

Corporate Governance Statement

The Company adheres to the corporate governance principles set out in the Belgian Code of Corporate Governance 2009 published on the website www.corporategovernancecommittee.be. It has published since 1 January 2006 its Corporate Governance Charter on its website (www.dieteren.com). However, the implementation of these principles takes into consideration the particular structure of the Company's share capital, with family shareholders owning the majority and having ensured the continuity of the Company since 1805. Exceptions to the principles are set out in this corporate governance statement (see p.82).

1. Composition and operation of the Board, executive management and control bodies

1.1. BOARD OF DIRECTORS

1.1.1. Composition

The Board of Directors consists of:

- six non-executive directors, appointed on the proposal of the family shareholders;
- one non-executive director, appointed on the proposal of Cobepa;
- five non-executive directors, three of whom being independent, chosen on the basis of their experience;
- the managing director (CEO).

The Chairman and Deputy Chairman of the Board are selected among the Directors appointed on the proposal of the family shareholders.

Two female directors are in the Board.

1.1.2. Roles and activities

Without prejudice to its legal and statutory attributions and those of the General Meeting, the roles of the Board of Directors are to:

- determine the Company's strategy and values;
- approve its plans and budgets;
- decide on major financial transactions, acquisitions and divestments;
- ensure that appropriate organization structures, processes and controls are in place to achieve the Company's objectives and properly manage its risks;
- appoint the Directors proposed by the Company for the Boards of Directors of its main subsidiaries;
- appoint and revoke the CEO and, based on a proposal by the latter, the managers who are attached to him and determine their remuneration;
- monitor and review day-to-day management performance;
- supervise communications with the Company's shareholders and the other interested parties;
- set the dividend. In that framework, the Board of Directors intends to maintain its ongoing policy of providing the largest possible self-financing, which has supported the group's development, with a view to strengthen its equity capital and to maintain quality financial ratios. Absent major unforeseen events, the Board will ensure a stable or, results permitting, a steadily growing dividend.

Composition	Audit Committee ¹	Nomination Committee	Remuneration Committee ¹
Chairman	Pascal Minne	Roland D'leteren	Roland D'leteren
Members	Axel Miller ²	Christine Blondel ²	Christine Blondel ²
	Gilbert van Marcke de Lummen	Nicolas D'leteren	Axel Miller ²
	Christian Varin	Axel Miller ²	
		Pascal Minne	
		Maurice Périer	
		Olivier Périer	
		Alain Philippson	

¹ Given their respective training and management experience in industrial and financial companies, the members of the Audit Committee, on the one hand, and of the Remuneration Committee, on the other, have the expertise in accounting and audit required by law for the former, and in remuneration policy for the latter.

² Independent Director.

Composition of the Board of Directors (as at 31 December 2012)		Joined the Board in	End of term
Roland D'leteren (70)¹	Chairman of the Board Graduate of Solvay Business School, MBA (INSEAD). Chairman and managing director of D'leteren from 1975 to 2005. Chairman of the Board of Directors of D'leteren since 2005. Honorary Director of Belron.	1973	June 2014
Maurice Périer (74)¹	Deputy Chairman of the Board Bachelor Civil Engineer and Bachelor Commercial Engineer, Solvay Business School (ULB). Career at ELECTROBEL (1971-1987): management controller; CEO of an electro-acoustical equipment subsidiary; research department; company secretary of ELECTROBEL Engineering Int'l. Director of D'leteren since 1978. Deputy Chairman of the Board of Directors since 1993.	1978	May 2015
Jean-Pierre Bizet (64)	Managing director Graduate of Solvay Business School, MBA (Harvard), PhD in Applied Economics (ULB). Consultant, partner and director at McKinsey (1980-1994). Managing director of GIB Group (1999-2002). Joined D'leteren in 2002, managing director since 2005. Chairman of the Board of Directors of Belron.	2005	May 2015
Nicolas D'leteren (37)¹	Non-executive Director BSc Finance & Management (University of London); Asia Int'l Executive Program and Human Resources Management in Asia Program (INSEAD). Led projects at Bentley Germany and Porsche Austria. From 2003 to 2005, finance director of a division of Total UK. Since 2005, managing director of a Private Equity fund investing in young companies. Director of Belron.	2005	May 2015
Olivier Périer (41)¹	Non-executive Director Degree in architecture and urban planning (ULB); Executive Program for the Automotive Industry (Solvay Business School); International Executive Program (INSEAD). Since 2000, founding partner of architectural firm Urban Platform. Managing director of private equity company SPDG since August 2010. Member of the advisory committee of BeCapital and Amethis France. Director of Belron.	2005	May 2015
s.a. de Participations et de Gestion (SPDG)¹	Non-executive Director – Permanent representative: Michel Allé (61) Civil engineer and economist (ULB). Joined Cobepa in 1987, member of the its Executive Committee (1995-2000). Finance Director of Brussels Airport (2001-2005). Finance Director of SNCB Holding since 2005. Director of Zetes Industries and Chairman of the Board of Euroscreen. Represents SPDG at the Board of Directors of D'leteren. Professor at ULB.	2001	June 2014
Nayarit Participations s.c.a.¹	Non-executive Director – Permanent representative: Gilbert van Marcke de Lummen (74) Civil Engineer (ULB). Member (1968-1992), then Deputy Chairman (1992-2002), of the Executive Committee of D'leteren. Director and Chairman of the Audit Committee, Cofinimmo.	2001	June 2014
Christine Blondel (54)	Independent non-executive Director Ecole Polytechnique (France), MBA (INSEAD). Held executive positions at Procter & Gamble and led the Wendel Centre for Family Businesses at INSEAD, where she is Adjunct professor of Family Companies; consultant in family company corporate governance; director, INSEAD Foundation.	2009	May 2013
Axel Miller (48)	Independent non-executive Director Law degree (ULB). Partner at Stibbe Simont, then at Clifford Chance (1996-2001). After holding several executive positions at Dexia Bank and within the Dexia Group, became managing director in 2006. Partner at Petercam from 2009 to March 2012. Directorships, Carmeuse (Chairman); Spadel, Duvel Moortgat, IPM (Chairman).	2010	June 2014
Pascal Minne (62)	Non-executive Director Law degree (ULB), Masters in Economics (Oxford). Partner and Chairman of PricewaterhouseCoopers Belgium (until 2001). Partner and Director of Petercam since 2001. Various directorships. Professor of tax law at ULB.	2001	June 2014
Alain Philippson (73)	Non-executive Director Graduate of Solvay Business School. Joined Banque Degroof in 1972, currently Chairman. Chairman of the Board of Banque Degroof Luxembourg and Degroof Banque Privée Genève. Chairman of the advisory committee of SBSEM (ULB) and of several foundations.	1987	May 2013
Michèle Sioen (47)	Independent non-executive Director Degree in economics. CEO of Sioen Industries. Deputy Chairman of the FEB. Director at Belgacom and ING Belgium, amongst others. Member of the Corporate Governance Committee.	2011	May 2015
Christian Varin (65)²	Non-executive Director Institut d'Etudes Politiques (Paris), MBA (Wharton), PhD in management (Université de Paris). BNP Paribas (until 2004). Chairman of the Board of Cobepa. Directorships (ISOS, Helse, Sapec, Gingko, Yareal, Cie Financière Rothschild).	2001	June 2014

¹ Appointed on the proposal of family shareholders.

² Appointed on the proposal of Cobepa.

The Board of Directors meets at least six times a year. Additional meetings are held as necessary. The Board of Directors' decisions are taken by a majority of the votes, the Chairman having a casting vote in case of a tie. In 2012, the Board met 8 times. All of the directors attended all of the meetings, except for:

- Messrs Axel Miller and Alain Philippson, as well as SPDG, represented by Mr Michel Allé, each excused for one meeting;
- Nayarit Participations, represented by Mr Gilbert van Marcke de Lummen, excused for two meetings.

1.1.3. Tenures of Directors

No directorship expired during the year.

1.1.4. Committees of the Board of Directors

- the **Audit Committee**, which met 4 times in 2012, twice in the presence of the Auditor. All of the directors attended all of the meetings, with the exception of Mr Axel Miller, excused for one meeting;
- the **Nomination Committee**, which met 4 times in 2012. All of the directors attended all of the meetings;
- the **Remuneration Committee**, which met 4 times in 2012. All of the directors attended all of the meetings.

Each Committee has reported on its activities to the Board.

Operation of the Committees

Audit Committee

The Audit Committee comprises four non-executive Directors, with at least one independent Director; the Chairman, who can be represented by the Deputy Chairman, is invited to its meetings together with another Director representing the family shareholding. The Audit Committee's terms of reference primarily include the monitoring of the Company's financial statements and the supervision of the risk management and internal controls systems. The Committee will review auditor's reports on half-year and year-end financial statements of the subsidiaries which are consolidated into the Company's accounts. The Audit Committee meets at least four times a year, including at least once every six months in the presence of the Auditor, and reports on its activities to the Board of Directors. A specific meeting is also dedicated to the supervision of the risk management and internal controls systems. The Committee's charter adopted by the Board is set out in Appendix I of the Charter published on the Company's website.

Nomination Committee

The Nomination Committee comprises eight non-executive Directors, including the Chairman of the Board, who chairs it, with at least one independent Director. The Committee makes proposals to the Board concerning appointments of non-executive Directors, the CEO, and based on a proposal by the latter, the managers reporting to him, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter, adopted by the Board, is reproduced in Appendix II a to the Company Governance Charter available on the Company's website.

Remuneration Committee

The Remuneration Committee comprises three non-executive Directors, including the Chairman of the Board, who chairs it, and two independent Directors; another Director representing the family shareholding is invited to the meetings. The Committee makes proposals to the Board regarding the remuneration of the non-executive Directors, the CEO, and, based on a proposal by the latter, the managers reporting to him, and ensures that the Company has official, rigorous and transparent procedures to support these decisions. The Committee also prepares the remuneration report and comments it during the General Meeting. The Committee meets at least twice a year and reports on its work to the Board of Directors. The Committee's Charter adopted by the Board is reproduced in Appendix II b of the Corporate Governance Charter available on the Company's website.

Consultation Committee

The directors of the family shareholding meet once a month with the managing director, as a Consultation Committee, an advisory body, in order to monitor Company performance, review progress on major projects and prepare meetings of the Board of Directors.

Policy for transactions and other contractual relationships not covered by the legal provisions on conflicts of interest

Directors and managers are not authorised to provide paid services or to purchase or sell goods directly or indirectly to or from the Company or to its Group's companies within the framework of transactions not covered by their mandates or duties, without the specific consent of the Board of Directors, except for transactions realised in the normal course of business. They are to consult the Chairman or managing director, who shall decide whether an application for derogation can be submitted to the Board of Directors; if so, they will notify the details of the transaction to the Company secretary, who will ensure that the related legal matters are applied. Such transactions shall only be authorised if carried out at market conditions.

Evaluation of the Board and its Committees

The Board and its Committees assess on a regular basis, and at least once every three years, their size, composition, procedures, performance and their relationships with the managers as bodies of the Company, as well as the individual contribution of each Director to overall functioning, in order to constantly improve the effectiveness of their actions and the contribution of said actions to the group's proper governance.

This self-assessment is carried out using a detailed questionnaire sent to each Director and covering various aforementioned assessment criteria, the responses of which are discussed during individual interviews by two independent directors who are members of the Nomination Committee. These directors present a summary of the answers to the questionnaire and of the individual interviews to the Board of Directors, and they make concrete recommendations. The Board received the conclusions of the last triennial self-assessment of the Board and its Committees in December 2012.

1.2. GROUP EXECUTIVE MANAGEMENT

The Group executive management is comprised of the CEO, the CFO, the CLO – also responsible for the Board's secretariat – and the Treasurer. The managing director-CEO is responsible for day-to-day management. He is assisted by the group's executive management, which is responsible at the Group level for finance, financial communications, investor relations, account consolidation, treasury, legal and tax functions.

1.3. EXECUTIVE MANAGEMENT OF THE TWO ACTIVITIES

The Automobile Distribution sector – D'leteren Auto, an operational department of s.a. D'leteren n.v. without separate legal status – is managed by the CEO of D'leteren Auto, reporting to the Group's managing director. The CEO of D'leteren Auto chairs a management committee comprising five other members responsible for D'leteren Car Centers, Administrative and Finance, Group Service, Marketing, as well as Human Resources and Facilities.

The Vehicle Glass sector is comprised of Belron, of which D'leteren owned 92.73% at 31 December 2012, and its subsidiaries. On 31 December 2012, Belron is governed by a Board of Directors consisting of 11 members, 6 of whom being appointed on the proposal of D'leteren, 1 Director appointed on the proposal of the founding shareholders, 2 executive Directors and 2 non-executive Directors. D'leteren's managing director is Chairman of the Board. The Board of Directors of Belron has 2 committees: the Audit Committee and the Remuneration Committee, each of which is chaired by a Director appointed on the proposal of D'leteren.

1.4. EXTERNAL AUDIT

The external audit is conducted by BDO Réviseurs d'entreprises, Soc. Civ. SCRL, represented by Hugues Fronville et Félix Fank since the General Meeting of May 2011.

The fees charged by the Statutory Auditor and linked companies for the work carried out in 2012 on behalf of S.A. D'leteren amounted to 197,244 EUR, excluding VAT, for the statutory auditing of the annual and of the consolidated financial statements, and to 62,111 EUR for non-audit work, including 42,952 EUR for other certification work and 19,159 EUR for tax advice.

DEROGATIONS TO THE 2009 BELGIAN CORPORATE GOVERNANCE CODE

The Company derogates from the Code on the following principles:

→ Derogation to principle 2.2.

The group of Directors appointed on the proposal of the family shareholders is in a position to dominate decisions. In companies where family shareholders hold a majority of the share capital, the family shareholders do not have, as do other shareholders, the opportunity to sell their shares if they do not agree with the orientations defined by the Board. Their joint or majority representation on the Board enables them to influence these orientations, thereby ensuring the shareholding stability necessary to the profitable and sustainable growth of the Company. The potential risks for corporate governance resulting from the existence of a high degree of control by the majority shareholder on the working of the Board can be mitigated, on the one hand, by appropriate use of this power by the Directors concerned in respect of the legitimate interests of the Company and of its minority shareholders and, on the other hand, by the long-term presence of several non-executive Directors not representative of the family shareholding, which ensures genuine dialogue on the Board.

→ Derogation to principles 5.2./4 and 5.3./1

The composition of the Audit Committee and of the Nomination Committee, each of which includes at least one independent Director, derogates from the Belgian Corporate Governance Code, which recommends the presence of a majority of independent Directors. This is because the Board believes that an in-depth knowledge of the Company is at least as important as independent status.

2. Remuneration Report

2.1. DETERMINATION OF THE REMUNERATION POLICY FOR THE MANAGERS AND OF THE INDIVIDUAL AMOUNTS

The remuneration policy for the non-executive Directors and executive management of s.a. D'leteren n.v. and the individual remuneration amounts are determined by the Board of Directors based on the recommendations of the Remuneration Committee. Belron s.a., who has minority shareholders, has its own Board of Directors and Remuneration Committee, who determine the remuneration of its non-executive Directors and executive managers.

D'leteren's Remuneration Committee considers the following elements at the end of each year and submits them to the Board for approval, based on the recommendations of the CEO when his direct reports are concerned:

- the remuneration of the non-executive Directors for the following year;
- the variable remuneration of the executive managers for the past year, taking into account any annual or multi-annual criteria related to the performance of the Company and/or of the beneficiaries to which its granting is submitted;
- any changes to the fixed remuneration of executive managers and their target variable remuneration for the following year, and associated performance criteria.

The Board intends to maintain this procedure for the next two years.

2.2. REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

The Company implements a remuneration policy designed to attract and retain on the Board a group of non-executive Directors with a wide variety of expertise in the various areas necessary to the profitable growth of the Company's activities. These Directors receive an identical fixed annual remuneration, independent of their presence at Board meetings. Some Directors are also entitled to a fixed remuneration for rendering specific services as Chairman or Deputy Chairman of the Board, for participating to one or more Board committees and, in some cases, for the benefit of the provision of company cars. Some Directors also receive a fixed annual remuneration from Belron s.a. for the exercise of a directorship. The non-executive Directors do not receive any remuneration related

to the Company's performance. The CEO does not receive any specific remuneration for his participation on the Board of Directors.

For the year ended 31 December 2012, a total of 1,668,382 EUR has been paid to the non-executive Directors by the Company and by the Group's subsidiaries, broken down as follows. No other benefit or remuneration, loan or guarantee has been granted to them by D'leteren or its subsidiaries.

2012	Base remuneration (EUR)	Directorships in subsidiaries (EUR)	Total remuneration (EUR)
Roland D'leteren	429,512	25,342	454,854
Maurice Périer	194,032	25,342	219,374
Christine Blondel	90,000		90,000
Nicolas D'leteren	81,538	9,658	91,196
Axel Miller	130,000		130,000
Pascal Minne	160,000		160,000
Olivier Périer	73,300	9,658	82,958
Alain Philippon	80,000		80,000
Nayarit Participations (Gilbert van Marcke)	110,000		110,000
Michèle Sioen	70,000		70,000
SPDG (Michel Allé)	70,000		70,000
Christian Varin	110,000		110,000
Total	1,598,382	70,000	1,668,382

2.3. REMUNERATION OF THE EXECUTIVE MANAGERS

General principles

The executive managers are Jean-Pierre Bizet, CEO, Marc-Henri Decrop, Treasurer, Anne del Marmol, Chief Legal Officer, and Benoit Ghot, Chief Financial Officer. The group has its own remuneration policy for attracting and retaining managers with the appropriate background and motivating them by means of appropriate incentives. This policy is based on external fairness criteria, measured in terms of comparable positions outside the group, and on internal fairness criteria among colleagues within the Company.

The policy is to position executive managers' total individual remuneration, as a minimum, at the median of remuneration for positions of similar responsibility in comparable Belgian companies, as determined through benchmarking undertaken by an independent expert. The last benchmarking was carried out in October 2011.

Description of the various components

A. a fixed remuneration, consisting of a base remuneration, employer contributions to pension schemes, private medical and life insurance, company car fringe benefits, and, as the case may be, a remuneration for the exercise of directorships in group subsidiaries.

The executive managers' defined contribution pension scheme comprises:

- a base plan into which the employer pays an indexed fixed premium for retirement (possible from the age of 60 according to the thresholds set by law depending on the length of the career of the interested party), invested at a guaranteed rate with an insurer (who may add any participating bonuses). In the event of death before retirement, the employer will fund with the same insurer a lump sum equal to a multiple of the annual gross salary plus a multiple of the portion of this salary exceeding the maximum legal pension plan amount;
- a supplementary plan into which the employer pays a premium equal to a percentage of the gross revenues for the previous year, variable according to the age of the beneficiary, which is capitalized with the insurer at the same guaranteed rate (to which he may add any participating bonuses) until retirement or death of the beneficiary.

B. a variable remuneration comprising:

- an annual variable remuneration, whose target is about 40% to 50% of the fixed short term remuneration;
- a long-term incentive plan in the form of share options.

As regards the phasing of the payment of the components of this variable remuneration over time, the Company complies with the legal requirements in terms of relative proportions relating to:

- the target annual variable remuneration, which shall not exceed 50% of the total variable remuneration and the amount of which, adjusted according to whether performance criteria have been achieved, is paid at the beginning of the year following the services provided;
- the long-term variable remuneration in the form of share options, which can be exercised at the earliest from the fourth year following the year in which they were allocated.

The allocation of the variable remuneration depends on the compliance with collective quantitative performance criteria (consolidated result compared with the budget, which includes all the objectives and missions approved by the Board of Directors with a view to creating long-term value) and individual (related to the job description) and collective (related to the development and execution of the group's strategy, to the development of its human and financial resources, and to the conduct of specific important projects) qualitative criteria.

The annual bonus depends for 50% on the achievement of the annual quantitative objective, and for 50% on the achievement of the qualitative objectives. It can vary from 0% to 150% of the target in EUR, according to the performance evaluation carried out annually.

An assessment of the performance of the interested parties is carried out at the start of the year following the one to which the remuneration in question is allocated, by the CEO for his direct reports and by the Board for the CEO, on the recommendation of the Remuneration Committee and in accordance with the agreed performance criteria.

The executive managers' **long-term incentive plan** takes the form of D'leteren stock options. The value of the options granted, which determines their amount, is based on the recommendation of the Remuneration Committee set out at the time of granting, using a Black & Scholes-type formula and including valuation elements from independent third parties. The actual exercise depends upon the evolution of the share price allowing for option exercises after the 3-year vesting period.

The features of the D'leteren share option schemes were approved by the Ordinary General Meeting of 26 May 2005. These options can be exercised from the 1st January of the fourth year following the launch date of the offer until the end of the tenth year thereafter, except during periods of 1.5 months preceding the announcement of the annual and half-yearly financial results, entitling holders to acquire existing shares of the Company at a price which is, for each scheme, either the average price during the 30 working days prior to the offer date or the closing price of the immediately preceding working day. Further details of the share option plans are provided in note 37 of the consolidated financial statements.

89,361 D'leteren share options were granted to the executive managers for 2012 at an exercise price per share of 34.23 EUR, allocated as follows.

2012	Options granted	Options exercised	Options expired
Chief Executive Officer	47.309	0	0
Other executive managers			
<i>Chief Financial Officer</i>	17.872	0	0
<i>Group Treasurer</i>	15.770	0	2.000
<i>Chief Legal Officer</i>	8.410	0	0

Summary table

The following table summarises the various categories of remuneration of the CEO and the other executive managers of the group allocated for 2012.

2012	CEO (EUR)	Other executive managers (EUR)
Short-term fixed remuneration	1,067,146	661,485
Long-term fixed remuneration		
<i>Group insurance¹</i>	94,115	171,612
Total fixed remuneration²	1,161,261	833,097
Variable remuneration ³		
<i>Annual bonus²</i>	450,000	313,725
<i>Share options⁴</i>	450,000	400,000
Total variable remuneration	900,000	713,725
Total remuneration	2,061,261	1,546,822

1 Decease premium included.

2 Gross amounts, excluding employer's Social Security contributions.

3 For the phasing of the variable remuneration, see "Description of the variable remuneration components", section B.

4 The options are measured by applying the Black & Scholes formula to valuation elements from independent third parties.

Main contractual conditions concerning the departure of members of the executive management and right to claim reimbursement of all or part of the variable remuneration

The employment contracts of the managing director and the other members of the executive management do not provide for severance pay in the event of termination of contract. Should such a situation arise, the parties will negotiate in good faith to determine the terms and conditions applicable to such termination. In the event of a disagreement, the dispute will be resolved by courts applying Belgian law. They do not contain claw back clauses applicable if the variable remuneration has been allocated on the basis of incorrect information.

3. Internal controls and risk management systems

The Board of Directors performs its control duties on D'leteren's entities by (i) ensuring that these entities' bodies correctly perform their own control duties and that committees entrusted with special survey and control tasks (such as an Audit Committee and a Remuneration Committee) are put in place and function properly and (ii) ensuring that reporting procedures are implemented to allow the Board to follow up at regular intervals the entities' businesses, notably regarding the risks they are facing.

The Board of Directors is assisted by the Audit Committee in the exercise of its control responsibilities on the Company's entities, in particular as regards the financial information distributed to shareholders and to third parties and in monitoring the mechanisms for risk management and internal control.

Against this background, the effectiveness of D'leteren's system of controls, including operational and compliance controls, risk management and the company's internal control arrangements, has been reviewed. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

These reviews have included an assessment of both financial and operational internal controls by the internal audit of each entity and reports from the external auditor on matters identified in the course of its statutory audit work.

3.1. INTERNAL CONTROL ENVIRONMENT

3.1.1. The system of internal control includes but is not limited to:

- clear definition of the organization structure and the appropriate delegation of authorities to management;
- maintenance of appropriate separation of duties together with other procedural controls;
- strategic planning and the related annual budgeting and regular review process;
- monthly reporting and review of financial results and key performance statistics;
- adoption of accounting policies to help ensure the consistency, integrity and accuracy of the company's financial records;
- specific treasury policies and the regular reporting and review of all significant treasury transactions and financing activities;
- procedures for the authorisation of capital expenditure;
- internal audit reviews;
- policies and business standards.

3.1.2. The effectiveness of the system of internal control has been reviewed through the following processes:

- review of internal and external audit plans;
- review of any significant reported unsatisfactory control matters;
- review of any control issues that arise from internal and external audits together with any additional matters brought to the attention of the Audit Committee;
- review of any significant risks identified by the company's risk management process;
- discussions with management on any significant new risk areas identified by management and the internal and external audit processes.

D'leteren's Audit Committee receives a regular report on the work carried out by the Audit Committee of each entity and makes in turn its own reporting to the Board.

3.2. ASSESSMENT OF BUSINESS RISK

3.2.1. D'leteren ensures that business risks, whether strategic, operational, reputational, financial, legal or environmental, are both understood and visible as far as practicable. D'leteren's policy is to ensure that risk is taken on an informed rather than unintentional basis.

3.2.2. Each entity conducts an annual risk review and updates its risk register with each risk's impact, probability and mitigation actions. This approach forms the cornerstone of the risk management activities of D'leteren, the aim of which is to provide the assurance that the major risks the company faces have been identified and assessed, and that there are controls either in place or planned to manage these risks.

A summary of the main risks the company faces is provided hereafter.

3.3. INTERNAL AUDIT

3.3.1. Each entity has its own internal audit and risk management function, which is independent of its external auditors and which may work in partnership with an outsourced provider, where specialist skills are required. A periodic review ensures that these functions are appropriately staffed, that their scope of work is adequate in the light of the key identified risks the entity faces and that the annual internal audit plan is properly approved.

3.3.2. The Audit Committee of each entity ratifies the appointment and dismissal of its internal audit manager and assesses his independence and objectivity and helps ensure that he has unfettered access to management and to the Audit Committee.

3.3.3. The role of internal audit of each entity is to:

- assess the design and operating effectiveness of controls governing key operational processes and business risks;
- provide with an assessment, independent of management, as to the adequacy of the entity's internal operating and financial controls, systems and practices;
- provide advisory services to management in order to enhance the control environment and improve business performance.

3.4. KEY RISKS

3.4.1. Business risks

3.4.1.1. Industry risk

The automobile distribution business may be impacted by several factors relating to the car industry and the volume of cars sold on the Belgian market. Overall demand and mix may be affected by factors including general economic conditions, availability of credit to potential buyers, the tax treatment of company cars or CO₂ emissions. Specific demand for the distributed makes depends on the success of models developed by their automotive suppliers (VW, Porsche, Yamaha, etc.) and their adequate pricing on the Belgian market.

In the vehicle glass repair and replacement business, mild weather conditions, a reduction in the number of miles driven (e.g. as a result of an increase in fuel prices) or reduction of average speed on roads as a result of speed limit enforcements are unfavourable factors as they tend to reduce the frequency of glass breakage. Changes in insurance policies regarding glass breakage, such as increase of deductibles may reduce demand or increase price pressure.

Disruptions in the recent used car market as a result of economic conditions or intense price competition in the new car market may affect residual values on buyback cars repurchased from car rental companies at D'leteren Auto.

These developments are actively monitored by each entity and fed in a planning process including strategic planning, long term financial planning, budgets and monthly reporting. This process allows a good anticipation of these trends or quick reaction to sudden events and provides management with a base for decisions regarding the range of products and services offered, their pricing and the sizing of the organisation.

Where business is by essence subject to rapid changes in demand, structures have been adapted to provide the maximum flexibility.

3.4.1.2. Sourcing risk

D'leteren Auto imports and distributes new cars and spare parts of the makes of the Volkswagen group. The relationship with Volkswagen has been built over the last 60 years and is formalized in wholesale agreements with each of the makes with no specified end dates. Any adverse changes to the terms of the agreements, any deterioration in the relationship with the Volkswagen group or any significant change in policy towards independent importers is likely to have an adverse effect on the financial condition and the results of the entity.

The key defense against this risk resides in the company's ability to demonstrate to the Volkswagen group its added value through the management of the Belgian network of distributors. The company is strictly aligned to the commercial, marketing and services policies of the Volkswagen group.

VGRR business is critically dependent on the supply of vehicle glass, polyurethane and repair resin. In order to avoid that the loss of a key supplier in any of these areas significantly disrupts its operations, purchasing teams have developed a strategy to diversify sourcing and actively allocate volumes.

3.4.1.3. Key account risk

In both entities of D'leteren, a significant part of the business is transacted with large key accounts such as businesses, fleet leasing companies or insurers. Any loss of one or several major key account(s) could have an adverse effect on the financial condition and the results of D'leteren.

Each entity undertakes many activities to ensure that its relationship with key accounts remains strong. Every major account will have a clear owner who will develop a key account plan with clear objectives on how to develop the relationship further. Each entity ensures that its customer portfolio remains sufficiently balanced.

3.4.1.4. Product/service failure risk

Vehicles or spare parts distributed by D'leteren Auto may be subject to a major default. In this case, all the technical and PR response to such failure would be organised by the Volkswagen group.

In the vehicle glass repair and replacement business, as the windscreen is an important part of the safety of a vehicle, any badly fitted windscreen could adversely impact the safety of the vehicle and have a legal, financial and reputational impact.

In order to minimise this risk, Belron develops clear fitting standards, rolls them out throughout the organisation, and regularly monitors compliance through technical teams in every business unit. In addition, events such as the "Best of Belron", a worldwide competition to elect the best fitter of the group, based on compliance with standards and quality of execution, reinforce the importance of the highest fitting standards.

3.4.1.5. Loss of key Personnel

Continuity of the business may be impaired by the loss of personnel responsible for key business processes, for physical reasons or as a result of their decision to leave the organisation.

Personnel retention is managed through the offering of a competitive compensation, regularly benchmarked against market practice, good career perspectives, regular feedback and employee satisfaction surveys. Succession plan of key personnel is regularly reviewed by the top management of each entity.

3.4.2. Finance and IT risks

3.4.2.1. Catastrophic loss risk

D'leteren's entities are heavily dependent on key resources such as IT systems, call centers and distribution centers. Major disaster affecting these resources may result in the inability of the entity to provide essential products or services either locally or globally. Absent mitigating actions, operating costs resulting from the occurrence of a disaster could be significant.

Management regularly reviews the underlying potential causes of loss and implements protective measures. In addition, Business Continuity Plans are designed to ensure continuity of the entities should a disaster occur. More specifically for IT systems, duplication of key data and systems mitigate the impact of a potential major system failure. Residual risk may be covered by appropriate insurance policies.

3.4.2.2. Liquidity risk

A substantial proportion of D'leteren's entities is financed by loans, whose availability depends on access to credit markets. Lack of availability of funds or a breach of financial covenant could result in the inability of all or part of the company to operate or may lead to a significant increase of the cost of funding.

Each entity seeks to ensure that it has a core level of long-term committed funding in place with maturities spread over a number of years.

This core funding is supplemented with shorter-term committed and uncommitted facilities particularly to cover seasonal debt requirements. All funding is arranged with a wide range of providers, on both a public and private basis. Each entity maintains a regular dialogue with debt providers and keeps them updated on the general situation of the company.

Following the sale of Avis Europe and the contribution of D'leteren Lease in a joint venture wholly financed by Volkswagen Financial Services, liquidity risk has been considerably reduced.

3.4.2.3. Interest rate and currency risk

D'leteren's international operations expose it to foreign currency and interest rate risks. The majority of the business carried out by the company is transacted in euro, pounds and US dollars. In each country where D'leteren has a subsidiary, revenue generated and costs incurred are primarily denominated in the relevant local currency, thereby providing a natural currency hedge. In the vehicle glass repair and replacement activity, the policy is, whenever possible, to hedge the value of foreign currency denominated investment with an equivalent amount of debt in the same currency to protect their value in euro.

Interest rate risk arises from the borrowings, which, after foreign currency risk hedging, principally arise in euro, pound sterling and U.S. dollar. Borrowings issued at variable rates expose the company to cash flow interest rate risk whereas borrowings issued at fixed rates expose the company to fair value interest rate risk.

To manage these risks, D'leteren is financed through a combination of both fixed and floating rate facilities possibly assorted with derivatives-based hedges. As present debt facilities mature, D'leteren is exposed to higher credit spreads on its borrowings.

3.4.3. Other risks

3.4.3.1. Compliance risk

In geographies where D'leteren's businesses have significant market shares and/or are governed by vertical agreements falling in the scope of Block Exemption regulations, the key legislative risk relates to Competition Law. Any competition law breach could result in significant fines. In addition to this, there has recently been significant development in Data Protection legislation with substantial fines for violations.

In order to mitigate these risks, clear policies and legal monitoring have been put in place and widely communicated. Their application is audited on a regular basis.

3.4.3.2. Integrity risk

D'leteren's reputation or assets may be affected if unethical or fraudulent activities were perpetrated by employees, customers, suppliers or agents against the D'leteren for personal gains, or if D'leteren was considered jointly responsible for such acts perpetrated by third parties.

The company is putting in place a series of measures in order to avoid these risks to the maximum extent possible, including established policies and procedures, ethics policy or code of conduct applicable to all staff, appropriate training of the staff, delegation of authority in place with separation of duties, management information, internal audit and financial controls.

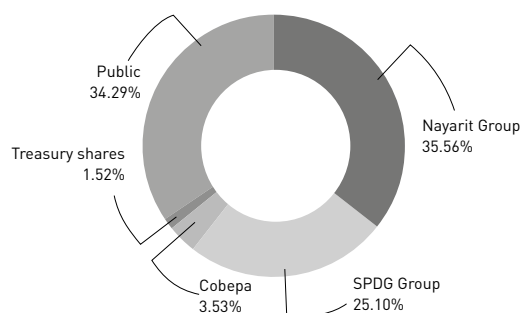
4. Capital information

Denominator

At 31 December 2012	Number	Related voting rights
Ordinary shares	55,302,620	55,302,620
Participating shares	5,000,000	5,000,000
Total		60,302,620

Shareholding structure

At 31 December 2012 (in voting rights)	
Nayarit Group	35.56%
SPDG Group	25.10%
Cobepa	3.53%
Treasury shares	1.52%
Public	34.29%



Disclosure of significant shareholdings (Transparency law)

In compliance with Article 14 paragraph 4 of the law of 2 May 2007 on the disclosure of significant shareholdings, the shareholding structure such as it results from the latest notifications received by the Company (on November 2nd, 2011) is presented in Note 29 (see page 57).

The Company is not aware of any subsequent notification modifying the information presented in this Note.

Elements that can have an influence in case of a takeover bid on the shares of the Company

In accordance with Article 74 § 7 of the Law of 1 April 2007 on takeover bids, s.a. D'leteren n.v. received on 20 February 2008 a notification from the Nayarit group (whose members are listed in Note 29 of the Consolidated Financial Statements, page 57), which mentions that, either separately or acting in concert with other people, on 30 September 2007 this group held more than 30% of the voting shares issued by the Company. This notification remains relevant at the date of this report.

The Extraordinary General Meeting of 28 May 2009 has renewed the authorisation to the Board to increase the share capital in one or several times by a maximum of 60 million EUR. The capital increases to be decided upon in the framework of the **authorised capital** can be made either in cash or in kind within the limits set up by the Company Code, or by incorporation of available as well as non-available reserves or a share premium account, with or without creation of new shares, either preference or other shares, with or without voting rights and with or without subscription rights. The Board of Directors may limit or waive, in the Company's best interest and in accordance with the conditions determined by the law, the preferential subscription right for the capital increases it decides, including in favour of one or more determined persons.

The Board of Directors is also entitled to decide, in the framework of the authorised capital, on the issuance of convertible bonds, subscription rights or financial instruments which may in term give right to Company shares, under the conditions set up by the Company Code, up to a maximum, such that the amount of the capital increases which could result from the exercise of the above mentioned rights and financial instruments does not exceed the limit of the remaining capital authorised as the case may be, without the preferential subscription right of bondholders.

Without prejudice to the authorisation given to the Board of Directors according to the previous paragraphs, the Extraordinary General Meeting of 26 May 2011 has explicitly authorized the Board of Directors, for a renewable 3-year period, to proceed – in the event of takeover bids on the Company's shares and provided the required notification has been made by the FSMA within a 3-year period – to capital increases by contribution in kind or in cash, as the case may be, without the preferential subscription right of shareholders.

By decision of the same Meeting, the Board of Directors has been authorised to purchase **own shares**, without prior approval of the Assembly, in order to prevent the Company from suffering a severe and imminent damage, for a renewable 3-year period, starting from the date of publication of the decisions taken to amend the articles of association in the appendixes of the Belgian Official Gazette. The Board is also authorized, in order to prevent the Company from suffering a severe and imminent damage, to sell own shares on the stock exchange or through a sale offer made under the same conditions to all shareholders in accordance with the law. These authorisations also apply, under the same conditions, to the purchase and sale of the Company's shares by subsidiaries in accordance with clauses 627, 628 and 631 of the Company Code.

Finally, the Extraordinary General Meeting of 28 May 2009 granted the Board a 5-year authorisation to purchase own shares under the legal conditions, notably to cover stock option plans for managers of the Company.

The rules governing the **appointment and replacement of Board members** and the **amendment of the articles of association** of the Company are those provided for by the Company Code.

The **change of control clauses** included in the credit agreements concluded with financial institutions and in the prospectus for the public bond offering of 23 December 2009 was approved by the General Meeting of shareholders of 27 May 2010, in accordance with article 556 of the Company Code.