

## COMPENSATION COMMITTEE – TERMS OF REFERENCE

These Terms of Reference (the *Terms of Reference*) of the compensation committee (the *Compensation Committee*) have been established by the supervisory board (the *Supervisory Board*) pursuant to article 21 paragraph 3 of the articles of association (the *Articles of Association*) of TME Pharma N.V. (the *Company*) on 27 September 2016. These Terms of Reference are in accordance with and supplementary to the provisions concerning the Compensation Committee as set forth in the rules of the Supervisory Board.

### CHAPTER 1 COMPOSITION, EXPERTISE AND INDEPENDENCE

#### 1.1 Appointment.

1.1 Members of the Compensation Committee shall be appointed and dismissed by the Supervisory Board. The Compensation Committee shall be comprised of at least three members. Only members of the Supervisory Board shall qualify for membership of the Compensation Committee. No more than one member of the Compensation Committee may be a member of the Board of Directors of another Dutch listed company.

Members of the Compensation Committee shall serve until the earlier of (a) the termination of their membership on the Supervisory Board, (b) the termination of their membership on the Compensation Committee by the Supervisory Board or (c) their resignation from the Compensation Committee.

#### 1.2 Independence.

All members of the Compensation Committee, with the exception of no more than one member, shall be independent members of the Supervisory Board, within the meaning of the Netherlands Corporate Governance Code dated 10 December 2008 (the *Dutch Code*).

In the event that a member of the Compensation Committee is or becomes aware of any circumstance which may reasonably impair or affect his or her independence or the perception of his or her independence, he or she shall inform the chairperson of the Compensation Committee (or in the case of the chairperson, the other members of the Compensation Committee) thereof promptly. The Compensation Committee shall consult with the Supervisory Board in order to determine whether there is sufficient cause for resignation from, or termination of, the member's membership on the Compensation Committee.

#### 1.3 Chairman.

The Supervisory Board shall appoint one member of the Compensation Committee to act as its chairperson. The Compensation Committee may not be chaired by the chairperson of the Supervisory Board, a former member of the Board of Directors or a member of the Supervisory Board who is a member of the Board of Directors of another listed company. In the absence of the chairperson of the Compensation Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

#### **1.4 Self Evaluation**

The Compensation Committee shall, at least once a year, review its own performance, composition and the Terms of Reference and recommend any changes it considers necessary to the Supervisory Board for approval.

### **CHAPTER 2 DUTIES AND RESPONSIBILITIES OF THE COMPENSATION COMMITTEE**

#### **2.1 Role and function.**

The Compensation Committee shall be responsible for preparing policies relating to the remuneration of the members of the Board of Directors, the Supervisory Board and the compensation and benefits of the other officers and employees of the Company and its (in)direct subsidiaries.

In addition, the Compensation Committee is responsible for reviewing and supervising corporate goals and objectives relevant to the remuneration of the members of the Board of Directors and the Supervisory Board and for evaluating the performance of the members of the Board of Directors and the Supervisory Board in light of those goals and objectives.

#### **2.2 Duties and responsibilities.**

The Compensation Committee shall have the following duties:

- (a) preparing proposals to the Supervisory Board for the remuneration policy of the members of the members of the board of directors of the Company (the **Board of Directors**) to be pursued;
- (b) recommending proposals to the Supervisory Board for determining the remuneration, including equity-based awards, of the individual members of the Board of Directors within the limits of the remuneration policy; any such proposal shall in any event deal with the amount of the fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application;
- (c) reviewing and supervising corporate goals and objectives relevant to the remuneration of all members of the Board of Directors, evaluating the performance of members of the Board of Directors in light of those goals and objectives;
- (d) reviewing and making proposals for the general meeting of shareholders of the Company to approve equity plans for the issuance of ordinary shares, rights to subscribe for ordinary shares and other awards;
- (e) being responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Compensation Committee within any budgetary restraints imposed by the Supervisory Board and considering any other connection that they may have with the Company; and
- (f) considering any other matters as may be requested by the Supervisory Board.



In relation to the above, the Compensation Committee shall at all times give due regard to published or other available information relating to pay, bonuses and other benefits of executives in companies which are comparable to the Company.

## **2.7 Reporting.**

The Compensation Committee shall prepare a remuneration report, including any required disclosure relating to remuneration, which 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 for the next financial year and subsequent years; The report shall explain how the chosen remuneration policy contributes to the achievement of the long-term objectives of the Company and its affiliated enterprise in keeping with the risk profile.

In addition, the Compensation Committee shall compile a report on its activities to be included in the report of the Supervisory Board for the annual report, which shall include a statement about the Compensation Committee's composition, activities, the number of meetings held and the main items dealt with at these meetings.

The chairperson of the Compensation Committee shall attend the annual general meeting of shareholders prepared to respond to any shareholder questions on the Compensation Committee's activities.

## **CHAPTER 3 MEETINGS OF THE COMPENSATION COMMITTEE**

### **3.1 Frequency.**

The Compensation Committee shall meet at least twice a year at such times and places as determined by the chairperson of the Compensation Committee and whenever one or more of its members have requested a meeting.

### **3.2 Attendance.**

Only members of the Compensation Committee have the right to attend Compensation Committee meetings. The Compensation Committee may also invite other individuals to attend all or part of any Compensation Committee meeting.

### **3.3 Convocation. Notice.**

Unless otherwise agreed by all Compensation Committee members, notice of each meeting, confirming the venue, the time and date, any dial-in details and the agenda shall be sent to each member of the Compensation Committee, any other person required to attend and all other members of the Supervisory Board, as soon as practicable and in any event no later than five business days before the date of the meeting. In urgent matters, the chairperson of the Compensation Committee may determine that agenda-items and/or documents may be submitted to the members of the Compensation Committee after the day referred to in the previous sentence but prior to or at the meeting.



### **3.4 Quorum**

The quorum necessary for the transaction of business shall be a majority of the members who may attend the meeting in person or by telephone or videoconferencing.

A duly convened meeting of the Compensation Committee at which a quorum is present shall be competent to exercise any and all of the authorities, powers and discretions vested in or exercisable by the Compensation Committee.

### **3.5 Decision-making.**

Decisions must be taken by a simple majority of the members present or represented. In case of an equality of votes, the chairperson of the Compensation Committee has the casting vote.

Decisions may at all times be taken in a manner other than at a meeting, in writing or otherwise, provided the proposal concerned is submitted to all members of the Compensation Committee in respect of whom no conflict of interest exists and none of them objects to the relevant manner of adopting resolutions. Decisions of the Compensation Committee adopted outside a meeting must be recorded separately or included in the minutes of the next meeting of the Compensation Committee.

### **3.6 Minutes**

Minutes must be kept of the proceedings at the Compensation Committee meetings. The minutes of Compensation Committee meetings will state the time and place of the meeting, list the persons attending the meeting, state the existence of any conflict of interest and summarize matters discussed in the meeting. The Compensation Committee may be assisted by a secretary who shall be appointed and may be dismissed at any time by the Compensation Committee. The secretary shall not be a member of the Compensation Committee. The secretary of the Compensation Committee may keep minutes of each meeting of the Compensation Committee. The minutes of Compensation Committee meetings shall be signed by the chairperson of the Compensation Committee or in his absence, those members of the Compensation Committee attending the meeting.

Minutes of Compensation Committee meetings shall be circulated promptly to all members of the Compensation Committee and, once agreed, to all members of the Supervisory Board.

## **CHAPTER 4 MISCELLANEOUS**

### **4.1 Other Matters.**

The Compensation Committee shall have access to sufficient resources in order to carry out its duties.

The Compensation Committee may in its sole discretion involve external experts and other advisors as it deems necessary to carry out its duties. It shall verify that any external expert or adviser concerned does not also provide remuneration advice to the members of the Board of Directors. The Compensation Committee shall prohibit the Board of Directors from engaging a external experts and other advisors already engaged by the Compensation Committee, or an affiliate of any such external



experts and other advisors, to provide any other services to the Company and/or (in)direct subsidiaries without the approval of the Compensation Committee.

Any and all expenses incurred by the Compensation Committee, including any fees for external experts and advisors shall be borne by the Company.

#### **4.2 Amendment of the Terms of Reference**

These Terms of Reference may be amended at any time by the Supervisory Board and any such amendment shall be effective as of such date determined by the Supervisory Board. The Supervisory Board may incidentally decide by a resolution not to apply one or more provisions of these Terms of Reference. Such a resolution shall be mentioned in the report of the Compensation Committee.

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