

# **Regulations HR Committee Kendrion N.V.**

Adopted by the Supervisory Board on 8 January 2018

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## INTRODUCTION

- 0.1 These regulations are established pursuant to Clause 5.3 of the Regulations of the Supervisory Board.
- 0.2 The HR Committee is a standing committee of the Supervisory Board.
- 0.3 The meaning of certain capitalised or uncapitalised terms used in these regulations have the meaning given to them in the Regulations of the Supervisory Board.

### 1. COMPOSITION AND SIZE

- 1.1 The Supervisory Board determines the size of the HR Committee, provided that the HR Committee consists of at least two members.
- 1.2 All members of the HR Committee must be members of the Supervisory Board.
- 1.3 More than half of the members of the HR Committee must be independent within the meaning of the Dutch Corporate Governance Code.
- 1.4 The members of the HR Committee shall be appointed and may be replaced at any time by the Supervisory Board. The term of office of a member of the HR Committee will generally not be set beforehand. It will, *inter alia*, depend on the composition of the Supervisory Board as a whole and that of other committees from time to time.
- 1.5 The Supervisory Board shall appoint one of the members of the HR Committee as chairman of the HR Committee. The HR Committee shall not be chaired by the chairman of the Supervisory Board or by a former member of the Executive Board.
- 1.6 The Company Secretary shall act as secretary to the HR Committee. The Company Secretary may delegate his duties, or parts thereof, under these regulations, to a deputy appointed by him in consultation with the chairman of the HR Committee.

### 2. GENERAL DUTIES AND RESPONSIBILITIES

- 2.1 The HR Committee supports and advises the Supervisory Board in relation to the subjects regarding remuneration listed in Clause 3.1 and the subjects regarding selection and appointment listed in Clause 4.1 and undertakes preparatory work for the Supervisory Board's decision making in that respect.
- 2.2 The HR Committee may only exercise such powers as are explicitly attributed or delegated to it by the Supervisory Board and may never exercise powers beyond those exercisable by the Supervisory Board as a whole.

### **3. DUTIES AND RESPONSIBILITIES REGARDING REMUNERATION**

- 3.1 The HR Committee shall in any event have the following duties regarding the remuneration:
- (a) submitting a clear and understandable proposal to the Supervisory Board concerning the remuneration policy to be pursued with regard to the Executive Board;
  - (b) preparing the Supervisory Board's decision making regarding the determination of remuneration of the individual members of the Executive Board;
  - (c) preparing the Remuneration Report; and
  - (d) to make proposals to the Supervisory Board concerning the remuneration of the members of the Supervisory Board, which will be submitted to the General Meeting of Shareholders for adoption.
- 3.2 The following aspects shall in any event be taken into consideration when formulating the Executive Board's remuneration policy:
- (a) the objectives for the strategy for the implementation of long-term value creation;
  - (b) the scenario analyses carried out in advance;
  - (c) the pay ratios within the Company and its affiliated enterprise;
  - (d) the development of the market price of the shares;
  - (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character; and
  - (f) if Shares are being awarded, the terms and conditions governing this. Shares shall be held for at least five years after they are conditionally awarded.
- 3.3 The proposal for the remuneration of individual members of the Executive Board is drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise. When drafting the proposal for the remuneration of Executive Board members, the HR Committee shall take note of individual Executive Board members' views with regard to the amount and structure of their own remuneration. The HR Committee shall ask the members of the Executive Board to pay attention to the aspects referred to in Clause 3.2.
- 3.4. The Remuneration Report shall contain an account of the manner in which the remuneration policy has been implemented in the past financial year, as well as an overview of the remuneration policy planned by the Supervisory Board for the next financial year and subsequent years. The overview shall furthermore, in any event, contain the following information:
- (a) how the implementation of the remuneration policy contributes to long-term value creation;
  - (b) that scenario analyses have been taken into consideration;
  - (c) the pay ratios within the Company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year;

- (d) in the event an Executive Board member receives variable remuneration: how this remuneration contributes to a long-term value creation and the relationship between the remuneration and performance; and
- (e) in the event that a current or former Executive Board member receives a severance payment, the reason for this payment.

3.5 The proposal for the remuneration of the Supervisory Board members shall promote an adequate performance of their role and shall not be dependent on the results of the Company. It shall reflect the time spent and the responsibilities of their role.

#### **4. DUTIES AND RESPONSIBILITIES REGARDING SELECTION AND APPOINTMENT**

4.1 The HR Committee shall in any event have the following duties regarding selection and appointment:

- (a) drawing up selection criteria and appointment procedures for Executive Board members and Supervisory Board members;
- (b) periodically assessing the size and composition of the Executive Board and the Supervisory Board, and making a proposal for a composition profile of the Supervisory Board;
- (c) periodically assessing the functioning of individual Executive Board members and Supervisory Board members, and reporting on this to the Supervisory Board;
- (d) drawing up a plan for the succession of Executive Board members and Supervisory Board members;
- (e) making proposals for appointments and reappointments; and
- (f) supervising the policy of the Executive Board regarding the selection criteria and appointment procedures for senior management.

#### **5. MEETINGS OF THE HR COMMITTEE**

5.1 The HR Committee shall meet as often as deemed necessary for the proper functioning of the HR Committee. The meetings shall be scheduled annually as much as possible in advance. The HR Committee shall meet earlier if this is deemed necessary by the chairman of the HR Committee. The chairman of the HR Committee shall make an annual planning of topics to be discussed at the meetings of the HR Committee.

5.2 Meetings of the HR Committee are in principle called by the secretary of the HR Committee in consultation with the chairman of the HR Committee.

5.3 The HR Committee shall decide if and when the CEO shall attend its meetings. The CEO shall in principle not attend meetings of the HR Committee where his own remuneration is discussed. In addition, independent experts may be invited to attend meetings of the HR Committee. Each member of the Supervisory Board may attend meetings of the HR Committee.

5.4 The secretary of the HR Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the HR Committee.

**6. REPORTING TO THE SUPERVISORY BOARD**

- 6.1 The HR Committee shall report to the Supervisory Board on its deliberations and findings.
- 6.2 The reports of meetings of the HR Committee are distributed among all members of the Supervisory Board as soon as possible after the meeting concerned.
- 6.3 If requested, the chairman of the HR Committee shall at meetings of the Supervisory Board provide the Supervisory Board with further information on the outcome of the discussions of the HR Committee.
- 6.4 Each Supervisory Board member has unrestricted access to all records of the HR Committee.

**7. MISCELLANEOUS**

- 7.1 The Supervisory Board may occasionally decide at its sole discretion not to comply with these Regulations, subject to applicable law and rules.
- 7.2 The Supervisory Board can at all times amend these Regulations and/or revoke any powers granted by it to the HR Committee.
- 7.3 The annual report of the Supervisory Board shall state the composition of the HR Committee, the number of meetings held by the HR Committee and the main issues dealt with at these meetings.
- 7.4 These regulations and the composition of the HR Committee are posted on the Company's website.