

A COMPARISON OF BELGIAN
CORPORATE GOVERNANCE CODE
TO UK, NYSE AND SEC CODES

The following sets out a summary comparison of the Belgian corporate governance code (*Code Lippens*) and selected elements of the Combined Code (Sir Robert Smith's Guidance on Audit Committee as appended to the revised Combined Code), SEC and NYSE audit committee related regulation. This summary is meant to provide a high-level overview of elements of the new requirements that impact audit committees.

This document does not incorporate all of the elements of these requirements, nor does it consider regulations that may have previously existed. Audit committees should consult with legal counsel in the application the stock exchange listing requirements to specific situations.



	Code Lippens (Belgium)	Smith Guidance for Audit Committees (UK)	NYSE Audit Committee Regulations (US)	SEC Audit Committee Regulations (US)
Applicability	The Code applies to companies incorporated in Belgium whose shares are traded on a regulated market (referred to below as 'listed companies'). The Code has a high degree of build-in flexibility enabling it to be adapted to each company's varying size, activities and culture. It is based on a 'comply or explain' system, which allows companies to deviate from the provisions of the Code when their specificities so justify, subject to providing adequate explanation in the CG Chapter of the Annual Report.	The Smith Guidance is designed to suggest ways of applying the relevant principles and of complying with the relevant provisions of the revised Combined Code. The rules of the UK Listing Authority require UK listed companies to state the extent to which they have complied with the provisions contained within the Combined Code (exemptions exist for companies that have only debt securities, or fixed income shares listed).	The new NYSE listing standards apply to companies listing common equity securities. Controlled Companies, limited partnerships and companies in bankruptcy, closed-end and open-end funds, foreign private issuers, and some other specified entities are exempt from specific provisions in the standards. The standards apply to companies that list only debt or preferred securities only to the extent that the listing standards overlap with SEC Rule 10A-3 and for purposes of CEO notifications of known material non-compliance with the listing rules.	The Final SEC rules on audit committees apply to all listed issuers.
Compliance date	The corporate governance code enters into force on 1 January 2005.	Applies to accounting periods beginning on or after 1 November 2003.	Generally, US listed Companies must comply by the date of their first shareholder's meeting after 15 January 2004, but in any event no later than 31 October 2004. Foreign-private issuers are required to comply no later than 31 July 2005.	Foreign private issuers are required to comply by the date of their first annual shareholders meetings after 31 July 2005. US listed issuers are required to comply by the date of their first annual shareholder's meeting after 15 January 2004, but in any event no later than 31 October 2004.
Consequences of non-compliance	The Belgian corporate governance code applies the "comply or explain" principle. The Banking, Finance, and Insurance Commission (BFIC) will contribute to the external monitoring of the compliance of the Code and invite listed companies to live up to it.	The "comply or explain" principle of the Combined Code applies. Departures from the Combined Code and related Smith guidance will not be automatically treated as breaches.	Violation of the Corporate Responsibility criteria including the rules on audit committees could result in de-listing.	Companies will be de-listed if they fail to implement SEC regulations, and do not successfully cure violations.
Purpose	The role of the audit committee should be determined by the Board and should include the following provisions: ■ To monitor the integrity of the financial information provided by the company	The main role and responsibilities of audit committees should be set out in written terms of reference and should include: ■ To monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting	The purpose of the audit committee is to assist the Board of directors in the oversight of the: ■ Integrity of financial statements ■ Company's compliance with legal and regulatory requirements ■ External auditor's qualifications and independence	The purpose of the audit committee is to assist the Board of directors in the oversight of: ■ Accounting and financial reporting processes ■ The effectiveness of financial reporting controls ■ The independence, accountability and effectiveness of the external auditor.

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Purpose - continued	<ul style="list-style-type: none"> ■ To review the internal control and risk management systems set up by executive management, with a view to ensuring that the main risks are properly identified, managed, and disclosed ■ To review the internal auditor's work program and the effectiveness of the internal audit ■ To make recommendations to the Board on the selection, appointment and reappointment of the external auditor and the terms of engagement ■ To review and monitor the external auditor's independence and the effectiveness of the external audit process ■ To set and apply a formal policy on the engagement of the external auditor to supply non-audit services. 	<p>judgments contained in them</p> <ul style="list-style-type: none"> ■ To review the company's internal financial control system and, unless addressed by a separate risk committee or by the Board itself, risk management systems ■ To monitor and review the effectiveness of the company's internal audit function ■ To make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in General Meeting ■ To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process ■ To develop and implement policy on the engagement of the external auditor to supply non-audit services. 	<ul style="list-style-type: none"> ■ Performance of company's internal audit function and external auditors. <p>The audit committee must also prepare the report required by SEC rules to be included in annual proxy statement (report to shareholders).</p>	
Membership	<p>The audit committee is composed of at least three members.</p> <p>The audit committee should be composed exclusively of non-executive directors. At least a majority of its members should be independent.</p> <p>To be considered independent, a director should be free from any business, close family or other relationship with the company, its controlling shareholders or the management of either that creates a conflict of interest such as to reflect that director's independent judgment.</p> <p>The chairman of the Board should not chair the audit committee.</p>	<p>The Board should establish an audit committee of at least three or, in the case of companies outside the FTSE 350, two members.</p> <p>Audit committees should be comprised solely of independent non-executive directors.</p> <p>An "independent" director is one who is independent in character and judgment and has no relationships or circumstances that affect his judgment. Such relationships and circumstances would include where the director was an employee within the last five years, where the director holds cross directorships or has significant links with other directors through involvement in other company Boards or bodies, and where the</p>	<p>The Board should establish an audit committee of at least three members, all of whom are independent directors.</p> <p>No director qualifies as "independent" unless the Board of directors affirmatively determines that the director has no material relationship with the listed company (directly nor as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must disclose these determinations. The rules include a number of other detailed provisions relating to previous employment and related remuneration levels.</p> <p>All members must be financially literate or must become financially literate</p>	<p>Each member of the audit committee must be independent, one member must be a financial expert (defined below).</p> <p>There are two basic criteria for audit committee member independence:</p> <ul style="list-style-type: none"> ■ Audit committee members must be barred from accepting any consulting, advisory or compensatory fee from the issuer or any subsidiary, other than in the member's capacity of the Board or any Board committee ■ An audit committee member must not be an affiliated person of the issuer or any subsidiary of the issuer. <p>The SEC has defined an audit committee financial expert as a person who has all of the following attributes:</p>

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Membership - continued	<p>The Board should satisfy itself that the audit committee has sufficient relevant expertise to fulfil its role effectively, notably in financial matters.</p>	<p>director has served on the Board for more than nine years.</p> <p>The chairman of the company should not be an audit committee member.</p> <p>At least one member of the audit committee should have recent and relevant financial experience.</p> <p>The need for a degree of financial literacy among the other members will vary according to the nature of the company, but experience of corporate financial matters will normally be required.</p>	<p>within a reasonable period of time after becoming audit committee members.</p> <p>At least one member must have expertise in accounting or related financial management. A Board may presume that a person who meets the SEC's definition of an "audit committee financial expert" [see SEC column for definition] has the accounting or related financial management expertise required under the new listing standards.</p>	<ul style="list-style-type: none"> ■ An understanding of generally accepted accounting principles and financial statements ■ The ability to assess the general application of such principles in accounting for estimates, accruals and reserves ■ An understanding on internal controls and procedures for financial reporting ■ An understanding of internal controls and procedures for financial reporting ■ Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably be expected to be raised ■ An understanding of audit committee functions. <p>The SEC requires disclosure of whether the audit committee has at least one financial expert. If an audit committee does not have a financial expert the reason why must be disclosed.</p>
Meetings	<p>The audit committee should meet at least three times a year.</p> <p>At least twice a year, the audit committee should meet the external and internal auditors, to discuss any issues arising from the audit process. The external auditor and the head of the internal audit should have direct and unrestricted access to the chairman of the audit committee and the chairman of the Board.</p> <p>The audit committee should decide whether, and if so when, the CEO, CFO, the head of internal audit, and the external auditor should attend its meetings.</p>	<p>Only audit committee members should be entitled to be present at audit committee meetings. Others may be invited to attend.</p> <p>The audit committee should, at least annually, meet the external and internal auditors, without management, to discuss issues arising from the audit.</p> <p>A sufficient interval should be allowed between audit committee meetings and main Board meetings to allow any work arising from the audit committee meeting to be carried out and reported to the Board as appropriate.</p>	<p>The audit committee should meet separately on a periodic basis with management, internal auditors and the external auditors.</p>	

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Meetings <i>continued</i>	The audit committee should be entitled to meet with any relevant person without any executive manager present.			
Resources	After informing the chairman of the Board, the audit committee should be entitled to seek external professional advice at the company's expense.	The audit committee should be provided with sufficient resources to undertake its duties.	The audit committee shall have authority and funding to engage independent counsel and outside advisors as appropriate without seeking approval of the Board of directors.	Audit committees should be provided with funding to fulfil its responsibilities. This includes money to pay the independent auditor and hire outside advisors.
Remuneration	<p>The company should disclose its remuneration policy in its Corporate Governance Charter (as posted on the company's Web site).</p> <p>Levels of remuneration should be sufficient to attract, retain and motivate directors and executive managers who have the profile determined by the Board.</p> <p>The remuneration of non-executive directors should take into account their responsibilities and time commitment. Non-executive directors should not be entitled to performance-related remuneration.</p> <p>In the Corporate Governance Chapter of the annual report, the company should disclose, on an individual basis, the amount of the remuneration and other benefits granted directly or indirectly to non-executive directors, by the company or any other undertaking belonging to the same group.</p>	<p>In addition to the remuneration paid to all non-executive directors, each company should consider the further remuneration that should be paid to members of the audit committee to recompense them for the additional responsibilities of membership.</p> <p>Consideration should be given to the following:</p> <ul style="list-style-type: none"> ■ The time members are required to give to audit committee business ■ The skills they bring to bear and the onerous duties they take on ■ The value of their work to the company. <p>The level of remuneration paid to the members of the audit committee should take into account the level of fees paid to other members of the Board. The chairman's responsibilities and time demands will generally be heavier than the other members of the audit committee and this should be reflected in his or her remuneration.</p>		Audit committee members may not accept either directly or indirectly any consulting, advisory or compensatory fees from the issuer or any subsidiary other than the fees related to service on the Board of directors or any Board committee.
Training	<p>The chairman should ensure that newly appointed directors receive an appropriate induction. For directors joining the audit committee, the induction should encompass:</p> <ul style="list-style-type: none"> ■ A description of their specific role and duties ■ The audit committee's terms of reference 	<p>An induction program should be provided for new audit committee members. This should cover:</p> <ul style="list-style-type: none"> ■ The role of the audit committee, including its terms of reference and expected time commitment by members ■ An overview of the company's business, identifying the main 	The company's corporate governance guidelines must address director orientation and continuing education.	

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Training continued	<ul style="list-style-type: none"> An overview of the company's internal control organization and risk management systems. 	<p>business and financial dynamics and risks. Meeting some of the company staff is also recommended.</p> <p>Training should also be provided to members of the audit committee on an ongoing and timely basis and should, at least, include an understanding of the principles of, and developments in, financial reporting and related company law.</p> <p>In appropriate cases, it may also include, for example:</p> <ul style="list-style-type: none"> Understanding financial statements, applicable accounting standards and recommended practice The regulatory framework for the company's business The role of internal and external auditing and risk management. <p>The induction program and ongoing training may take various forms, including attendance at formal courses and conferences, internal company talks and seminars, and briefings by external advisers.</p>		
Relationship with the Board	<p>The Board should determine the role of the audit committee. The decision-making remains within collegial responsibility of the Board. The audit committee should report regularly to the Board regarding its duties and make the appropriate recommendations. After each audit committee meeting, the Board shall receive a report on its findings and recommendations.</p> <p>The audit committee should review annually its terms of reference and its own effectiveness and recommend any necessary changes to the Board.</p>	<p>Nothing in the guidance should be interpreted as a departure from the principle of the unitary Board.</p> <p>All directors remain equally responsible for the company's affairs as a matter of law.</p> <p>The audit committee, like other committees to which particular responsibilities are delegated (such as the remuneration committee), remains a committee of the Board. Any disagreement within the Board, including disagreement between the audit committee's members and the rest of the Board, should be resolved at Board level.</p>	<p>The audit committee should report regularly to the Board of directors any issues concerning:</p> <ul style="list-style-type: none"> Quality and integrity of financial statements Compliance with legal or regulatory requirements Performance and independence of the external auditor's Performance of internal audit function. <p>The audit committee should present its conclusions with respect to the qualifications, performance and independence of the external auditors to the full Board.</p>	

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Relationship with the Board - continued		<p>The role of the audit committee is for the Board to decide and to the extent that the audit committee undertakes tasks on behalf of the Board, the results should be reported to, and considered by, the Board.</p> <p>The terms of reference of the audit committee should be tailored to the particular circumstances of the company.</p> <p>The audit committee should review annually its terms of reference and its own effectiveness and recommend any necessary changes to the Board.</p> <p>The Board should review the audit committee's effectiveness annually.</p> <p>Where disagreements between the audit committee and the Board cannot be resolved, the audit committee should have the right to report the issue to the shareholders as part of the report on its activities in the annual report.</p>		
Financial reporting	<p>The audit committee should:</p> <ul style="list-style-type: none"> ■ Monitor the integrity of the financial information provided by the company before it is made public, in particular, by reviewing the relevance and consistency of the accounting standards used and assessing the correctness, completeness and consistency of the financial information ■ Discuss significant financial reporting issues with both executive management and the external auditor. <p>Management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches.</p>	<p>The audit committee should review the significant financial reporting issues, judgments, and clarity and completeness of disclosures made in connection with the preparation of the company's financial statements, interim reports, preliminary announcements and related formal statements such as the Operating and Financial Review recommended.</p>	<p>The audit committee must review:</p> <ul style="list-style-type: none"> ■ Major issues regarding accounting principles and financial statement presentations, including any significant changes in company's selection or application of accounting principles ■ Major issues as to adequacy of company's internal controls and any special audit steps adopted in light of material control deficiencies ■ Analysis prepared by management and/or external auditors setting forth ■ Significant financial reporting issues and judgments ■ Effects of alternative GAAP methods on the financial statements ■ The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements 	<p>The external auditor must report on a timely basis to the audit committee:</p> <ul style="list-style-type: none"> ■ All critical accounting policies and practices applied in its financial statements and the auditors assessment of managements disclosures regarding such policies and practices ■ GAAP alternatives discussed with management and the alternative preferred by the audit firm ■ Other material written communications with management such as the management letter and unadjusted audit differences ■ Initial selection of and changes in significant accounting policies, or their application, occurring during the current audit period.

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Financial reporting - <i>continued</i>			<ul style="list-style-type: none"> Earnings press releases (paying particular attention to any use of “pro forma” or “adjusted” non GAAP information) as well as the financial information and earnings guidance provided to analysts and rating agencies. <p>Discuss annual and quarterly financial statements, including the MD&A with management and external auditors.</p> <p>Discuss earnings press releases, financial information and guidance provided to analysts and rating agencies.</p> <p>Discuss risk assessment and risk management policies set by management, and actions taken by management to monitor and control those risks.</p>	
Internal financial control and risk management	<p>The audit committee should:</p> <ul style="list-style-type: none"> Review the internal control and risk management systems set up by executive management in order to ensure that the main risks (including those relating to compliance with existing legislation and regulations) are properly identified, managed and disclosed Review the statements included in the annual report on internal control and risk management. 	<p>The audit committee should review the company's internal financial controls.</p> <p>The audit committee, unless expressly addressed by a separate Board risk committee comprised of independent directors or by the Board, should review the company's internal control and risk management systems.</p> <p>Management is responsible for the identification, assessment, management and monitoring of risk, for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so. Except where the Board or a risk committee is expressly responsible for reviewing the effectiveness of the internal control and risk management systems, the audit committee should receive reports from management on the effectiveness of the systems they have</p>	<p>The audit committee should discuss the policies that govern the company's risk assessment and risk management, including the company's major financial risks and actions taken by management to monitor and control those risks.</p>	<p>No detailed requirements for audit committees, other than their mandate to assist the Board in the oversight of accounting and financial reporting processes, and the effectiveness of financial reporting controls.</p> <p>In certain cases, the audit committee's mandate may well extend to cover oversight of the processes adopted in response to Sarbanes-Oxley section 302 (Disclosure controls and procedures) and section 404 (assessment of internal controls and procedures for financial reporting).</p>

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Internal financial control and risk management - <i>continued</i>		<p>established and the results of any testing carried out by internal and external auditors.</p> <p>Except to the extent that this is expressly dealt with by the Board or risk committee, the audit committee should review and approve the statements included in the annual report in relation to internal financial control and the management of risk.</p>		
Whistle blowing	<p>The audit committee should review the specific arrangements made, by which staff of the company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.</p> <p>If deemed necessary, arrangements should be made for proportionate and independent investigation of such matters, for appropriate follow-up action, and arrangements whereby staff can inform the chairman of the audit committee directly.</p>	<p>The audit committee should review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.</p> <p>The audit committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.</p>	<p>Audit committees must establish procedures for the receipt, retention and treatment of complaints received by the company concerning accounting, internal controls or auditing matters.</p> <p>The procedures must encompass the confidential, anonymous submission by employees of concerns on questionable accounting and auditing matters.</p>	<p>Audit committees must establish procedures for the receipt, retention and treatment of complaints received by the company concerning accounting, internal controls or auditing matters.</p> <p>The procedures must encompass the confidential, anonymous submission by employees of concerns on questionable accounting and auditing matters.</p>
Internal audit	<p>An independent internal audit function should be established, with resources and skills adapted to the company's nature, size and complexity. If the company does not have an internal audit function, the need for one should be reviewed at least annually by the audit committee.</p> <p>The audit committee should:</p> <ul style="list-style-type: none"> Review the internal auditor's work programme and internal audit reports (or a periodic summary thereof), having regard to the complementary roles of the internal and external audit functions 	<p>The audit committee should monitor and review the effectiveness of the company's internal audit activities.</p> <p>Where there is no internal audit function, the audit committee should consider annually whether there is a need for an internal audit function and make a recommendation to the board, and the reasons for the absence of such a function should be explained in the relevant section of the annual report.</p> <p>The audit committee should review and approve the internal audit function's remit, having regard to the need for the internal and external audit functions to complement one another.</p> <p>The audit committee should approve the appointment or</p>	<p>The audit committee should periodically meet with the internal auditor.</p> <p>Listed companies must maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company's risk management processes and system of internal control. A company may choose to outsource this function to a third party service provider other than its independent auditor.</p>	

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Internal audit - <i>continued</i>	<ul style="list-style-type: none"> ■ Review the effectiveness of the internal audit. In particular, make recommendations on the selection, appointment, reappointment and removal of the head of internal audit ■ Make recommendations on the budget allocated to internal audit function ■ Monitor the responsiveness of management to the issued findings and recommendations. 	<p>termination of appointment of the head of internal audit.</p> <p>As part of its review work, the audit committee should:</p> <ul style="list-style-type: none"> ■ Ensure that the internal auditor has direct access to the Board chairman and to the audit committee and is accountable to the audit committee ■ Review and assess the annual internal audit work plan ■ Receive a report on the results of the internal auditors' work on a periodic basis ■ Review and monitor management's responsiveness to the internal auditors' findings and recommendations ■ Meet with the head of internal audit at least once a year without the presence of management ■ Monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system. 		
External Audit - appointment, terms and remuneration	<p>The audit committee should:</p> <ul style="list-style-type: none"> ■ Make recommendations to the Board on the selection, appointment, reappointment, and resignation of the external auditor. A proposal should be submitted to the shareholders for approval ■ Make recommendations to the Board on the external auditor's terms of engagement. A proposal should be submitted to the shareholders for approval. 	<p>The audit committee is responsible for overseeing the company's relations with the external auditor.</p> <p>The audit committee should have primary responsibility for making a recommendation to the Board on the appointment, reappointment and removal of the external auditors.</p> <p>If the Board does not accept the audit committee's recommendation, it should include in the annual report, and in any papers recommending appointment or reappointment, a statement from the audit committee explaining its recommendation and the reasons why the board has taken a different stance.</p> <p>The audit committee should annually assess the</p>	<p>The audit committee must oversee the auditor's work.</p> <p>The audit committee is responsible for the appointment, compensation, and retention of the auditor.</p> <p>The audit committee should also assess the independent auditor's qualifications, performance, and independence. In making its evaluation, the audit committee should consider auditor rotation, the opinions of management, and the company's internal auditors.</p>	<p>The audit committee must oversee the auditor's work.</p> <p>The audit committee is "directly responsible to hire, pay and if necessary, dismiss the independent auditor."</p>

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External Audit - appointment, terms and remuneration - <i>continued</i>		<p>qualification, expertise and resources, effectiveness and independence of the external auditors and the effectiveness of the audit process.</p> <p>The audit committee should approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided. It should satisfy itself that the level of fee payable in respect of the audit services provided is appropriate and that an effective audit can be conducted for such a fee.</p>	The audit committee's conclusions should be presented to the full Board.	
External Audit - Independence	<p>The audit committee should:</p> <ul style="list-style-type: none"> ■ Monitor the external auditor's independence, in particular, in view of the provisions of the Code on Companies and the Royal Decree of 4 April 2003 ■ Obtain a report from the external auditor describing all relationships between the independent auditor and the company and its group ■ Keep the nature and extent of non-audit services under review. Set and apply a formal policy specifying the types of non-audit services: a) excluded, b) permissible after review by the committee, and c) permissible, without referral to the committee. 	<p>The audit committee should assess the procedures in place to ensure the independence and objectivity of the external auditor annually.</p> <p>The audit committee should develop and recommend to the Board a policy in relation to the provision of non-audit services by the auditor.</p> <p>The annual report should explain to shareholders how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.</p>	<p>The audit committee should obtain and review at least annually a report from the independent auditors that describes: the audit firm's quality control procedures, all relationships between the independent auditor and the company, and material issues raised by the firm's most recent internal quality control review or by any governmental or professional inquiry or investigation in the most recent five years relating to the firm's audits.</p> <p>The audit committee must have sole authority to approve all significant non-audit engagements with the external auditors.</p>	It is the responsibility of the audit committee to pre-approve all audit and non-audit services provided by the accountant.
External Audit - Annual audit cycle	<p>The audit committee should:</p> <ul style="list-style-type: none"> ■ Be informed of the external auditor's work program ■ Review the effectiveness of the external audit process ■ Monitor the responsiveness of management to the findings and recommendations made in the external auditor's report 	<p>At the start of each annual audit cycle, the audit committee should ensure that appropriate plans are in place for the audit.</p> <p>The audit committee should review, with the external auditors, the findings of their work.</p> <p>At the end of the annual audit cycle, the audit committee should assess the effectiveness of the audit process.</p>	<p>The audit committee should meet periodically with the independent auditor.</p> <p>Discuss with the independent auditor any problems or difficulties that were encountered during the course of the audit and any significant disagreements with management. The audit committee may review, for example, waived audit adjustments, communications between the audit team and the audit firm's national office, and internal control matters.</p>	<p>The external auditor should report directly to the audit committee.</p> <p>The audit committee should ensure resolution of disagreements between management and the external auditor regarding financial reporting.</p>

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Communication with shareholders	<p>The terms of reference of the audit committee including its role and the authority delegated to it by the Board, should be disclosed in a Corporate Governance charter and made available for the public via the company's website.</p> <p>A specific Corporate Governance chapter of the annual report should include:</p> <ul style="list-style-type: none"> ■ A list of audit committee members, indicating which directors are independent ■ An activity report of the audit committee meetings including the number of meetings and individual attendance of each member ■ A individual overview of the remuneration and other benefits granted to non-executive directors. 	<p>The terms of reference of the audit committee including its role and the authority delegated to it by the Board, should be made available.</p> <p>A separate section in the annual report should describe the work of the committee in discharging those responsibilities.</p> <p>This should include:</p> <ul style="list-style-type: none"> ■ A summary of the audit committee's role ■ The names and qualifications of all members of the audit committee during the period ■ The number of audit committee meetings, and who attended them ■ A report on how the committee has discharged its duties ■ An explanation of how auditor objectivity and independence is safeguarded. <p>Where disagreements between the audit committee and the board cannot be resolved, the audit committee should have the right to report the issue to the shareholders as part of the report on its activities in the company's annual report.</p> <p>If the board does not accept the audit committee's recommendation regarding the appointment, reappointment and removal of the external auditors, a statement from the audit committee explaining its recommendation and reasons why the board has taken a different stance should be included in the annual report.</p> <p>The annual report should explain to shareholders how the policy in relation to the provision of non-audit services by the auditor provides adequate protection of auditor independence.</p> <p>The chairman of the audit committee should be present at the AGM to answer questions, through the chairman of the board, on the report on the audit committee's activities and matters within the scope of audit committee's responsibilities.</p>	<p>Audit committees must have a written charter that addresses:</p> <ul style="list-style-type: none"> ■ Purpose of the audit committee ■ Duties and responsibilities of the audit committee <p>The charter must be posted on the company web site.</p> <p>The SEC requires disclosure of whether the audit committee has at least one financial expert. If an audit committee does not have a financial expert the reason why must be disclosed.</p> <p>Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards. This certification must be disclosed in the company's annual report to shareholders.</p>	<p>The audit committee must provide a report disclosing the following:</p> <ul style="list-style-type: none"> ■ The audit committee has reviewed and discussed the audited financial statements with management ■ Discussed certain matters with the independents auditors ■ Whether the audit committee is governed by a charter (if so, this should be appended to the proxy statement every three years) ■ Whether the members of the audit committee are independent. <p>In addition the SEC requires disclosure of whether the audit committee has at least one financial expert. If an audit committee does not have a financial expert the reason why must be disclosed.</p>

About the Audit Committee Institute

Recognizing the importance of audit committees, the Audit Committee Institute (ACI) has been created to serve audit committee members, and help them to adapt to their changing role. Historically, audit committees have largely been left on their own to keep pace with rapidly changing information related to governance, audit issues, accounting, and financial reporting. Sponsored by KPMG, the ACI provides knowledge to audit committee members, and is a resource to which they can turn at any time for information or to share knowledge. The ACI can be reached via email at info@auditcommitteeinstitute.be or visit the ACI website at www.audit-committee-institute.be

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