

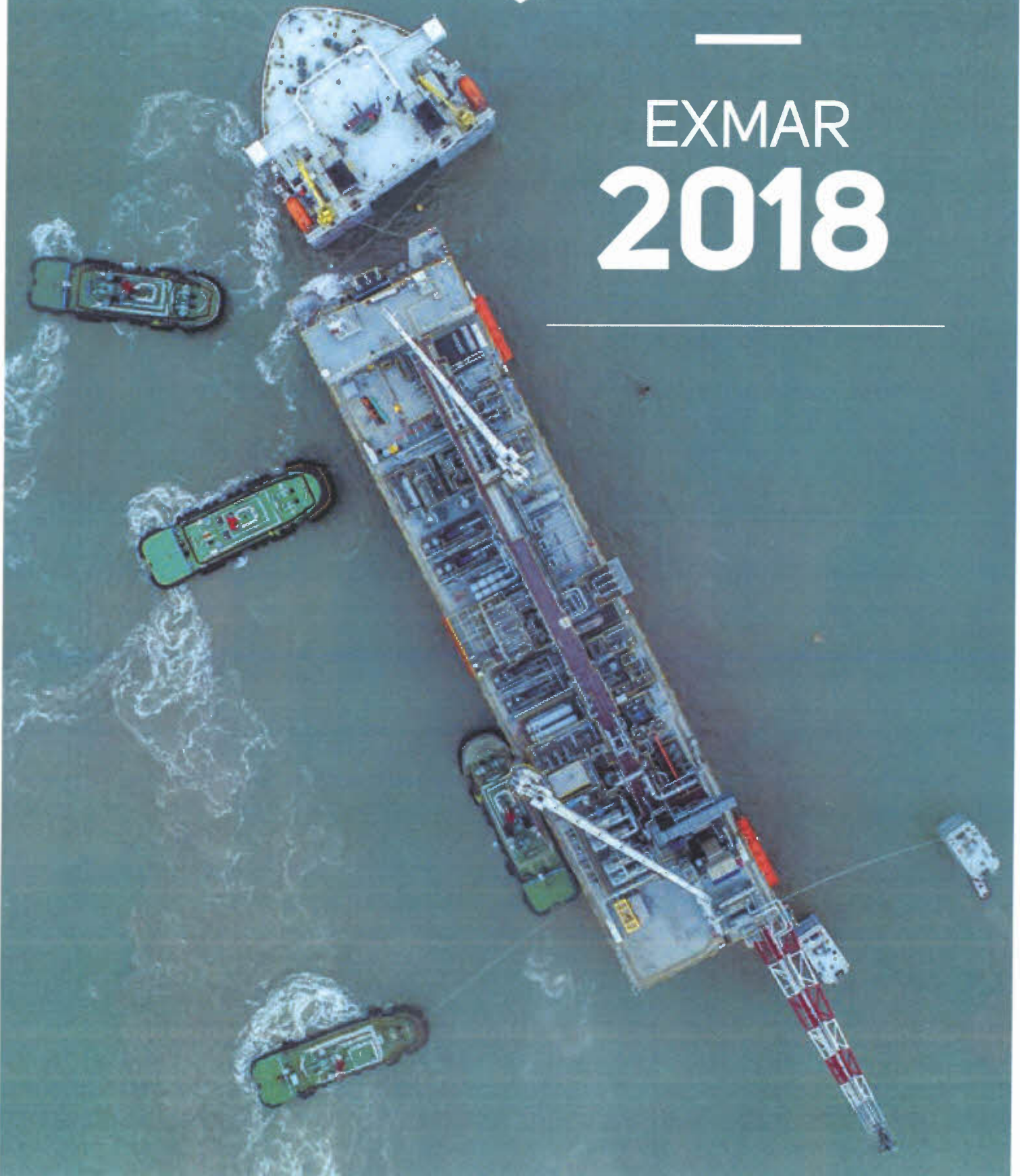


EXMAR

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# EXMAR 2018

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## CORPORATE GOVERNANCE STATEMENT

Corporate Governance aims to define several rules and behaviours according to which companies are properly managed and controlled, with the objective to increase transparency. It's a system of checks and balances between the shareholders, the Board of Directors, the Chief Executive Officer and the Executive Committee.

### GOVERNANCE MODEL

EXMAR NV is governed by the Belgian Company Code and the 2009 Belgian Corporate Governance Code. The key features are:

- A Board of Directors, which defines EXMAR's general policy and strategy and supervises the operational management;
- An Audit Committee, a Nomination and Remuneration Committee and an Executive Committee created by the Board of Directors;
- A Chief Executive Officer (CEO) who takes primary responsibility for operational management.

### DESIGNATION APPLICABLE 2009 CODE ON CORPORATE GOVERNANCE

This Corporate Governance Statement is covered by the provisions of the Belgian 2009 Corporate Governance Code. The Royal Decree of 6 June 2010 recognized the Code of 2009 as the only applicable Code. This Code is published in the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) on 23 April 2010 ([www.staatsblad.be](http://www.staatsblad.be)), as well as on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

As a result of the publication of the 2009 Belgian Corporate Governance Code ("Code 2009"), EXMAR has Code 2009 as a reference code.

### PRINCIPLES CODE 2009

Pursuant to article 96 §2, 1° of the Belgian Companies Code, EXMAR follows the principles of the 2009 Belgian Code on Corporate Governance:

- 1) The Company adopts a clear governance structure;
- 2) The Company has an effective and efficient Board of Directors that will make decisions in the interest of the Company;
- 3) All directors show integrity and dedication;
- 4) The Company has a rigorous and transparent procedure for the appointment and the evaluation of its Board and the members thereof;
- 5) The Board of Directors creates specialized Committees;
- 6) The Company develops a clear structure for executive management;
- 7) The Company compensates the directors and the members of the Executive Management in a fair and responsible manner;
- 8) The Company enters into a dialogue with shareholders and potential shareholders, based on mutual understanding of each other's objectives and expectations;
- 9) The Company guarantees suitable disclosure of its Corporate Governance.

### CORPORATE GOVERNANCE CHARTER AND CORPORATE GOVERNANCE STATEMENT

As a Belgian-headquartered Company with a commitment to the highest standards of corporate governance, the Board of Directors adopted a Corporate Governance Charter.

EXMAR's Corporate Governance Charter was approved by the Board on 31 March 2010 and updated and approved by the Board of Directors on 2 September 2016. This Charter is also applicable to all affiliates of EXMAR.

The Corporate Governance Charter contains a summary of the rules and principles on which EXMAR's Corporate Governance is organized and is based on the provisions of EXMAR's Articles of Association, the Belgian Code of Companies and the most recent version of the Belgian Corporate Governance Code.

The Belgian Corporate Governance Code is based on a 'comply or explain' principle.

The Company aims to comply with most provisions of the Belgian Corporate Governance Code, but the Board is of the opinion that deviation from provisions may be justified in light of the Company's specific situation. If applicable, an explanation is provided in the Corporate Governance Statement about the deviations during the past financial year on specific provisions of the Code in accordance with the "comply or explain" principle.

The Corporate Governance Charter describes the Company's profile, capital shares and shareholders and the applied principles related to the shareholders' meetings.

The roles and responsibilities of the different organs within the Company are described:

- The power, responsibilities and functioning of the Board are elaborated. The Corporate Governance Charter defines the rules in operation of the Board, dealing with Conflicts of Interest, remuneration and evaluation.
- The functioning of the Audit Committee and Nomination and Remuneration Committee, set up in delegation of the Board is described in detail.
- The roles and rules in the organization of the day-to-day management, the power and responsibilities of the Chief Executive Officer and Executive Committee are elaborated.

This Corporate Governance Statement describes the measures taken by EXMAR to ensure compliance with laws and regulations relating to insider trading, corruption, money-laundering practices, competition, sanctions and suchlike.

The Corporate Governance Charter and Corporate Governance Statement of EXMAR can be consulted on the website <http://exmar.be/en/investors/corporate-governance>.

## 1. GENERAL INFORMATION ABOUT THE COMPANY

### 1.1 DATE OF ESTABLISHMENT AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company was established by notarial deed on 20 June 2003, published in the appendix to the Belgian Official Gazette of 30 June thereafter, reference 03072972, and of 4 July thereafter, reference 03076338.

The Articles of Association were amended several times and for the last time by deed executed before civil law notary Benoit De Cleene in Antwerp, replacing his colleague notary Patrick Van Ooteghem in Temse, on 15 May 2018, published in the appendix to the Belgian Official Gazette of 17 September thereafter, reference 18139021.

### 1.2 REGISTERED OFFICE

De Gerlachekaai 20, 2000 Antwerp, Belgium.

VAT BE0860.409.202.

Company Registration Antwerp – section Antwerp.

### 1.3 ISSUED CAPITAL

The issued capital amounts to USD 88,811,667, is fully paid-up and is represented by 59,500,000 shares without nominal value. For the application of the provisions of the Belgian Companies Code, the reference value of the capital is set at EUR 72,777,924.85.

No changes in capital occurred during the course of 2018.

### 1.4 AUTHORIZED CAPITAL

Pursuant to the Belgian Companies Code, the Board of Directors may be authorized by the shareholders, during a five years period, to increase the capital up to a defined amount and within certain limits.

By decision of the Extraordinary General Meeting of Shareholders held on 16 May 2017, the Board of Directors was authorized to increase the share capital of the Company once or several times, in the manner and at conditions to be determined by the Board of Directors, within a period of five years with effect from the date of publication of such a decision, by a maximum amount of USD 12,000,000, the reference value of EUR 7,703,665.66 for application of the provisions of the Belgian Companies Code. The special report of the Board of Directors was drawn up in accordance with the provisions of Section 604 of the Belgian Companies Code.

### 1.5 ARTICLES OF ASSOCIATION, GENERAL MEETINGS, PARTICIPATION, AND EXERCISING OF VOTING RIGHTS

The Annual General Meeting takes place on the third Tuesday of May at 2.30 p.m.

The rules governing the convening, the participation, the conducting of the meeting, the exercising of the voting rights, amendments to the Articles of Association, nomination of the members of the Board of Directors and its Committees can be found in the coordinated Articles of Association and the Corporate Governance Charter of the Company, both of which are available on the Company's website under investor relations. <http://exmar.be/en/investors/reports-and-downloads/articles-association>

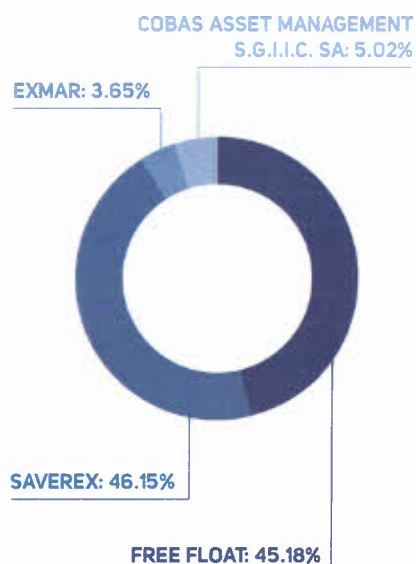
### 1.6 PURCHASE OF OWN SHARES

On 15 May 2018, the Extraordinary General Meeting of Shareholders authorized the Board of Directors of EXMAR for a period of five years to acquire the Company's own shares within a well-defined price range.

The number of treasury shares as at 28 March 2019 amounted to 3.65%, which represents 2,171,750 shares.

### 1.7 SHARES AND SHAREHOLDERS

Shareholding as per 28 March 2019:



The EXMAR share is listed on Euronext Brussels and is part of the Bel Mid index (Euronext: EXM).

During the course of 2018 and till the date of this report, EXMAR NV received one notification in the context of the Transparency Act of 2 May 2007.

The latest notification received by the Company as notified to the FSMA is as follows:

- 2 July 2018: EXMAR NV announced that Cobas Asset Management S.G.I.I.C. SA crossed a threshold of 5% due to an acquisition of shares.

In accordance with Section 74§6 of the law on public takeover bids of 1 April 2007, Saverex NV notified the FSMA on 15 October 2007, updated on 30 August 2018, that it holds more than 30% of the securities with voting rights in EXMAR NV, a listed Company.

The statutory information is published on the website ([www.exmar.be](http://www.exmar.be)).

The Company has no knowledge of any agreements made between shareholders.

The Articles of Association impose no restrictions on the transfer of shares.

## 2. COMPOSITION AND FUNCTIONING OF THE BOARD, MANAGEMENT AND CONTROLLING BODIES

### 2.1 BOARD OF DIRECTORS

#### 2.1.1 COMPOSITION

Currently, the Board of Directors consists of 10 members, all appointed by the Annual General Meeting of Shareholders and is composed of members from diverse professional backgrounds and who represent a wide range of experience; it consists of a sufficient number of directors to ensure proper operation, taking into account the specificity of the Company.

Functions and terms of office of the Directors on the Board per 31 December 2018:

Name – Function	Beginning of mandate	Last renewal	End of mandate	Number of attended meetings
<b>BOARD OF DIRECTORS</b>				
<b>BARON PHILIPPE BODSON</b> <ul style="list-style-type: none"> <li>• Chairman Board of Directors</li> <li>• Non-executive director</li> <li>• Member Audit Committee</li> <li>• Chairman Nomination- and Remuneration Committee</li> </ul>	20 June 2003	15 May 2018	2021	6/6
<b>NICOLAS SAVERYS</b> <ul style="list-style-type: none"> <li>• Executive director</li> <li>• Chief Executive Officer (CEO)</li> </ul>	20 June 2003	15 May 2018	2021	6/6
<b>KATHLEEN EISBRENNER</b> <ul style="list-style-type: none"> <li>• Independent director within the meaning of Article 526ter of the Company Code and provision 2.3 of Code 2009</li> </ul>	15 May 2018		2021	2/3
<b>JENS ISMAR</b> <ul style="list-style-type: none"> <li>• Independent director until 21 May 2019 within the meaning of Article 526ter of the Company Code and provision 2.3 of Code 2009</li> <li>• Member Audit Committee</li> <li>• Member Nomination- and Remuneration Committee</li> </ul>	18 May 2010	17 May 2016	2019	6/6
<b>MICHEL DELBAERE</b> <ul style="list-style-type: none"> <li>• Independent director within the meaning of Article 526ter of the Company Code and provision 2.3 of Code 2009</li> <li>• Member Nomination- and Remuneration Committee</li> </ul>	17 May 2016		2019	6/6
<b>JALCOS NV REPRESENTED BY LUDWIG CRIEL</b> <ul style="list-style-type: none"> <li>• Non-executive director</li> <li>• Chairman Audit Committee</li> </ul>	16 May 2017		2020	6/6
<b>ARIANE SAVERYS</b> <ul style="list-style-type: none"> <li>• Non-executive director</li> </ul>	15 May 2012	15 May 2018	2021	6/6
<b>PAULINE SAVERYS</b> <ul style="list-style-type: none"> <li>• Non-executive director</li> </ul>	15 May 2012	15 May 2018	2021	6/6
<b>BARON PHILIPPE VLERICK</b> <ul style="list-style-type: none"> <li>• Non-executive director</li> <li>• Member Audit Committee</li> </ul>	20 June 2003	16 May 2017	2020	5/6
<b>BARBARA SAVERYS</b> <ul style="list-style-type: none"> <li>• Non-executive director</li> </ul>	19 May 2015	15 May 2018	2021	6/6



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### 2.1.2 POSITION AND MANDATE

The Board of Directors is the ultimate decision-making body of the Company. The powers and the operation of the Board are described extensively in the Corporate Governance Charter. The Board has all the powers with the exception of matters reserved by the Belgian Companies Code or the coordinated Articles of Association for the General Meeting of Shareholders.

The Board of Directors strives for the success of the Company in the long-term, provides the necessary leadership for this, and ensures that risks can be identified and managed. It is responsible for the overall strategy and values of EXMAR, based on the social, economic and ecological responsibility, gender diversity, and diversity in general. The directors will be provided in good time with a file containing all the information for the deliberations on the agenda items. Decisions are taken at Board of Directors meetings in accordance with Article 22 of the Articles of Association, which includes the stipulation that the Chairman's vote is decisive in the event of a tied vote. To date, such a tied vote has never occurred.

### 2.1.3 ACTIVITIES

During 2018 the Board held six meetings; all the meetings were held under the chairmanship of Mr. Bodson. Each in the presence of all members, except at the following meetings:

- 29 March 2018, where Mr. Michel Delbaere and Baron Philippe Vlerick were represented by proxy;
- 19 April 2018, where Ms. Pauline Saverys was represented by proxy;
- 15 May 2018, where Ms. Pauline Saverys, Mr. Patrick De Brabandere and Jalcos NV (represented by Mr. Ludwig Criel) were represented by proxy;
- 6 December 2018, where Baron Philippe Vlerick and Ms. Kathleen Eisbrenner were excused.

In addition to exercising the powers provided by law, the Articles of Association and the Corporate Governance Charter, the Board of Directors deals with reviewing and deciding on the long-term strategy, key policies and structure of the Company and closing the accounts and financial statements of the Group. Other topics were:

- Employment TANGO FLNG
- Financing FSRU barge
- Participation FPSO Buzios 5
- Financing assets and investments

### 2.2 AUDIT COMMITTEE

#### 2.2.1 COMPOSITION

The Audit Committee is founded by the Board of Directors.

The Corporate Governance Code stipulates that at least half of the members of the Audit Committee must be independent. Section 526bis of the Belgian Companies Code and the EXMAR Corporate Governance Charter stipulate that at least one member be independent; the Board of Directors confirms that the composition of the Audit Committee meets the purpose of the law.

Mr. Jens Ismar is independent until 21 May 2019. After this period of time, he will exceed his three mandates of independency. The Board of Directors will take the necessary measures.

#### 2.2.2 POSITION AND MANDATE

The Board of Directors has granted the Audit Committee the broadest powers of investigation within its area.

The Audit Committee assists the Board of Directors with the fulfilment of its supervisory task and to ensure monitoring in the broadest sense. It is the main point of liaison for the Internal Auditor and the External Auditor. All the members of the Audit Committee possess the necessary expertise concerning accounting and auditing, and are familiar with financial reporting, accounting standards and risks, because of their qualifications, their careers in various multinational groups and their current professional activities.

With the entry into force of the EU General Data Protection Regulation 2016/679 (GDPR) as of 25 May 2018, a Data Protection Committee (DPC) is appointed.

The role of the DPC is to propose the changes to the Company's policies and procedures as required by the GDPR, coordinate and oversee their implementation and monitor compliance with GDPR.

The DPC will report to the Risk Committee.

#### 2.2.3 ACTIVITIES

The specific responsibilities of the Audit Committee are set out in an Audit Charter, approved by the Board of Directors on 31 March 2011 and modified on 25 March 2015.

In 2018, four meetings were held each in the presence of all members.

The Statutory and the Internal Auditor were present during two meetings.

The Audit Committee deliberated on specific financial matters that arose during the year, made recommendations to the Board of Directors, other agenda items included:

- Recommendations to the Board of Directors in relation to re-appointments of directors
- Compliance and Risks

The Compliance policies confirm EXMAR's commitment to comply with applicable laws and rules.

A specific Risk Committee is set up with the task of continuously supervising the effective functioning of the Compliance Model and respect of the applicable legislation.

The EXMAR Risk Committee performs these tasks for all entities within the EXMAR group, reporting to the Audit Committee.

The Risk Committee shall at least once per year submit to the Audit Committee a report on the risk assessment carried out by the Key Risk Officers who are instructed and authorized to assess the risks as set out in the Compliance Model and on complaints or questions received by the Risk Committee. At least once per year the Risk Committee shall report on non-compliance complaints it has received in the form requested and within the appropriate timeframe. It will also report the action taken to the Audit Committee (unless the complaint concerns a member of the Audit Committee in which case the complaint shall be directed to the Chairman of the Board). The Audit Committee will report to the Board on the functioning of the Risk Committee at least once a year.

### 2.3 NOMINATION AND REMUNERATION COMMITTEE

#### 2.3.1 COMPOSITION

The Nomination and Remuneration Committee operates in compliance with Section 526quater of the Belgian Companies Code:

- Composed out of a majority of independent directors
- Chaired by the Chairman of the Board of Directors
- Other members are non-executive

The Nomination and Remuneration Committee was composed of three members on 31 December 2018 and reports to the Board of Directors.

## FINANCIAL REPORT

Mr. Jens Ismar is an independent director until the General Meeting of 21 May 2019. Subsequently, the compositions of the Committee will no longer be in conformity with the law as the majority of the members should be independent. the Board of Directors will take the necessary measures.

### 2.3.2 POSITION AND MANDATE

All the members of the Nomination and Remuneration Committee possess the necessary expertise in the area of remuneration policy based on exercising their positions during their careers.

The Committee assists the Board of Directors with the exercising of its responsibilities concerning the determination of the Company's remuneration policy and the nomination procedures.

### 2.3.3 ACTIVITIES

The specific responsibilities have been set out in a Nomination and Remuneration Committee Charter, approved by the Board of Directors on 29 November 2011. The Board of Directors also approved the procedure for the nomination and reappointment of directors and members of the Executive Committee.

The Nomination and Remuneration Committee met three times during the past year; all the members were present at each meeting.

With respect to remuneration, the following items were discussed:

- Remuneration package for 2019
- Draft the remuneration report

With respect to the nominations, the following items were discussed:

- Composition of the Board of Directors
- Gender diversity

### 2.4 EXECUTIVE COMMITTEE – CEO

#### 2.4.1 COMPOSITION AS PER 31 DECEMBER 2018

The Board of Directors delegated its management powers to an Executive Committee in accordance with Section 524bis of the Belgian Companies Code.

#### NICOLAS SAVERYS

- Executive director
- Chief Executive Officer (CEO)

#### PATRICK DE BRABANDERE

- Chief Operating Officer (COO)

#### MIGUEL DE POTTER

- Chief Financial Officer (CFO)

#### PIERRE DINCO

- Managing Director Shipping

#### JONATHAN RAES

- Managing Director LNG Infrastructure

#### DAVID LIM

- Managing Director EXMAR Offshore

#### MARC NUYTEMANS

- CEO EXMAR Shipmanagement

### 2.4.2 POSITION AND MANDATE

The Executive Committee is responsible for the day-to-day management of EXMAR and the EXMAR group, under supervision of the Board of Directors.

The operating rules of the Executive Committee are set out in a Charter, approved by the Board of Directors on 29 November 2011.

The Executive Committee meets on a regular basis. The CEO is the chairman of the Executive Committee.

The role of the Executive Committee consists of leading EXMAR according to the values, strate-

gies, policies, schedules and budgets set by the Board of Directors.

## 3. POLICY REGARDING GENDER DIVERSITY

### 3.1 LEGISLATION

The Board of Directors took note of the Belgian law of 28 July 2011 regarding to gender diversity on the level of the Board of Directors, the members of the Executive Committee and persons entrusted with the daily management of the Company.

In accordance with provision 2.1 of the Belgian Corporate Governance Code, the Board of Directors needs to be composed based on gender diversity and diversity in general.

### 3.2 CURRENT SITUATION

The Board of Directors consists of four female members out of a total of ten members and this complies with the gender diversity rules.

## 4. PERFORMANCE EVALUATION

In order to function effectively, it is required for the Board to have a transparent means by which it can measure and review its performance with a clear potential path for renewal and improvement.

Belgian Corporate Governance Code and EXMAR's Corporate Governance Charter foresee this requirement by periodically requesting Board members to complete an evaluation. EXMAR's Board, under the guidance of its Chairman, first introduced the evaluation process in 2011 (renewed in 2014) and during the course of 2017 the decision was taken to implement a new Board evaluation in 2018.

The evaluation has the main objective of improving the added value of the Board. It should reinforce the values of the company, increase efficiency also potentially assist in detecting and proactively dealing with any potential problems.

Following the evaluation, feedback by the members may result in fine-tuning the functioning of the Board and committees where required.

### 5. SUPERVISION

#### 5.1 EXTERNAL AUDIT

By decision of the Annual General Meeting of 16 May 2017, on the basis of the proposal formulated by the Board of Directors and in line with the recommendation and preference of the Audit Committee, Deloitte Belgium was appointed as Statutory Auditor of the Company for a period of three years, represented by Mr. Gert Vanhees.

The auditor conducts the external audit of both the consolidated and statutory figures of EXMAR. The Audit Committee in its meeting of 1 September 2017 proposed to the Board of directors and the Board agreed to no longer review the half-year results, in line with other listed companies' policies. The auditor however was requested to review the updated version of the interim condensed consolidated financial statements to ensure consistency with the adjustments proposed by the Committee.

#### 5.2 INTERNAL AUDIT

EY has been appointed to assist the Company in the conducting of its internal audit activities. The internal auditor was reappointed for a new term of three years ending at the meeting of the Audit Committee in March 2022.

#### 5.3 SECRETARY

Mr. Mathieu Verly, Secretary, appointed since 1 July 2015.

The Secretary shall ensure that Board procedures are complied with and that the Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. He shall advise the Board on all governance matters and assist the Chairman of the Board in fulfilling his duties as detailed above, as well as in the logistics associated with the affairs of the Board (information, agenda, etc.).

#### 5.4 COMPLIANCE OFFICER

Mr. Patrick De Brabandere, COO, Compliance officer, appointed on the recommendation of the Audit Committee, by the Board of Directors on 25 March 2015 with effect from 1 July 2015.

He is responsible for the implementation of and the supervision on compliance with the Dealing Code and the tasks described in the Compliance Model as member of the Risk Committee.

### 6. GUBERNA

EXMAR joined Guberna as institutional member, because EXMAR believes in the merits of corporate governance principles and is keen on further developing its corporate governance structure. Guberna is a knowledge centre promoting corporate governance in all its forms and offers a platform for the exchange of experiences, knowledge and best practices.

Guberna organizes several activities such as workshops, round tables and seminars. EXMAR promotes directors and management of the Company to participate in these activities.

The training "Director effectiveness" focusses on competences and knowledge needed for a director to fulfil.

### 7. RULES AND PROCEDURES

#### 7.1 CONFLICTS OF INTEREST

Each member of the Board of Directors and of the Executive Committee is encouraged to organize his mandate as efficiently as possible and their personal and business interests in such a way that there is no direct or indirect Conflict of Interest with the Company.

Transactions, if any, between EXMAR or an affiliated company and a Board member will take place at arm's length. The same applies for transactions between the Company or an Affiliate and a person closely related to a member of the Board.

The provisions of the Belgian Companies Code will apply in the event of a Conflict of Interest.

In accordance with article 523 of the Belgian Companies Code, the Board of Directors is required to adhere to a special procedure if one or more directors have a direct or indirect conflict of proprietary interest with any decision or transaction belonging within the powers of the Board of Directors.

Article 524 of the Belgian Companies Code provides for a special procedure applicable to transactions within a group or transactions with affiliated companies. This procedure applies to decisions and transactions between the Company and affiliated companies that are not subsidiaries of the Company.

In accordance with article 524ter of the Belgian Companies Code, the Executive Committee is required to adhere to a special procedure if one or more members of the Executive Committee have a direct or indirect conflict of proprietary interest with any decision or transaction belonging within the powers of the Executive Committee.

#### 7.2 TRANSACTIONS

EXMAR has no knowledge of any potential Conflicts of Interest among the members of the Board of Directors and the members of the Executive Committee in the meaning of articles 523 or 524ter, except those that may be described in the Annual Report from the Board of Directors.

Currently Saverbel NV and Saverex NV, companies controlled by Mr. Nicolas Saverys, CEO, provide administrative services to the EXMAR Group. These services are invoiced and are at arm's length conditions.

### 8. POLITICAL CONTRIBUTIONS

EXMAR did not make contributions or payments or otherwise give any endorsement, directly or indirectly, to political parties or committees or to individual politicians.

The employees of EXMAR may not make any political contribution on behalf of EXMAR or through the use of corporate funds or resources.

## FINANCIAL REPORT

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS - ASSESSMENT

#### STRATEGIC RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	LIMITING FACTORS AND CONTROL
<b>MARKET RISKS</b>		
The overall gas and oil market and the worldwide market for the transportation of gas is cyclical.	A decline in the overall oil and gas market could impact the freight rates for transportation of gas and would affect our income and cash flows and could affect the value of our fleet.	Diversified client base and a significant coverage with a mix of long-term and short-term charters. The value of our fleet is continuously monitored and assessed by using internal and external information.
Lower demand for gas carriers, FSRU's as well as other floating assets including our LNG infrastructure assets.	A lower demand would impact the freight rates and the number of off-hire days of our fleet. This would impact our business and cash flows as well as the value of our fleet and our financial position.	A significant part of our fleet is secured on long-term charters. Geographical diversification and a qualitative client portfolio and network through integration in the markets thanks to years of experience. We are a flexible shipping company aiming for structural quality and durability for our clients.
<b>POLITICAL ENVIRONMENT IN FOREIGN COUNTRIES</b>		
Deterioration of the economic, legal and political circumstances in countries, including political, civil and military conflicts. Such changes will from time to time result in attacks on ships, disruption of waterways, piracy, terrorism and other activities.	Changes to economic, legal and or political circumstances could affect the trading patterns of LPG and LNG and could affect our fleet, our result of operations and our ability to obtain financing. Instability could result in a reduced demand for our services. It could also expose us to increased, additional or unexpected expenses to comply with changed laws and regulations and could affect our insurance expense or policy.	Continuous assessment and monitoring of economic, political and legal circumstances in order to anticipate, limit or avoid any possible impact. Gathering information from authoritative and or industry organisations as well as from specialised consultants. Our insurance policy is regularly updated and includes among others protection and indemnity, hull and machinery and loss of income at insured values deemed to be appropriate to cover anticipated losses.
<b>COMPETITION</b>		
Competitors investing in LPG carriers, FSRU's or other floating assets through consolidation, acquisitions of second hand or newbuildings.	The process of obtaining a charter is highly competitive. Increased competition may cause greater price competition for price charters and might impact the price of vessels or other floating assets. This could have a material effect on our results and cash flows and the value of our fleet.	Defining a strategy with a long-term vision and consistent management of ongoing trends in the industry. Experience of our management team and our Board of Directors. Investing in a variety of factors such as the quality of our operations, technical abilities and reputation, quality and experience of our crew and relationships within the industry.



## FINANCIAL REPORT

### OPERATIONAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	LIMITING FACTORS AND CONTROL
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#### RISKS ENTAILED IN THE OPERATION OF VESSELS AND OTHER FLOATING ASSETS

<p>Environmental accidents, work interruptions caused by mechanical defects, human error, war, terrorism, political actions in various countries, strikes and bad weather. Vessels not meeting certain performance standards.</p>	<p>Any such event would harm our reputation as reliable shipping company and would result in increased costs and an increase of the number of off-hire days. The cost of urgent repairs are more unpredictable and can be very high. In case performance standards are not met the charterer could withhold a portion of the hire.</p>	<p>Our experience within the industry and our policies and procedures such as our maintenance and training program should limit or avoid certain risks inherent in our business. All our vessels and assets are covered by adequate insurance.</p>
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#### INCREASED OPERATING EXPENSES

<p>Operating expenses and maintenance expenses can be volatile.</p>	<p>Operating expenses and drydock capital expenditures depend on a variety of factors which are outside our control and affect the entire shipping industry. Drydocking of vessels can also result in loss of income.</p>	<p>Proactive in-house ship management and a continuous internal and external inspection of our assets. Our maintenance policy is updated and improved on a day-to-day basis with the objective to maintain the highest quality levels. Under some commercial agreements the operating expenses are paid on a pass-through basis by the charterer.</p>
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#### FLEET AGE PROFILE

<p>As a ship ages class requirements become more stringent and compared to new modern ships the vessel will be less competitive and more expensive to operate.</p>	<p>We must make substantial capital expenditure to maintain the operational capacity of our fleet. These expenditures could vary significantly and can increase as a result of customer requirements, competitive standards and regulations or organizations standards.</p>	<p>The average age of our fleet is monitored and our strategy includes regular investments in new vessels to keep our fleet competitive. Our in-house ship manager and commercial team have many years of experience to assess the operational and commercial performance. All our vessels are certified as "in class" by a classification society which is also a requirement for insurance coverage. Inspections of our fleet are carried out on a day-to-day basis at sea or in port. Based on these inspections the continual maintenance plan of each vessel is created, updated and implemented.</p>
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#### ASSETS UNDER CONSTRUCTION

<p>Specific risks apply to our assets under construction and include the solvency of our contractor as well as the delivery of the asset in accordance with all specifications and securing all required permits.</p>	<p>Failure by the shipyard to construct or deliver our assets or bankruptcy by the shipyard would have a substantial impact on our financial position and our results. In the event the shipyard does not perform and we are not able to enforce the refund guarantee we might lose all or part of our investment. Additionally we might fail to comply with our obligations towards the charterer.</p>	<p>Advance payments are made to the shipyards and these payments are secured by refund guarantees. Progress of the construction and compliance with all technical and regulatory specifications is closely monitored by our technical teams at the shipyards.</p>
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#### EMPLOYMENT

<p>Vessels or other floating assets remain off-hire for a substantial period or charters are not renewed or terminated early.</p>	<p>In case we cannot enter into profitable long-term charters for our existing fleet or our floating assets our result and cash flows might be substantially affected. We would be subject to a short-term or spot market or charters based on changing market prices. In addition it might be more difficult to obtain financing for such assets at reasonable terms.</p>	<p>Our management team and our commercial team have many years of experience and have an extensive network in the market. Our charter portfolio is very diversified. The commercial strategy is to remain flexible in the market by having a good balance between long-term and short-term charters.</p>
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#### REGULATIONS

<p>New regulation could come into force. Environmental law changes can also be implemented by public or other authorities.</p>	<p>Regulatory changes could impact our ability to charter our vessels or floating assets and might increase expenditure to be made to comply with all requirements and legislation.</p>	<p>Continuous monitoring and anticipation of changes in legislation and applicable requirements. Our in-house ship manager and our management team have many years of experience and an extensive network within the industry to monitor ongoing trends and changes.</p>
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## FINANCIAL REPORT

### FINANCIAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	LIMITING FACTORS AND CONTROL
<b>COUNTERPARTY RISKS</b>		
Dependency on a limited number of clients, we receive a considerable part of our income from a limited number of clients.	Deterioration of the financial viability of one of our significant clients would lead to a significant loss of income and cash flows.	Obligations of clients under long-term charters can be secured by guarantees or other securities. Most of our significant clients have been client of EXMAR for many years, our management team has the necessary experience and knows how to assess the operations and financial viability of our clients.
Charterers can be in default or can become bankrupt.	In case of the loss of a client our income and cash flows would be impacted. The costs of rechartering the vessel can be high and the market conditions can be unfavorable.	Our customer base is diversified and consists of major companies active in the oil and gas market. Extensive credit checks are performed for new clients and additional securities or guarantees will be requested if deemed necessary. Charter hire is in most cases payable in advance.

### FINANCING

EXMAR is subject to restrictions on credit agreements, such as financial covenants and restrictions for EXMAR and its subsidiaries to take on further debts, distribute dividends, undertake certain investments, sell part of its business without the consent of its lenders.	The existing financing arrangements for our fleet are secured by the vessels and parent company guarantees and contain restrictions and other covenants that may restrict our business and financing activities. Any default could result in the acceleration of the maturity date and lenders could call on the guarantees of these facilities.	Our cash flows and our financial position, including the requirements under the financing agreements, are continuously monitored. Our financing strategy aims for a diversification of financing resources and a spread of maturity dates. A dialogue is maintained with different investors and financial partners in order to build a long-term relationship. As of 31 December 2018, all applicable financial covenants under the financing arrangements are complied with.
Financing to be obtained for assets under construction and existing financing arrangements to be refinanced at maturity date.	Impossibility to finance or refinance our assets under construction and our existing fleet would have a substantial impact on our financial position. The financing possibilities and the cost of financing can be volatile and dependent on the overall economic circumstances.	Financing is inherent to our activities and investments. Our management team has numerous contacts and support of different financing partners and has many years of experience in obtaining financing for a variety of activities and investments.

### INTEREST AND EXCHANGE RATES

A significant portion of our financing arrangements has a variable interest rate. Our operations are in USD but certain costs are in EUR, a portion of our financial debt is in NOK.	An increase of the interest rates on the international financial markets would negatively impact our cash flows and could negatively impact the fair value of financial instruments used to hedge the interest rate exposure. A weakening of the USD compared to the EUR would negatively influence our results.	The interest rate exposure and the foreign currency exposure are actively managed and various instruments will be used to cover an appropriate part of the exposure. Fluctuations in the fair value of hedging instruments represent a non-realized non-cash item.
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### IMPAIRMENT

Negative variations in the fair market value of our fleet and other floating assets.	A significant decline in the fair value of our fleet could lead to an impairment loss to be recognized and would have a significant impact on our financial position and result. The ratio of the fair value of our fleet compared to the outstanding debt is a financial covenant in our financing arrangements. Our activities tend to be cyclical resulting in changes in the overall fair value of the fleet on the short-term. A significant decline could trigger an event of default under such arrangements.	The value of our fleet is continuously monitored using internal and external information and at least on each reporting date our fleet is tested for impairment. Testing is done by comparing the carrying amount of our fleet to appraisals of independent shipping brokers and to the net present value of the expected operating cash flows. The operating cash flows are based on internal information and a sensitivity analysis is performed on each assumption. Based on the testing performed as of December 31 2018 it is concluded that the carrying amount of our fleet is recoverable and that all financial covenants under our financing arrangements are complied with.
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## FINANCIAL REPORT

DESCRIPTION OF RISK	POTENTIAL IMPACT	LIMITING FACTORS AND CONTROL
<b>LIQUIDITY RISK</b>		
Financial obligations and working capital requirements can vary depending upon a number of factors.	Our cash generating activities can be cyclical and dependent upon market circumstances while our outgoing cash flows can relate to operating, investing or financing activities. Any failure to meet our financial obligations could have material consequences for our operations and could trigger events of default under certain arrangements.	Liquidity is managed on a continuous basis to ensure that sufficient funds are available to meet our financial obligations when due under normal and stressed conditions. Based on our known contractual rights & obligations and using estimates or assumptions if needed, a monthly cash flow forecast is prepared and monitored per segment and for at least the subsequent 12 months. Our sources of operating income as well as our sources of financing are diversified. Payments relating to investing activities and our maturities of bank and other loans are also spread over different years.

# REMUNERATION REPORT

## 1. GENERAL

The Remuneration Report describes EXMAR's remuneration policy as provided for in the legislation of 6 April 2010 in relation to Corporate Governance.

The remuneration policy and the individual scheme for members of the Board of Directors and members of the Executive Committee is in line with the aforementioned legislation.

EXMAR strives for remuneration which will attract, retain and motivate the members of the Board of Directors, members of the Executive Committee and management and which will guarantee and promote the Company's interests in the medium and longer term.

With this policy, EXMAR attempts to ensure that the members of the Board of Directors, the members of the Executive Committee and management do not act in their own interests, and do not take risks that do not fit in with the Company's strategy and risk profile.

## 2. DESCRIPTION OF THE PROCEDURES TO DEVELOP THE REMUNERATION POLICY AS WELL AS TO DETERMINE THE REMUNERATION OF INDIVIDUAL DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Nomination and Remuneration Committee is responsible for deciding the procedure for developing a remuneration policy.

The Remuneration Committee checked at the meeting of 6 December 2018 the remuneration amounts for compliance with market practices and no changes were recommended.

The nature and the amounts of the remuneration awarded to executive directors and the members of the Executive Committee are decided by the Board of Directors on the basis of recommendations from the Nomination and Remuneration Committee.

The Board of Directors decides on the plans for granting stock options, on the basis of recommendations from the Nomination and Remuneration Committee.

## 3. REMUNERATION POLICY FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors consists of a fixed non-performance-related annual remuneration which is linked to the director's position and positions on the various committees, in accordance with the Company's remuneration policy. Non-executive directors do not receive any variable remuneration and do not benefit from additional pension plans or share-related incentives. The Nomination and Remuneration Committee regularly checks the remuneration of non-executive directors for compliance with market practices.

### 3.1 BOARD OF DIRECTORS

The non-executive directors receive a fixed annual remuneration of EUR 50,000. Because of his role and responsibility, the Chairman receives an annual fixed remuneration of EUR 100,000. No variable remunerations, share options, additional pension plans, loans or advance payments were granted to the non-executive and independent directors.

### 3.2 AUDIT COMMITTEE

The members of the Audit Committee receive a fixed annual remuneration of EUR 10,000. The chairman receives a remuneration of EUR 20,000.

### 3.3 NOMINATION AND REMUNERATION COMMITTEE

The members of the Nomination and Remuneration Committee receive a fixed annual remuneration of EUR 10,000.

### 3.4 EXECUTIVE DIRECTORS

The mandate of executive directors who are members of the Executive Committee is remunerated according to the remuneration criteria for the Executive Committee following recommendations from the Nomination and Remuneration Committee.

## FINANCIAL REPORT

### OVERVIEW OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2018 (IN EUROS)

	Fixed Remuneration	Audit Committee Remuneration	Remuneration Committee remuneration	Total
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#### OVERVIEW OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2018

		Fixed Remuneration	Audit Committee Remuneration	Remuneration Committee remuneration	Total
Baron Philippe Bodson	Chairman	100,000	10,000	10,000	120,000
Nicolas Saverys	CEO	-			0
Patrick De Brabandere***	COO	-			0
Jalcos NV*	non-executive Director	50,000	20,000		70,000
Michel Delbaere	non-executive Director	50,000		10,000	60,000
Howard Gutman***	non-executive Director	18,508			18,508
Kathleen Eisbrenner**	Non-executive Director	31,492			31,492
Jens Ismar	non-executive Director	50,000	10,000	10,000	70,000
Baron Philippe Vlerick	non-executive Director	50,000	10,000		60,000
Pauline Saverys	non-executive Director	50,000			50,000
Barbara Saverys	non-executive Director	50,000			50,000
Ariane Saverys	non-executive Director	50,000			50,000
<b>TOTAL</b>		<b>500,000</b>	<b>50,000</b>	<b>30,000</b>	<b>580,000</b>

(\*) Represented by Ludwig Criel

(\*\*) Appointed at General Meeting 15/5/2018

(\*\*\*) Mandate until 15/5/2018

## 4. REMUNERATIONS POLICY FOR THE EXECUTIVE COMMITTEE

The remuneration of the members of the Executive Committee including the CEO consists of:

### 4.1 FIXED ANNUAL SALARY

The scale of the fixed remuneration for members of the Executive Committee, including the executive directors, is linked to the function performed by the person concerned, his responsibilities and competencies.

The remuneration is determined on the basis of the remunerations of a reference group consisting of a number of comparable enterprises in the maritime industry. The Nomination and Remuneration Committee can, if necessary, call on an independent external consultant.

Once a year the various compensation components for the members of the Executive Committee (including the CEO) are evaluated by the Nomination and Remuneration Committee and tested against conditions in the market.

### 4.2 VARIABLE REMUNERATION

The short-term variable remuneration (annual bonus) rewards members of the Executive Committee for achieving performance criteria and the amount is expressed as a percentage of the fixed annual remuneration. The evaluation period is the financial year.

The variable payment depends on the Company's results, as well as on other factors such as the performance of the individual, future prospects, the market situation, exceptional contribution(s) and/or special projects.

The variable remuneration is linked to developments in the results and to the specific evaluation and the performance of each individual.

The Board of Directors can deviate from this and decide to award a bonus to a member of the Executive Committee on the basis of other objective criteria.

The Extraordinary Shareholders' Meeting held on 17 May 2011 decided on the application of the provision of article 520ter of the Code of Companies and waived the staggering of the payment of the variable remuneration of the members of the executive committee.

The decision on the application of this dispensation was delegated by the Shareholders' Meeting to the Board of Directors.

If the result deviates substantially from the basis on which the variable remuneration of the members of the Executive Committee is calculated, the Board of Directors can decide to revise the variable part of the remuneration and if need be to reclaim that part.

## FINANCIAL REPORT

### 4.3 LONG TERM INCENTIVE (LTI)

EXMAR works towards creation of sustainable economic value by means of long-term remuneration. This ensures that the interests of the members of the Executive Committee are more in line with those of shareholders and that they remain bound to the Company.

The long-term remuneration consists of a share option plan for existing EXMAR shares. The options can only be exercised after a period of 3 years.

In the event that a member of the Executive Committee resigns or is dismissed for compelling reasons by EXMAR the right to exercise the options lapses.

The amounts of share options offered are every year approved by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. The granting of stock options is not linked to pre-determined and objectively quantifiable performance criteria.

### 4.4 INSURANCE PACKAGE

The members of the Executive Committee with self-employed or employed status benefit from group insurance (type individual pension benefits for the self-employed) as well as guaranteed income insurance, accident insurance, hospitalisation insurance and travel insurance.

### 4.5 OTHER COMPENSATION COMPONENTS

The members of the Executive Committee receive a company car, a cell phone and meal cheques.

## 5. REMUNERATION OF THE CHAIRMAN AND THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE (CEO)

### 5.1 OVERVIEW

2018	2017	2018	2017
CEO: Nicolas Saverys		EXCO: 6 (excl CEO)	

#### REMUNERATION OF THE CHAIRMAN AND THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

Basic salary	€ 823,205	€ 823,205	€ 2,033,153	€ 2,377,613
Variable remuneration	€ 1,100,000	€ 900,000	€ 625,000	€ 700,000
Share Options (taxable base)	€ 0	€ 0	€ 0	€ 0
Insurance Package <sup>(*)</sup>	€ 174,161	€ 214,019	€ 332,948	€ 331,363
Other benefits <sup>(**)</sup>	p.m.	p.m.	€ p.m.	p.m.
<b>TOTAL</b>	<b>€ 2,097,546</b>	<b>€ 1,937,224</b>	<b>€ 2,991,101</b>	<b>€ 3,408,976</b>

<sup>(\*)</sup> Individual pension benefit, guaranteed income insurance, accident insurance, hospitalisation insurance, travel insurance

<sup>(\*\*)</sup> Car, cell phone and meal cheques

Per 31 December 2018, a provision of KEUR 397 (2017: KEUR 320) was accounted towards Mr. Nicolas Saverys as a consequence of private expenses to be recharged.

The ratio between the fixed and variable part of the remuneration for members of the Executive Committee in 2018 was as follows:

#### CHAIRMAN OF THE EXECUTIVE COMMITTEE (CEO)

Basic salary	43%
Variable remuneration	57%

#### OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

Basic salary	76%
Variable remuneration	24%

## FINANCIAL REPORT

### 5.2 SHARE OPTIONS

The members of the Executive Committee benefit from the share option plans as previously approved by the Board of Directors.

On the basis of the recommendations of the Nomination and Remuneration Committee the Board of Directors decided not to award share options for the year 2018.

Outstanding as per 31/12/2017	Expired during 2018	Exercised in 2018	Granted 2018	Outstanding as per 31/12/2018
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#### SHARE OPTIONS

	Outstanding as per 31/12/2017	Expired during 2018	Exercised in 2018	Granted 2018	Outstanding as per 31/12/2018
Nicolas Saverys	325,408	28,929	68,926	-	227,553
Patrick De Brabandere	198,807	21,696	20,951	-	156,160
Miguel de Potter	93,000	-	3,000	-	90,000
Pierre Dincq	119,829	10,847	-	-	108,982
David Lim	128,927	7,232	17,231	-	104,464
Marc Nuytemans	119,464	-	29,464	-	90,000
Jonathan Raes	2,500	-	-	-	2,500
	927,935	68,704	139,572	-	779,659

### 5.3 SHARES

No EXMAR shares are granted to the Members of the Executive Committee.

### 5.4 TERMINATION ARRANGEMENTS

Following members of the Executive Committee having self-employed status :

Nicolas Saverys (CEO)  
Patrick De Brabandere (COO)  
Pierre Dincq  
Marc Nuytemans

and have no entitlement to any form of redundancy payment in the event of termination of their appointment.

FLX Consultancy BVBA, represented by Mr. Jonathan Raes, would be entitled to a compensation equivalent of nine months' salary in the event of termination. Chirmont NV, represented by Mr. Miguel de Potter, would be entitled to a compensation equivalent to three months' salary in the event of termination.

David Lim has an employment agreement under United States law and has no contractual notice period.

### 5.5 CHANGES TO REMUNERATION POLICY

No significant changes were made to the remuneration policy in 2018.

### 5.6 REMUNERATION POLICY 2019-2020

No fundamental changes are expected to the remuneration policy for the next two years.