

**APPENDIX 5 – TERMS OF REFERENCE OF THE NOMINATION AND THE  
 REMUNERATION COMMITTEE**

**OXURION NV**

**TABLE OF CONTENTS**

<b>Clause</b>	<b>Page</b>
1. Composition.....	1
2. Powers of the Nomination and Remuneration Committee .....	1
3. Remuneration Policy.....	3
4. Operation .....	5
5. Miscellaneous .....	7

**Schedule**

1. Procedure and Selection criteria for the Appointment and Reappointment of Board Members 9

**INTRODUCTION**

These terms of reference are part of the CG Charter of the Company.

The meaning of a number of terms used, whether capitalised or not, which have not been defined in these terms of reference are given the same meaning in the list of terms in clause 1 of the CG Charter.

**1. COMPOSITION**

- 1.1 The members of the Nomination and Remuneration Committee are appointed and may at any time be dismissed by the Board.
- 1.2 The Nomination and Remuneration Committee is composed of at least three directors. All members of the Nomination and Remuneration Committee are non-executive directors and a majority of them are independent directors. The Nomination and Remuneration Committee as a whole has the necessary expertise with regard to remuneration policies, i.e. has a degree in higher education and has at least three years' experience in personnel management matters or matters related to the remuneration of directors and managers of companies.
- 1.3 The Nomination and Remuneration Committee must be chaired by the chairperson of the Board or by a non-executive member of the Nomination and Remuneration Committee. The chairperson of the Board may not chair the Nomination and Remuneration Committee when dealing with the designation of his or her successor.
- 1.4 The Secretary of the Company acts as secretary of the Nomination and Remuneration Committee. The Secretary of the Company may delegate his or her duties resulting from these terms of reference, or parts thereof, to a substitute appointed by him or her in consultation with the chairperson of the Nomination and Remuneration Committee.

**2. POWERS OF THE NOMINATION AND REMUNERATION COMMITTEE**

**2.1 Role of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee makes recommendations to the Board with regard to the appointment of directors, the CEO and the other members of the Executive Team as well as their orderly succession.

The Nomination and Remuneration Committee also makes recommendations to the Board on the Company's remuneration policy and on the remuneration of Board members, the CEO and other members of the Executive Team, as well as on the arrangements concerning early termination.

## 2.2 Duties of the Nomination and Remuneration Committee

(a) With regard to nomination:

The Nomination and Remuneration Committee ensures, in general terms, that the appointment and re-election process of the members of the Board, the CEO and the other members of the Executive Team is objective and professional and, in particular, has the following duties:

- drafting appointment procedures for Board members, the CEO and other members of the Executive Team;
- identify and nominate, for the approval of the Board, candidates to fill vacancies as they arise;
- making proposals for reappointments;
- periodically assessing the size and composition of the Board and, if applicable, making recommendations with regard to any changes;
- properly consider issues related to succession planning;
- advising on proposals (including of the management or of the shareholders) for the appointment and removal of directors and of members of the Executive Team;
- ensuring that appropriate talent development programs and programs to promote diversity in leadership are in place.

The Nomination and Remuneration Committee should consider proposals made by relevant parties, including management and shareholders. In particular, the CEO is entitled to submit proposals to, and be adequately consulted by, the Nomination and Remuneration Committee, especially when dealing with issues concerning the CEO or the other members of the Executive Team.

When performing its duties relating to the composition of the Board, the Nomination and Remuneration Committee takes into account the criteria for the composition of the Board, as stated in Schedule 1 to this Appendix 5.

(a) With regard to remuneration : the duties provided for in article 7:100 BCAC, including:

- making and evaluating proposals to the Board on the remuneration policy for non-executive directors as well as the proposals to be submitted to the shareholders;
- making and evaluation proposals to the Board on the remuneration policy for the CEO and the other members of the Executive Team, at least with regard to:

- the main contractual terms, including the main characteristics of the pension schemes and termination arrangements;
- the key elements of the remuneration, including :
- the relative importance of each component of the remuneration;
  - the performance criteria applicable to the variable elements;
  - the fringe benefits.
- making proposals to the Board on the individual remuneration of directors, of the CEO and of the other members of the Executive Team, including, depending on the situation, on variable remuneration and long-term incentives -whether or not stock-related -in the form of stock options or other financial instruments.
- making proposals to the Board regarding arrangements on early termination and, where applicable, on the resulting proposals to be submitted by the Board to the shareholders.
- at least once a year, discussing with the CEO the operation and performance of the Executive Team and the realization of the Company's strategy against agreed performance measures and targets. The CEO should not be present at the discussion of his or her own evaluation.
- submitting a Remuneration Report to the Board which describes, amongst other things, the internal procedure for the development of a remuneration policy and the determination of the remuneration level for non-executive directors and members of the Management Team. The committee presents the Remuneration Report at the annual general meeting of shareholders.
- advising the Board on contracts relating to the appointment of the CEO and other members of the Executive Team and verifying that the variable criteria for setting remuneration for an executive director are expressly stated in the contract and that the payment of this variable remuneration only takes place if such criteria are met.

### 3. REMUNERATION POLICY

- 3.1 Levels of remuneration should be sufficient to attract, retain and motivate directors and executive managers who have the profile determined by the Board, to promote the achievements of strategic objectives in accordance with the Company's risk appetite and behavioral norms and to promote sustainable value creation. The remuneration policy must be consistent with the overall remuneration framework of the Company.
- 3.2 When making proposals on the remuneration of non-executive directors, the Nomination and Remuneration Committee observes the following principles:
- The remuneration takes into account their role as a normal director, and their specific roles (e.g. Chairperson of the Board) as well as the responsibilities and time commitment;
  - The non-executive directors do not receive any performance-related remuneration, that is directly linked to the results of the Company;

- Non-executive directors receive part of their remuneration in the form of subscription rights in the Company. These subscription rights should be held until at least one year after the non-executive director leaves the Board and at least three years after the moment of award.
- The Remuneration Report contains, on an individual basis, the amount of the remuneration and other advantages granted to the non-executive directors by the Company or its subsidiaries;
- The Company and its subsidiaries do not grant personal loans, guarantees and the like to members of the Board or of the Executive Team.

3.3 When making proposals on the remuneration of the members of the Executive Team, including the CEO, the Nomination and Remuneration Committee must observe the following principles:

- The remuneration policy for the members of the Executive Team should describe the different components of and determine an appropriate balance between fixed and variable remuneration, and cash and deferred remuneration;
- The variable part of the executive remuneration package should be structured to link reward to overall corporate and individual performance, and to align the interests of the executives with the sustainable value-creation objectives of the Company;
- When the Company awards short-term variable remuneration to the Executive Team, this remuneration should be subject to a cap;
- Without prejudice to any statutory provisions to the contrary or express approval by the general shareholders' meeting, stock options should not vest and be exercisable within less than three years. The Company should not facilitate the entering into derivative contracts related to such stock options or to hedge the risks attached, as this is not consistent with the purpose of this incentive mechanism;
- The Board approves the main terms and conditions of the contracts of the CEO and other executives further to the advice of the Nomination and Remuneration Committee. The Board includes provisions that would enable the Company to recover variable remuneration paid, or withhold the payment of variable remuneration, and specify the circumstances in which it would be appropriate to do so, insofar as enforceable by law. The contracts should contain specific provisions relating to early termination;
- If an executive manager is also a member of the Board, information on the amount of remuneration he receives in such capacity should be disclosed in the Remuneration Report;
- If members of the Executive Management are eligible for bonuses based on the performance of the Company or a subsidiary, the Remuneration Report should state the criteria for the evaluation of the achievements compared to the objectives, as well as the evaluation period. This information should be provided in such a way that it does not disclose any confidential information regarding the Company's strategy.

- 3.4 If the Company has materially deviated from its remuneration policy during the financial year covered by the annual report, this must be clarified in the Remuneration Report.
- 3.5 drafting proposals regarding severance pay, the Nomination and Remuneration Committee must, next to the provisions of the Belgian Companies and Associations Code, take into account the following provisions:
- The Board may consider higher severance pay than 12 months of basic and variable remuneration on a recommendation by the Nomination and Remuneration Committee. This higher severance pay should be limited to a maximum of 18 months' basic and variable remuneration. The contract should specify when this higher severance pay may be paid. The Board should justify this higher severance pay in the Remuneration Report;
  - The contract must specify that the severance package should neither take account of variable remuneration nor exceed 12 months' basic remuneration if the departing CEO or member of the Management Team did not meet the performance criteria referred to in the contract.
- 3.6 The Board should submit the policy to the general shareholders' meeting. When a significant proportion of the votes have been cast against the remuneration policy, the Company should take the necessary steps to address the concerns of those voting against it, and consider adapting its remuneration policy.

## 4. OPERATION

### 4.1 Meetings

- (a) The Nomination and Remuneration Committee meets whenever a meeting is required for a proper functioning of the Nomination and Remuneration Committee, which must be at least two times a year. Whenever possible, the dates of the meetings are fixed in advance each year. The Nomination and Remuneration Committee also meets whenever changes to the composition of the Board (including reappointments and new appointments) are necessary.
- (b) In principle, meetings of the Nomination and Remuneration Committee are convened by the secretary of the Nomination and Remuneration Committee in consultation with the chairperson of the Nomination and Remuneration Committee. Each member of the Nomination and Remuneration Committee may convene a meeting of the Nomination and Remuneration Committee.

Except where urgent issues have arisen (as determined by the chairperson of the Nomination and Remuneration Committee), the agenda for the meeting will be sent to all Nomination and Remuneration Committee members at least two calendar days prior to the meeting. Every agenda item must be accompanied by as much written information as possible and relevant documents must be appended.

If all members are present, the Nomination and Remuneration Committee can deliberate validly and compliance with the formalities for convening the meeting need not be verified.

- (c) The quorum is two members, attending the meeting personally or by telephone conference.

- (d) Decisions are taken by a majority of the votes cast by the members of the Nomination and Remuneration Committee.

The chairperson of the Board has a permanent invitation to attend the meetings of any Committee, of which the chairperson of the Board is not a member. However, the chairperson of the Board may not attend the meetings of the Nomination and Remuneration Committee at which his or her own reappointment or removal is discussed or at which his or her remuneration is discussed.

The Nomination and Remuneration Committee may invite other persons to attend its meetings.

The CEO attends the meetings of the Nomination and Remuneration Committee in an advisory vote when this Committee discusses the remuneration of other members of the Executive Team

A Board member may not attend the meeting of the Nomination and Remuneration Committee when it deals with his or her own remuneration and may not be involved in decisions concerning his or her own remuneration.

- (e) Each member of the Nomination and Remuneration Committee informs the Committee of:
- (i) any personal financial interest (except in his or her capacity as shareholder) in any matter on which the Nomination and Remuneration Committee decides; or
  - (ii) any possible conflict of interest which may arise as a consequence of any other mandates that he or she holds.
- (f) The Nomination and Remuneration Committee may seek external professional advice, at the Company's expense, about issues that fall within its powers, after informing the Chairperson of the Board.

## 4.2 Reporting to the Board

- (a) The Committee regularly reports to the Board concerning the exercise of its duties.
- (b) The secretary of the Nomination and Remuneration Committee or any other person designated by the chairperson of the meeting must draw up a report of the findings and recommendations of each meeting of the Nomination and Remuneration Committee. The report must be provided to all members of the Board as soon as possible after the meeting.
- (c) The Nomination and Remuneration Committee shall inform the Board clearly and in time, of any major developments in the areas that fall within the scope of its responsibilities.
- (d) If requested, the chairperson of the Nomination and Remuneration Committee provides more detailed information on the results of the discussions of the Nomination and Remuneration Committee during the meetings of the Board.
- (e) The Nomination and Remuneration Committee shows the utmost discretion when drawing up documents about its deliberations and recommendations.

- (f) Each member of the Board is given unlimited access to all members and information of the Nomination and Remuneration Committee.

## **5. MISCELLANEOUS**

- 5.1 The Nomination and Remuneration Committee checks and reviews the adequacy of these terms of reference annually. The Committee reports the results of that review and may recommend any necessary changes to the Board.
- 5.2 The Board may modify these terms of reference at any time and may revoke the powers granted to the Nomination and Remuneration Committee.
- 5.3 These terms of reference as well as details of the composition of the Nomination and Remuneration Committee are posted on the website of the Company.

## SCHEDULE 1

### **PROCEDURE AND SELECTION CRITERIA FOR THE APPOINTMENT AND REAPPOINTMENT OF BOARD MEMBERS**

1. For any new appointment to the Board, the Nomination and Remuneration Committee first evaluates the skills, knowledge and experience already present and those needed on the Board.  
  
In the light of that evaluation, the Nomination and Remuneration Committee prepares a profile that describes the role and the skills, experience and knowledge required.
2. The Nomination and Remuneration Committee seeks suitable candidates and checks whether the candidates has the required profile to hold the office of director.
3. New candidates are interviewed by the Nomination and Remuneration Committee.
4. The Board should ensure that, when considering nominating the former CEO as a Board member, the necessary safeguards are in place so that the new CEO has the required autonomy. If the Board envisages appointing a former CEO as Chairperson, it should carefully consider the positive and negative implications of such a decision and disclose in the CG Statement why such appointment will not hamper the required autonomy of the CEO.
5. The candidates are made aware of the extent of the non-executive directors' duties at the time of their application, in particular regarding the time commitment involved in carrying out those duties.

Non-executive directors must not hold more than five directorships in listed companies.

The non-executive directors must confirm they have sufficient time available to meet what is expected of them, taking into account the number and importance of their other commitments.

Any changes in other relevant commitments and any new commitments outside the Company must be promptly reported to the Chairperson of the Board.

6. Subsequently, the Nomination and Remuneration Committee recommends the suitable candidates to the Board. The Chairperson of the Board must ensure that the Board has sufficient information about the candidate, such as the candidate's résumé, the assessment by the Nomination and Remuneration Committee based on an initial interview with the candidate, a list of the positions already held by the candidate and any other information necessary for assessing the candidate's independence.
7. After first informing the Chairperson of the Board, the Nomination and Remuneration Committee is entitled to seek external professional advice, at the Company's expense, about issues that fall within its powers.
8. As the case may be, prior to the appointment by the general meeting, the Board must notify the works council of the appointment of the candidates as independent directors.
9. After having been informed of the recommendations, the Board must make a proposal to the general meeting to appoint or reappoint the selected directors.

The proposal of appointment by the general meeting must be accompanied by relevant information on the candidate's professional qualifications, together with a list of the positions the candidate already holds.



The Board must indicate whether a candidate meets the independence criteria as set out in Appendix A of the CGC and in article 7:87 BCAC and must also state the proposed term of the mandate, which should not exceed four years.

10. The annual report of the Board contains concise information about the professional qualifications of the directors