

EXMAR

2017



EXMAR

CORPORATE GOVERNANCE STATEMENT

REFERENCE CODE

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), as well as on the website www.corporategovernancecommittee.be.

EXMAR has adopted the 2009 Belgian Corporate Governance Code ("Code 2009") as a reference code.

PRINCIPLES CODE 2009

EXMAR is committed to achieving the highest standards of Corporate Governance.

EXMAR pledges to follow the nine principles laid out in the Belgian Corporate Governance Code announced on 12 March 2009 by the Corporate Governance Committee:

- 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

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

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.

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 2003, reference 03072972, and of 4 July 2003, 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 19 May 2015, published in the appendix to the Belgian Official Gazette of 11 June 2015, reference 15082595.

1.2 REGISTERED OFFICE

De Gerlachekaai 20, 2000 Antwerp, Belgium.

VAT BE0860.409.202.

Company Registration 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 2016.

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 15 May 2012, 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.

The Board of Directors will propose to the Extraordinary General Meeting of Shareholders of 16 May 2017 to renew the authorization to increase the Company's share capital within the framework of the authorized capital.

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

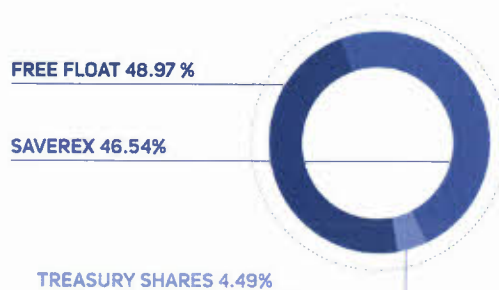
of Association and the Corporate Governance Charter of the Company, both of which are available on the Company's website under investor relations. <http://EXMAR.be/en/investors/reports-and-downloads/articles-association>

1.6 PURCHASE OF OWN SHARES

On 20 May 2014, 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 31 December 2016 amounted to 4.49%, which represents 2,671,550 shares.

1.7 SHARES AND SHAREHOLDERS

Shareholding as per 31 december 2016



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

During the course of 2016 and till the date of this report, EXMAR NV did not receive any notifications in the context of the Transparency Act of 2 May 2007.

The latest notifications received by the Company as notified to the FSMA are as follows :

- 25 November 2013 : EXMAR NV announced that SAVEREX NV disclosed that the call-options granted to SOFINA SA, were ended. The agreement to act in concert as stipulated in article 3§1, 13°C of the law of 2 May 2007 was terminated.
- 3 December 2013 : EXMAR NV announced that SAVEREX NV disclosed that the threshold of 50% was crossed due to the sale of 4,900,000 voting rights.

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 25 August 2016, 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).

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

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

2. DECISION-MAKING BODIES

Functions and terms of office of the Directors on the Board, its Committees and the Executive Committee.

BOARD OF DIRECTORS	Beginning of mandate	Last renewal	End of mandate
NAME - FUNCTION			
Baron Philippe BODSON • Chairman Board of Directors • Non-executive director • Member Audit Committee • Chairman Nomination- and Remuneration Committee	20 June 2003	19 May 2015	2018
Nicolas SAVERYS • Executive director • Chief Executive Officer (CEO)	20 June 2003	19 May 2015	2018
Patrick DE BRABANDERE • Executive director • Chief Operating Officer (COO)	20 June 2003	19 May 2015	2018
Howard GUTMAN • Independent director within the meaning of Article 526ter of the Company Code	20 May 2014		2017
Jens ISMAR • Independent director within the meaning of Article 526ter of the Company Code • Member Audit Committee • Member Nomination- and Remuneration Committee	18 May 2010	17 May 2016	2019
Ludwig CRIEL • Non-executive director • Chairman Audit Committee	20 June 2003	20 May 2014	2017
Baron Philippe VLERICK • Non-executive director • Member Audit Committee	20 June 2003	20 May 2014	2017
Ariane SAVERYS • Non-executive director	15 May 2012	19 May 2015	2018
Pauline SAVERYS • Non-executive director	15 May 2012	19 May 2015	2018
Barbara SAVERYS • Non-executive director	19 May 2015		2018
Michel DELBAERE • Independent director within the meaning of Article 526ter of the Company Code • Member Nomination- and Remuneration Committee	17 May 2016		2019
EXECUTIVE COMMITTEE	Beginning of mandate	Last renewal	End of mandate
NAME - FUNCTION			
Nicolas SAVERYS • Executive director • Chief Executive Officer (CEO)			
Patrick DE BRABANDERE • Executive director • Chief Operating Officer (COO)			
Miguel De POTTER • Chief Financial Officer (CFO)			
Pierre DINCO • Managing Director of Shipping			
Bart LAVENT • Managing Director LNG Infrastructure			
David LIM • Managing Director of Exmar Offshore			
Marc NUYTEMANS • CEO of Exmar Shipmanagement			

2.1 BOARD OF DIRECTORS

2.1.1 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 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 specificness of the Company;

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.

Regarding the gender diversity at the level of the Board of Directors, Section 7 of the Law of 28 July 2011 stipulates that companies with a free float of less than 50% have a period of eight years rather than six years to regularise themselves. The necessary measures will be taken for future appointments to ensure that the imposed quotas are reached with effect from 1 January 2019.

2.1.2 Activity report

During 2016 the Board held five meetings; all the meetings were held under the chairmanship of Mr. Bodson, each in the presence of all members, except at the meeting of 17 May 2016 where Mr. Guy Verhofstadt and Mr. Howard Gutman were represented by proxy.

In addition to exercising the powers provided by law, the Articles of Association and the Corporate Governance Charter, the Board of Directors deals with topics including the following:

- General market developments
- New Market Abuse Developments
- Dematerialization of bearer shares
- Acquisition of Wah Kwong's 50% share in 10 pressurized vessels
- Financing and employment of the CFLNG
- FSRU barge
- Vopak project – sale of the FSRU business

2.2 AUDIT COMMITTEE

2.2.1 Position and mandate

The Audit Committee is founded by the Board of Directors and operates in compliance with Section 526bis of the Belgian Companies Code. 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.

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.

2.2.2 Activity report

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 2016, four meetings were held each in the presence of all members, the Statutory Auditor was present during two meetings and the Internal Auditor was present during one meeting;

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

- Compliance and Risks
- Following up of the internal audit

2.3 NOMINATION AND REMUNERATION COMMITTEE

2.3.1 Position and mandate

The Nomination and Remuneration Committee was founded by the Board of Directors and operates in compliance with Section 526quater of the Belgian Companies Code. 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;

The Nomination and Remuneration Committee is composed of three members on 31 December 2016, of whom at least half were independent directors.

2.3.2 Activity report

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 twice during the past year; all the members were present at each meeting.

With respect to remuneration, the following items were discussed:

- Remuneration package
- Review of the fixed and variable remuneration and the long term incentive plan

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

- Nomination and reappointment of directors
- Evaluation of the independence criteria of Directors

2.4 EXECUTIVE COMMITTEE – CEO

2.4.1 Position and mandate

The Board of Directors delegated its management powers to an Executive Committee in accordance with Section 524bis of the Belgian Companies Code and 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, strategies, policies, schedules and budgets set by the Board of Directors.

3. PERFORMANCE EVALUATION

In order to assess the effectiveness of the Board and its Committees, the Board introduced an evaluation process in 2011 (renewed in 2014). In the course of 2017 a new Board evaluation will be introduced. Purpose : increase efficiency, reinforce values, detect gaps in Board competences and monitor relationship between Board and Committees and Board and Executive Committee.

The Board has decided at each meeting to organize a closed session.

Each Committee reports on its activities to the Board.

4. SUPERVISION

4.1 EXTERNAL AUDIT

KPMG Bedrijfsrevisoren CVBA (company auditors), represented by Mr. Serge Cosijns: Statutory Auditor. By decision of the Ordinary General Meeting of 17 May 2016 Serge Cosijns replaced Filip De Bock as permanent representative of KPMG in order to comply with the mandatory internal rotation rules adopted by the Institute of Auditors of 30 August 2007.

The auditor conducts the external audit of both the consolidated and statutory figures of EXMAR. The Audit Committee in its meeting of 1 September 2016 proposed and the Board of Directors agreed, to the Board to no longer review the half-year results, in line with other listed companies' policies. The auditor however was requested to read the updated version of the interim condensed consolidated financial statements to ensure consistency with the adjustments proposed by the Committee.

KPMG was reappointed at the Ordinary General Meeting of 19 May 2015 for a new period of three years, which will end at the General Meeting in 2018. In accordance with the new EU regulatory framework for statutory auditors (537/2014) the mandate of KPMG Bedrijfsrevisoren CVBA represented by Mr. Serge Cosijns, will expire at the Annual Shareholders' Meeting, which will be held on 16 May 2017.

EXMAR NV has initiated a public tendering process for the statutory audit for the financial years 2017 until 2019. The Audit Committee will share its recommendations with the Board of Directors, who will prepare a proposal to the Shareholders' Meeting, based on the motivated recommendations from the Audit Committee.

4.2 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 2019.

4.3 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.).

4.4 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.

5. 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 organized in collaboration with EXMAR a "Director effectiveness Programme" (4 sessions) for the new Directors.

6. RULES AND PROCEDURES

6.1 TRANSACTIONS BETWEEN RELATED PARTIES

Each member of the Board of Directors and of the Executive Committee is encouraged to organize their personal and business interests in such a way that there is no direct or indirect Conflict of Interest with the Company. The Company's Corporate Governance Charter requires that every transaction between the Company or any of its subsidiaries, and any director or member of the Executive Committee must first be approved by the Board of Directors, regardless of whether such a transaction is or is not subject to the applicable statutory regulations. Such a transaction can only take place on the basis of arm's length conditions.

6.2 CONFLICTS OF INTEREST

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

In accordance with Section 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.

In accordance with Section 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.

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 Sections 523 or 524ter, except those that may be described in the Annual Report from the Board of Directors.

6.3 TRANSACTIONS WITH AFFILIATED COMPANIES

The provisions of the Belgian Companies Code will apply in the case of transactions with affiliated companies.

Section 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.

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.

7. ETHICS AND COMPLIANCE WITH STANDARDS, RULES AND LAWS

EXMAR recognizes the need for clear codes of conduct, structures and procedures to ensure compliance with the globally applicable standards, laws and practices relating to Corporate Governance.

EXMAR's Code of Business Ethics describes 'The way we work'. It brings together the values and sets out the rules and guiding principles. The Code of Business Ethics contains rules regarding individual and responsibilities, as well as responsibilities to EXMAR's employees, customers, shareholders and other stakeholders on:

- Respect for individuals
- Respect for the law
- Respect for local customs
- Environmental stewardship
- Protection of confidential information
- Protection and proper use of company resources and company assets
- Dealing with Conflicts of Interest
- Full, fair, accurate and timely disclosure of financial and company reporting
- Public communication
- Reporting of violations or unethical behaviour
- Insider trading – reporting of transactions – market manipulation – insiders lists
- The responsibilities for compliance

This code is included in the Corporate Governance Charter as Appendix 4.

The Code of Business Ethics ensures that each and every one of our colleagues understands what is expected of them and allowed when acting on behalf of EXMAR.

In order to comply with the EU Regulation (596/2014) on Market Abuse of 16 April 2014 effective in Belgium on 3 July 2016 a revised Dealing Code was and is included in the Corporate Governance Charter as Appendix 3.

This Code summarizes the rules that must be observed in case of dealing in the Company's financial instruments.

8. COMPLIANCE PROGRAM

Compliance is very much part of the overall business strategy and operations of the whole organization.

To ensure even better compliance with rules and laws, and to reduce the risks of infringements and the adverse consequences for EXMAR and all the stakeholders, the Board of Directors decided to implement a Compliance Program for EXMAR.

This program was developed in cooperation with the management and external advisors and is based on the international standard COSO 2013 Framework (COSO: 'Committee of Sponsoring Organizations'). It aims for a permanent state of compliance by means of procedures and structures that are intended to provide continuous improvement.

The Compliance Program is included in the Compliance Model which describes the structures and procedures that are used to assess and detect risks, to report and curb violations, and finally to make our employees aware and provide them with additional training.

The Manual contains the following policies:

- Anti-Fraud and Anti-Corruption Policies
- Antitrust and Competition Policy
- Anti-Money Laundering Policy
- Sanctions Policy
- Privacy Policy
- ICT Policy
- HSEQ Policy
- Whistleblowing Policy
- Intellectual Property Policy
- Environmental Management and Protection

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 Model and respect of the applicable legislation.

The EXMAR Risk Committee performs these tasks for all entities within the EXMAR group.

The Risk Committee comprises the COO (as the Compliance Officer), the Chairman of the Audit Committee and a third person appointed by the Board on the recommendation of the Audit Committee (who shall be the chairman of the Risk Committee). EXMAR has built a

Compliance Risk Universe containing all risk themes for legal/regulatory and business requirements. For each theme a Key Risk Officer has been designated.

The Risk Committee shall at least once per year submit to the Audit Committee in the form and at the time requested, 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 non-compliance complaints reported to it, and the action taken by it, 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.

EXMAR is committed to respecting all internationally recognized human rights. We will avoid infringing on the human rights of others and endeavour to appropriately address adverse human rights impacts with which we are involved

RISKS

STRATEGIC RISKS

	Description of risk	Potential impact	Limiting factors and control
MARKET RISKS	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 under development	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.
POLITICAL ENVIRONMENT IN FOREIGN COUNTRIES	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.
COMPETITION	Competitors investing in LPG carriers, LNGRVs 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.

OPERATIONAL RISKS

	Description of risk	Potential impact	Limiting factors and control
RISKS ENTAILED IN THE OPERATION OF VESSELS AND OTHER FLOATING ASSETS	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.	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.	All our vessels and assets are covered by adequate insurance. 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.
INCREASED OPERATING EXPENSES	Operating expenses and maintenance expenses can be volatile.	Operating expenses and drydock capital expenditures depend on a variety of factors which are outside our control and affect the entire shipping industry. Dry-docking of vessels can also result in loss income.	Proactive internal 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.
FLEET AGE PROFILE	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.	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.	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 has 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.
ASSETS UNDER CONSTRUCTION	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.	Failure by the shipyard to construct or deliver our assets under construction or bankruptcy by the shipyard would have a substantial impact on our financial position and our results. In the event the shipyards does not perform and we are not able to enforce the refund guarantee we might lose all or part of our investment.	Advance payments are made to the shipyards and some of 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, solvency of the shipyards is also continuously assessed by the management team and additional securities are requested if deemed necessary.
EMPLOYMENT	Vessels or other floating assets remain off-hire for a substantial period or charters are not renewed or terminated early.	In case we can not enter into profitable long term charters for our existing fleet or our floating assets under construction our result and cash flows will 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.	Our management team and our commercial team have many years of experience and are integrated 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.
REGULATIONS	New regulation could come into force. Environmental law changes can also be implemented by public or other authorities.	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.	Constant 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.

FINANCIAL RISKS

	Description of risk	Potential impact	Limiting factors and control
COUNTERPARTY RISKS	Dependency on a limited number of clients, we receive a considerable part of our income from a limited number of clients.	Especially in our LNG segment we are dependent on Excelerate Energy as charterer. Except one LNG carrier our LNG fleet is chartered to Excelerate Energy. Deterioration of the financial viability of Excelerate Energy would lead to a significant loss of income and cash flows.	Some of the obligations of Excelerate Energy under the long term charters or secured guarantees or other securities. Excelerate Energy is a significant client for Exmar for more than 10 years, our management team has the necessary experience and know how to assess the operations and financial viability of Excelerate Energy.
	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 or rechartering the vessel can be high and the market conditions can be unfavourable.	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 payable in advance.
FINANCING	EXMAR is subject to restrictions on credit agreements, such as financial covenants, audit changes and restrictions	The existing financing arrangements for our fleet are secured by the vessels 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 2016, all applicable financial conditions 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 from 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. Some of our financial instruments require a cash collateral for the fair value of the financial instrument. Additional cash guarantees might be required.	The interest rate exposure and the foreign currency exposure is 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-realised non-cash item.
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. 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, our activities tend to be cyclical resulting in changes in the overall fair value of the fleet on the short-term. The carrying value of our fleet is supported by long term cash flow projections. As of 31 December 2016 all financial requirements of our financing arrangements are complied with.

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 and members of the Executive Committee 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 and members of the Executive Committee 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 amounts for non-executive directors were revised and approved by the Shareholders Meeting most recently in 2006. The Remuneration Committee checked at the meeting of 6 December 2016 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 a higher 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.

OVERVIEW OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2016

		Fixed Remuneration	Audit Committee Remuneration	Remuneration Committee remuneration	Total
IN EUROS					
Baron Philippe Bodson	Chairman	100,000	10,000	10,000	120,000
Nicolas Saverys	CEO	-			0
Patrick De Brabandere	COO	-			0
Ludwig Criel	non-executive Director	50,000	20,000		70,000
Michel Delbaere	non-executive Director	31,284		6,257	37,541
Howard Gutman	non-executive Director	50,000			50,000
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
Guy Verhofstadt	non-executive Director	18,716		3,743	22,459

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 for 60% to developments in the results, where various weightings are used for the recurrent and non-recurrent parts of the results. The remaining 40% is linked 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.

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.

OVERVIEW OF THE REMUNERATION OF THE CHAIRMAN AND THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE (CEO)

	CEO: Nicolas Saverys		Members: 6	
	2016	2015	2016	2015
Basic salary	€ 823,205	€ 823,205	€ 2,377,613	€ 2,296,547
Variable remuneration	€ 0	€ 350,000	€ 0	€ 1,150,000
Share Options (taxable base)	€ 0	€ 60,606	€ 0	€ 191,919
Insurance Package*	€ 212,475	€ 212,475	€ 325,505	€ 320,247
Other benefits**	p.m.	p.m.	€ 60,000	€ 60,000
TOTAL	€ 1,035,680	€ 1,446,286	€ 2,763,118	€ 4,018,713

* individual pension benefit, guaranteed income insurance, accident insurance, hospitalisation insurance, travel insurance

** housing, car, cell phone and meal cheques

No loans or advance payments were awarded to the members of the Executive Committee in 2016. Per 31 December 2016, a receivable of EUR 258,523 was outstanding towards Nicolas Saverys as a consequence of recharged private expenses.

The ratio between the fixed and variable part of the remuneration for members of the Executive Committee in 2016 was as follows:

CHAIRMAN OF THE EXECUTIVE COMMITTEE (CEO)

Basic salary	100%
Variable remuneration	0%

OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

Basic salary	100%
Variable remuneration	0%

5. SHARES, SHARE OPTIONS AND OTHER RIGHTS IN CONNECTION WITH SHARES

5.1 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 2016.

	Outstanding as per 31/12/2015	Expired during 2016	Exercised in 2016	Granted 2016	Outstanding as per 31/12/2016
Nicolas Saverys	425,430		20,249	-	405,181
Patrick De Brabandere	198,807			-	198,807
Miguel de Potter	93,488			-	93,488
Pierre Dincq	119,829			-	119,829
David Lim	46,158			-	46,158
Marc Nuytemans	148,928			-	148,928
Bart Lavent	92,975			-	92,975
	1,225,615	-	20,249	-	1,205,366

5.2 SHARES

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

6. TERMINATION ARRANGEMENTS

Six members of the Executive Committee (including the CEO) have self-employed status. Except for Lara Consult BVBA, represented by Mr. Bart Lavent, and Chirmont NV, represented by Mr. Miguel de Potter, they have no entitlement to any form of redundancy payment in the event of termination of their appointment. In the event of termination Lara Consult BVBA would be entitled to a compensation equivalent of seven months' salary and Chirmont NV to a compensation equivalent to three months' salary.

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

7. CHANGES TO REMUNERATION POLICY

No significant changes were made to the remuneration policy in 2016.

8. REMUNERATION POLICY 2017-2018

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