Henri MARX**

Chairman of the Board of Directors  
 Independent non-executive member of the Board  
 Born in 1944, Luxembourg nationality  
 Following his secondary studies, Mr. Marx started working for the Company in 1967. From 1988 to 2006, he was a member of the Management of the FOYER Group, and Assistant General Manager as of 2000. Mr. Marx left professional life in 2006, but continues to assume, just as in past years, the responsibility as member of the Board of Directors of Foyer Assurances S.A. and Foyer Vie S.A. He is a member of the Board of Directors of FOYER S.A. since 2000. He was reappointed in 2011 for a period of three years, until the Annual General Meeting of Shareholders of 2014. On 5 April 2011, he has been designated as chairman of the Board of Directors.

**Mr. François TESCH**

Managing Director (“Administrateur-délégué”)  
 Executive Member of the Board  
 Chief Executive Officer of FOYER S.A. Group  
 Born in 1951, Luxembourg nationality  
 Mr. Tesch holds a Bachelors degree in Economics and a Masters Degree from INSEAD. After having worked as financial analyst with W.R. Grace & Co in New-York and finance manager with W.R. Grace & Co in Paris, Mr. Tesch joined the Group in 1983 as Secretary General. Since 1985 he holds the responsibility of Chief Executive Officer. In 2000 he assumed the chairmanship of the Board of Directors of FOYER S.A. In line with the rules laid out in the Corporate Governance Charter, Mr. Tesch withdrew from the latter post on 1st November 2007 and handed it over a non-executive Board member. His mandate has been renewed for a term of three years in 2012, until the Annual General Meeting of Shareholders of 2015. Mr. Tesch serves as executive Board member of Foyer Finance S.A., Chief Executive Officer of FOYER S.A. and Luxempart S.A. He is also a

member of the Board of Directors of the following listed companies: SES S.A., Luxempart S.A., Atenor Group S.A. and Financière de Tubize S.A.

**Mr. Romain BECKER**

Independent non-executive member of the Board  
 Born in 1954, Luxembourg nationality  
 Mr. R. Becker is a member of the Board of Directors of FOYER S.A. since 6 April 2000. He was reappointed in 2011 for a period of three years, until the Annual General Meeting of Shareholders of 2014. He graduated as electromechanical engineer from EPF in Zurich in 1977. In 1978 he joined the Ministry of Economics and Energy where he held the important office of Government Counsel and Commissioner of the Government for Energy until 1996. He took office with CEGEDEL S.A. in 1996 where he became Chairman of the Executive Committee in 1997 until the merger of that company with companies SOTEG-Saar Ferngas, which now form the Group Enovos. In this group, Mr. Becker is member of the Executive Committee of Enovos International and CEO of Creos Luxembourg. He is also member of the Board of Eurelectric, LuxEnergie and FEDIL.

**Mr. Dominique LAVAL**

Non-executive Member of the Board  
 Born in 1948, Luxembourg nationality  
 Mr. Laval is a member of the Board of Directors of FOYER S.A. since 2000. He was reappointed in 2012 for a period of three years, until the Annual General Meeting of Shareholders of 2015. He holds a degree in Business Administration from E.C.A.D.E. (E.C.L. of Lausanne), as well as a post graduate diploma in Management and International Commerce from “Ecole de Commerce Solvay” (ULB, University of Brussels). Attached to the General Direction of International Carbon and Minerals S.A. Luxembourg, Mr. Laval worked in business develop-

ment of the group for 3 years. Then he joined Accumulateurs Tudor S.A. in Belgium. After working in the financial sector in Luxembourg (founding partner), he joined the Group Sogeva S.A. in 1988. Mr. Laval is a Board member of different non-listed companies including Foyer Finance S.A., Sogeva S.A., Alltec Participations S.A., Poudrierie de Luxembourg S.A., Teco N.V., CapitalatWork Foyer Group S.A. and Vivalto Home.

#### **Mr. Paul MOUSEL**

Independent non-executive Member of the Board  
Born in 1953, Luxembourg nationality  
Mr. Mousel is member of Board since 2012 and for a period of one year, until the Annual General Meeting of Shareholders of 2013. Mr. Mousel is also founding member of the law firm Arendt & Medernach in Luxembourg, where he is the Chairman of the Board of Directors. He is graduated in law from the ULB (University of Brussels) and obtained a special degree in Economic law. Mr. Mousel is member of the Bars of Luxembourg and Brussels. He is member of the Board of many companies, including Belgacom Finance S.A., Belgacom Re S.A., Cargolux Airlines International S.A. and ING Luxembourg S.A. where he chairs the Audit Committee. Mr. Mousel is member of the Board of several companies comprising the Group Sofina S.A., Société Financière de Transports and Entreprises Industrielles. Mr. Mousel is member of several advisory committees of the "Commission de Surveillance du Secteur Financier" and chairs the Commission of Administration of "Centre Hospitalier de Luxembourg".

#### **Mr. John PENNING**

Non-executive Member of the Board  
Born in 1972, Luxembourg nationality  
Mr Penning joined the Board of Directors on 5 April 2011. His mandate for a term of three years will expire at the Annual General meeting of Shareholders in 2014. He holds a masters degree in Business Administration, University of Otago & University of North

Carolina at Chapel Hill, as well as a Bachelor degree in Political Science and International Relations of the ULB (University of Brussels). Mr. Penning, after a career as professional golf player until 1999, was Co-founder & Sports Director at the Luxembourg Golf Open Non-Profit Association between 1999 and 2003 and Co-founder & Managing Director at DnP Sports Communication & Event Coordination between 2001 and 2004. After obtaining his MBA, Mr. Penning continued his career as Senior Manager, Corporate Finance Advisory Services at Deloitte Luxembourg. Since 2009, Mr. Penning is Managing Director of Saphir Capital Partners S.A. Luxembourg. He is member and chairman of the Board of TROC de l'ILE, and member of the supervisory board of the listed company FREY. In addition, he is a board member of non-listed companies (SOGEVA S.A., STING S.A., Firmament Capital S.A., Coogere S.à.r.l., MGO S.A. and Troc Europe S.A.).

#### **Mr. Jacquot SCHWERTZER**

Independent non-executive member of the Board  
Born in 1956, Luxembourg nationality  
Mr. Schwertzer holds a master's degree in economics, company management section, of University Louis Pasteur in Strasbourg. For the first time, Mr. Schwertzer was nominated to the Board of Directors of Foyer S.A. in 2000. Since this date, he is also a member of the Audit, Compliance and Risk Management Committee of the FOYER S.A. Group. He was reappointed in 2010 for a period of three years, until the Annual General Meeting of Shareholders of 2013. He is Chief Executive Officer of Group Socipar S.A. Since 2001, he is member of the management committee of Luxempart S.A. Group. As such he is a member of the Board of Directors of the listed companies Poweo S.A., PNE Wind AG and non-listed companies Indufin S.A. and Algebra Gesellschaft für Beteiligungen mbH. Mr. Schwertzer is also member of the Board of Directors of Trief Corporation S.A., Winvest International S.A. SICAR and BIL Banque Internationale à Luxembourg S.A.

**Mr. Michel TILMANT**

Independent non-executive member of the Board

Born in 1952, Belgium nationality

Since April 2010, Mr. Tilmant is a member of the Board of Directors of FOYER S.A. His mandate for a term of three years will expire at the Annual General meeting of Shareholders in 2013.

In June 2011, Mr. Tilmant has become the Managing Director of CapitalatWork Foyer Group S.A.

He graduated from the "Université de Louvain" with a Licence in Business Administration and he is also a graduate of Louvain School for European Affairs

Mr. Tilmant began his career in 1977 with the Morgan Guaranty Trust Company of New York in New York. In 1990 he was appointed Vice-Chairman of the Executive Committee of Banque Internationale à Luxembourg. In 1992, he joined Banque Bruxelles Lambert (BBL), where in 1997 he was appointed Chairman of the Board of Directors. After the acquisition of BBL by ING in 1998, Mr. Tilmant successively held the position of member of the Executive Committee and Chairman of ING Bank. From 2004 to 2009, as Chairman of the Executive Board, he was the managing director of ING Group. Mr. Tilmant is member of the Board of directors at BNP Paribas, Lhoist, Sofina and Université Catholique de Louvain.

**Mrs. Carole WINTERSDORFF**

Independent non-executive Member of the Board

Born in 1970, Luxembourg nationality

Mrs. Wintersdorff holds a postgraduate diploma in civil law from Université Panthéon-Sorbonne in Paris and a Master of Laws from the New York University School of Law. After having exercised the profession as lawyer in New York, Helsinki and in London until 2002, she joined the law firm Elvinger, Hoss & Prussen as Senior Associate, and then following which she joined AOL Europe in Luxembourg and Millicom International Cellular as general counsel in 2005. Since February 2008, Mrs. Wintersdorff held the function of Senior Legal Counsel Corporate & Securities Law at ArcelorMittal. Since mid-2011, Mrs.

Wintersdorff is member of the Board of the "Institut Luxembourgeois des Administrateurs" and is member of the Board of FOYER S.A. since April 2012. The mandate for a term of three years will expire at the Annual General meeting of Shareholders in 2015.

**Mr. Patrick ZURSTRASSEN**

Independent non-executive member of the Board

Born in 1945, Belgium nationality

Mr. Patrick Zurstrassen is a member of the Board of Directors of FOYER S.A. since 2002.

He was reappointed in 2012 for a period of three years, until the Annual General Meeting of Shareholders of 2015. He holds degrees of different faculties: Civil Engineering from "Université de Liège", Masters degree in Physics from Leeds University, Masters degree from the University of California in Los Angeles as well as a graduate diploma in Banking Techniques from Centre de Formation Bancaire in Brussels. From 1974 till 2001, Mr. Zurstrassen held various high ranking responsibilities within the Crédit Agricole Group, amongst others as Chief Executive Officer and as chairman of the Management Committee of Crédit Agricole Indosuez Luxembourg S.A. (1987-2001). From 1988 till 2007 he was a professor at Faculty of Economics of the Catholic University of Leuven. Mr. Zurstrassen holds mandates as independent board member in mutual funds. Actually, he chairs the European Confederation of Directors' Associations (ecoDa).

For 2012, **Mr. Oliver PETERS, General Counsel of the Group** acts as Secretary of the Board of Directors, than **Mrs. Virginie COURTEIL**, proxyholder of the Legal department .

## Functioning mode

The Board meets upon notice of meeting from the President

The Board of Directors cannot validly deliberate and take any decisions if not at least a majority of members is present or represented. Members may not represent more than one of his colleagues.

Decisions are taken at the majority of votes expressed by present or represented members, abstentions or abstention votes are not being considered. In case of an undecided vote, the vote of the president prevails.

In practice, almost most decisions are taken with unanimous consensus.

Resolutions of the Board of Directors may validly be taken by circular vote when they are being signed and approved by all the Board members.

## Activity report

### Subjects of deliberation

The main subject of discussion and/or deliberation for Board meetings of 2012 were the following:

- analysis of the annual accounts and annual consolidated accounts for the year 2011, as well as the interim half year financial report of 2012, and approval of press releases related;
- publication of the Embedded Value as of 31 December 2011 of Foyer Vie S.A. and Foyer International S.A.;
- preparation of the Annual General Meeting of shareholders of 17 April 2012;
- follow-up of the evolution of the economic crisis and stock market analysis and its impact on the FOYER Group;
- development strategy of the FOYER Group and the forecasts for the years 2013– 2015;
- examination of the progress of the preparatory works in relation to the Solvency Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II);
- review of conclusions and recommendations of the specialised committees;
- assignment of option rights under the Stock Option Plan reserved for members of the Executive Committee Group.

**Periodicity of meetings and attendance**

The Board met five times during the last year.

The average rate of attendance of Board members at the meetings was 95,65% during the last year.

**Remuneration**

General guidelines in matters of remuneration of Board members are laid down in annex 5 of the Corporate Governance Charter.

In compliance with these principles and in compliance with the decision taken by Annual General Meeting of shareholders of 17 April 2012:

- the delegated board member, acting as Chief Executive Officer, did not receive any remuneration as Board member in 2012;
- the mandate held by non-executive Board members were remunerated as follows in 2012:
  - a gross yearly indemnity; total gross yearly indemnities allocated to all non-executive Board members was € 262 459,02;
  - An attendance fee per attended meeting for every non-executive Board member: the total gross amount of attendance fees allocated to non-executive Board members was € 44 000,00.



## Specialised Committees of the Board of Directors

For specific fields of activity, the Board of Directors may require the assistance, as a counsel, of specialised committees of which it determines the role, the responsibilities, the structure and the operating mode. In compliance with article 18 of the articles of incorporation, the Board of Directors needs to require assistance from at least the following committees:

- the Audit, Compliance and Risk Management Committee,
- the Remuneration and Nomination Committee.

Authority of these committees extends to all the companies which are part of FOYER S.A. Group.

The Board of Directors of Foyer S.A. has established the Audit Committee as early as 18 September 2000. At the time of enactment of the Charter and the adaptation of the articles of incorporation on 3 April 2007 rendering compulsory the constitution of this committee, the Board of Directors decided to adapt the composition of the Audit and Compliance Committee such as to comply with the terms of the Charter allowing only for non-executive Board members to sit on this Committee. The Committee in its new form started work as of 3 April 2007. In view of the Solvency II Directive, the Board of Directors decided on 8 March 2011 to broaden the competences of the Audit and Compliance Committee to include the risk management.

Consequently, it changed its name into "Audit, Compliance and Risk Management Committee".

Besides, the Board of Directors institutionalized the Remuneration and Nomination Committee on 3 April 2007.

### Audit, Compliance and Risk Management Committee

#### MISSION

The Audit, Compliance and Risk Management Committee assists the Board of Directors of FOYER S.A. as well as the Board of Directors of other companies member of the FOYER S.A. Group with their responsibility of supervision of the financial reporting system, the internal and external reporting procedure, control procedures verifying the compliance of activities with laws and regulations, as well as internal rules and codes of conduct applicable to FOYER S.A. Group and risk management.

#### MEMBERSHIP

**Mr. Jacques SCHWERTZER**, Chairman of the Committee, independent non-executive Board member, **Mr. Dominique LAVAL**, non-executive Board member, **Mr. Henri MARX**, independent non-executive Board member .

The mandates of the members of the Audit, Compliance and Risk Management Committee were renewed on 6 April 2010 for a three year period until the Annual General Meeting of Shareholders in 2013.

Mr. Franck TOUSCH, Head of Internal Audit acts as secretary of the Committee.

Mrs. Sylvie BERTHOLET, Head of Compliance on Group level and the Chief Risk officer Mr. Paul FOHL may attend the Committee meetings.

## Activity report

### Subjects for deliberation

- examination of annual consolidated accounts at 31.12.2011 and findings of the audit conducted by the independent auditor at 31.12.2011;
- examination of semi-annual consolidated accounts and the limited review by the independent auditor on 30.6.2012;
- analysis of the management letter prepared by the independent auditor following the audit of the 2011 accounts of Group companies;
- report of the main conclusions of the internal audit relating to internal control systems;
- monitoring by the Committee of the risk management tools at FOYER S.A. Group level in order to comply with future regulatory requirements under Solvency II;
- activity review of internal Audit and Compliance during 2012, planning of activities and missions for 2013, being considered hazard mapping;
- review of the compliance charter of FOYER S.A. Group;
- examination of actuarial reports at 31.12.2011 set up in accordance of requirement of Solvency II;
- follow-up of the enacting of recommendations made by the Audit, Compliance and Risk Management Committee and by the independent auditor;
- review of external auditor's independence.

### Periodicity of meetings and attendance

The Audit, Compliance and Risk Management Committee met six times in 2012. The attendance rate of its members at these meetings was 100%.

### Remuneration

In accordance with the remuneration policy of the FOYER S.A. Group, such as outlined in annex 5 of the Corporate Governance Charter, non-executive members of the Audit, Compliance and Risk Management Committee are entitled to an attendance fee for each meeting at which they assist.

In compliance with the principle and in line with the decision taken by Annual Shareholders Meeting of 17 April 2012, the gross amount of attendance fees paid in 2012 to the members of the Audit, Compliance and Risk Management Committee was € 33 000,00.

## Remuneration and Nomination Committee

### MISSION

The Remuneration and Nomination Committee assists the Board of Directors in all matters pertaining to the nomination (or dismissal) of Board members and members of the Executive Committee (CEO and COO), as well all other matter pertaining to Board members and members of the Executive Management.

### MEMBERSHIP

**Mr. Patrick ZURSTRASSEN**, Chairman of the Committee, independent non-executive Board member,

**Mr. Romain BECKER**, independent non-executive Board member ,

**Mr. André ELVINGER**, external non-executive member (1)

**Mr. François TESCH**, Executive Board member, CEO (2)

The mandates of the members of the Remuneration and Nomination Committee were renewed on 6 April 2010 for a three year period until the shareholders Annual General Meeting of 2013.

Mr. Benoît DOURTE, Director of Human Resources acts as secretary of the Committee.

*(1) Mr. A. Elvinger is a member of the Remuneration and Nomination Committee as Chairman of the Board of Directors of the parent company FOYER FINANCE S.A., in order to guarantee a coherent nomination and benefits policy between the two poles of activity of the FOYER FINANCE S.A. Group, FOYER S.A. Group on one side and the LUXEMPART S.A. Group on the other.*

*(2) Mr. F. TESCH is a member of the Remuneration and Nomination Committee only for matters concerning the nomination or dismissal of Board members or the COO.*

## ACTIVITY REPORT

### Subjects for deliberation

- advice on the renewal of Board membership for outgoing Board members in view of the Annual General Meeting of 17 April 2012;
- analysis of the current composition of the Board and proposals of nominations for the appointment of new Board members of FOYER S.A.
- proposal to allocate the year-end bonus and FOYER S.A. options to members of the Executive Management of the Group in respect of the fiscal year 2011, considering the annual assessment of their performance and results of Group companies;
- review of the process of self-evaluation of the functioning of the Board of Directors of FOYER S.A .

### Periodicity of meetings and attendance

During the year 2012, the Remuneration and Nomination Committee met two times. Average attendance rate was 87,5%.

### Remuneration

In accordance with the remuneration policy of the FOYER S.A. Group, such as outlined in annex 5 of the Corporate Governance Charter, non-executive members of the Audit, Compliance and Risk Management Committee are entitled to an attendance fee for each meeting at which they assist.

In compliance with the principle and in line with the decision taken by Annual Shareholders Meeting of 17 April 2012, the gross amount of attendance fees paid in 2012 to the members of the Remuneration and Nomination Committee amounted to € 8 500,00.

## Executive Management

### MISSION

The role of the Executive Management is the management and the development of the FOYER S.A. Group while respecting the values, the strategies, the policies and the plans and budgets as approved by the Board of Directors. While exercising this function, the Executive Management is responsible for complying with all legislation and rules in existence, and in particular the respect of the legal and regulatory framework applicable to every company of the FOYER S.A. Group .

The Board of Directors has delegated daily management of FOYER S.A. as well as the power to represent the company to an executive Board member acting as Chief Executive Officer (CEO), authorising him to substitute all responsibilities regarding daily management and representation in as far as this management is concerned .

### COMPOSITION

#### Le Chief Executive Officer (CEO)

The CEO is the highest ranking executive of the FOYER S.A. Group. He is responsible for daily management of FOYER S.A. and FOYER S.A. Group.

**Mr. François TESCH**, Executive Board member of FOYER S.A.

Mr. Tesch had his mandate as Executive Board member renewed in accordance with a decision by the Board of Directors of 17 April 2012.

#### The Chief Operating Officer (COO)

The CEO is being assisted by the Chief Operating Officer in the management of the FOYER S.A. Group in accordance with the authority that the CEO delegated to him.

**Mr. Marc LAUER**, holds a degree in economics and actuarial sciences

#### The Executive Committee

The Executive Committee is not a special Committee as provided for by article 18 of the articles of incorporation. The Executive Committee is a consulting body being composed by the CEO, the COO and a manager, advisor on strategy, were they consult, agree their actions and exchange information.

Mr. Benoît Dourte, Director of Human Resources and member of Management Committee of CapitalatWork Foyer Group S.A. is standing invitee to meetings of Executive Committee.

#### The Group Management

In connection with the tasks that are theirs, and which are accurately described in the Charter, the CEO and the COO are assisted by the Group Management, which comprises the operational management and the functional management of the FOYER S.A. Group.

Group Management either meets in plenary ("Group Management Committee"), or in limited composition such as the "Local Management Committee" for the life and non-life insurance sectors and the "International Management Committee" for the financial and the international life insurance sectors.

## The Operational Management

### Non-Life Insurance

#### Mr. Franck MARCHAND

Permanent member of the Group Management Committee and the Local Management Committee

### Local Life Insurance

#### Mr. Philippe BONTE

Permanent member of the Group Management Committee and the Local Management Committee

### International Life Insurance

#### Mr. Jean-Louis COURANGE

Permanent member of the Group Management Committee and the International Management Committee

### Wealth management

#### Mr. Michel TILMANT

Managing Director of CapitalatWork Foyer Group S.A.

## Functional Management

### Sales, Marketing

#### Mr. Gilbert WOLTER

Permanent member of the Group Management Committee and the Local Management Committee

### Accounting and Reporting

#### Mr. Marc LAUER

Permanent member of the Group Management Committee and the Local Management Committee and the International Management Committee

### Surveys and product development/Chief Actuary

#### Mr. Philippe BONTE

Permanent member of the Group Management Committee and the Local Management Committee

### Risk management / Chief Risk Officer (CRO)

#### Mr. Paul FOHL

Permanent member of the Group Management Committee and the Local Management Committee and the International Management Committee

The CRO's task is to specifically establish a system of effective risk management including strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report risks permanently at individual and aggregate, level which the FOYER S.A. Group is and could be exposed to and the interdependencies between these risks.

### Asset management/ Chief Investment Officer (CIO)

#### Mr. André BIRGET

Permanent member of the Group Management Committee, the Local Management Committee and the International Management Committee

### Human Resources management and General services

#### Mr. Benoît DOURTE

Permanent member of the Group Management Committee, the Local Management Committee and the International Management Committee

### Legal

#### Mr. Oliver PETERS, until 14 August 2012, then

#### Mr. Marc Lauer

Permanent member of the Group Management Committee and the Local Management Committee

### Information Technology

#### Mr. Daniel ALBERT

Permanent member of the Group Management Committee and the Local Management Committee

## ACTIVITY REPORT

### Subjects of deliberation

During 2012, Executive Management paid particular attention to the following points:

- result monitoring in comparison with the business plan;
- drafting and publishing of interim management statements in relation with the financial situation of the FOYER S.A. Group and important events and transactions having an incidence on the financial situation of the Group;
- drawing up of the Business Plan 2013 –2015;
- study and follow-up on initiatives on the improvement of profitability, the potential overhead compression and operational excellence;
- implementation of an action plan to improve customer focus, based on the implementation of various management tools and a new sales approach;
- IT management projects;
- operational and organisational follow-up of Group companies;
- follow-up of the implementation of the provisions of Solvency II, in matters of solvency margins of insurance companies.

### Periodicity of meetings

The Group Management Committee meets in principle once a quarter, as well as the International Management Committee, and the Local Management Committee meets weekly.

### Retribution

Total gross retribution allocated to the members of the Executive Management for the year 2012 (13 people) amounted to € 5 152 552,48, of which € 3 039 989,24 were fixed salary and € 2 112 563,24 variable retribution .

Members of the Executive Management benefit, as all staff of the FOYER S.A. Group from a pension benefit plan covering the pension, death and invalidity risks. Premium paid in this respect for all members of the Executive Management amounted in 2012 to € 324 517,06.

Two members of the Executive Management are benefitting from a loan granted by a company of the Group for a total amount of € 309 866.90 (as at 31 December 2012).

Other retributions (expense allowance) amounted to € 63 991, 00.

Under the «Stock Option Plan» implemented for members of the Executive Management Committee of the Group, 34 814 stock options were granted in April 2012 to eleven beneficiaries for the year 2011.

The Company is free to decide each year whether to grant options or not. The granting of options is subject to a flat tax model entry. The options, if any, are awarded annually depending on length of service and achievement of performance targets for each one. The options are subject to a lockup period of four years and must be exercised within ten years from the grant of the options.

The stock option plan of members of the Executive Management Committee of the Group is financed by a program of share buybacks by FOYER S.A., pursuant the authorization of the General Meeting of Shareholders of FOYER S.A. held on 17 April 2012 and the buyback program approved by the Board of Directors of FOYER S.A. on the same day. For more information, it is referred to in paragraph 2 of note 33 of the consolidated accounts of FOYER S.A. as at 31 December 2012.

## Miscellaneous informations

In accordance with the law of 16 May 2006 concerning market abuse implementing EU Directive 2003/6/EC on insider dealing and market manipulation, the Board of Directors adopted an internal code of conduct which defines measures to prevent insider dealing. This code of conduct, which was updated on 1 April 2008, following the coming into effect of the law of 11 January 2008 on transparency requirements for issuers of securities, are published in annex 4 of the Charter.

In application of article 16 of the law of 16 May 2006, a list of insiders has been computed and is continually being updated and concerned persons have been informed of their being mentioned in the list.

Compulsory information, such as the one prescribed by the law of 11 January 2008, is published on the web site [www.foyer.lu](http://www.foyer.lu) ("Financial information") and is made public through the newspapers. The information is also deposited with the CSSF, and, since 1 January 2009, archived with the Société de la Bourse de Luxembourg acting as the Luxembourg OAM ("Officially Appointed Mechanism") responsible for centralised archiving of compulsory information.

Furthermore the company publishes on its web site [www.foyer.lu](http://www.foyer.lu), ("Financial information") under the heading , ("Transparency declaration"), transactions with FOYER S.A. shares made by people exercising executive responsibility within FOYER S.A. Group, by people having regular or occasional access of privileged information, as well as members of the "Comité Mixte d'Entreprise".

In 2012, 4 declarations were published in connection with the purchase of a total of 17 000 shares and disposal of a total of 50 shares.

This English version of Corporate Governance report has been established for convenience purposes, only. In case of discrepancy between this translation and the original French version, the latter shall prevail.