

## **Kiadis Pharma N.V. Remuneration Policy for Management Board and Supervisory Board**

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### **1. Introduction**

The purpose of the underlying Remuneration Policy (hereinafter “**Policy**”) is to present the framework for the remuneration for the Management Board and Supervisory Board of Kiadis Pharma N.V. (hereinafter “**Kiadis**” or “**Company**”) in a clear and transparent manner. This Policy shall also be applied when appointing new members for either Board.

This Policy has been prepared in accordance with the (legal) requirements of Dutch law, the Dutch Corporate Governance code and the amended EU Shareholder Rights Directive as implemented for listed companies in The Netherlands. During the creation and preparation of the Policy, the views of major shareholders have been considered.

This Policy has been prepared by the Supervisory Board’s Nomination and Remuneration Committee, was approved by the Supervisory Board and was adopted by the Company’s shareholders at the Annual General Meeting (hereinafter “**AGM**”) on June 25, 2020. The Policy applies from January 1, 2020 and will be submitted for adoption by the AGM at least every four years. More details regarding the remuneration governance are presented below.

The Nomination and Remuneration Committee shall review the effectiveness and relevancy of the Policy at least on an annual basis, in order to assure appropriateness and validity thereof. Any material amendments to this Policy will be presented at the AGM. Technical amendments may be made if such amendments are necessary due to e.g. statutory, regulatory, tax or administrative reasons.

The implications of this Policy in terms of actual remuneration paid to the Management Board and Supervisory Board members shall be reported in the Remuneration Report and presented to the AGM annually.

## **2. Company approach to remuneration**

Kiadis aims to become a leading biopharmaceutical company focused on developing and commercializing therapeutic products in cell-based immunotherapy. Creating shareholder value is at the core of Kiadis' strategy. Kiadis' high performance culture, focus on continuous improvement and performance-based remuneration practices guide and drive the Company's management and employees to implement the corporate strategy and thereby promote its long-term success, objectives and competitiveness.

Remuneration at Kiadis is therefore designed to attract and retain competent and diverse talent, and to encourage Kiadis' values, ambitious strategic targets, fairness and ultimately pay for performance. Remuneration practices are designed in a sustainable manner and rewards are aimed to be set on an affordable level for the Company.

The Policy is determined by Kiadis' identity, local and international legislation, best market practice and individual performance. Gender, age, nationality, ethnic origin or any other comparable individual characteristics play no role in determining remuneration practice.

## **3. Remuneration Policy for the Management Board**

### **I. General principles and objectives**

The Management Board remuneration policy is designed to support Kiadis' long-term success by building on the following general remuneration principles and objectives:

- (a) Competitive compensation aligned with Kiadis' peer group, so as to enable Kiadis to recruit, motivate and retain qualified and expert individuals that Kiadis needs in order to achieve its strategic and operational objectives;
- (b) Focus management on the creation of sustainable long-term added value, taking into account the interests of all stakeholders, by having total compensation significantly driven by variable performance dependent income components;
- (c) Variable income consisting of short-term (cash bonus) and long-term incentives (share options and stock appreciation rights), whereby the distribution between short-term and long-term incentives aims to achieve a proper balance between short-term results and long-term value creation;

- (d) Align the economic interest of the Management Board as related to long-term incentives with the economic interest of the Kiadis shareholders;
- (e) Consistent and aligned remuneration between the Management Board and the wider employee population in, amongst others, remuneration changes, design of incentive plans and salary structures where possible. This is amongst other achieved by applying annual bonus and option programs cascaded throughout Kiadis' employee base.

## II. Main items of the Management Board's Remuneration Policy

The table below summarizes the key features of Management Board's remuneration elements and each element is specified further in the following pages

Element	Purpose and link to strategy	Operation
Base salary	<ul style="list-style-type: none"> <li>▪ To attract and retain the key talent with the right set and level of experience, knowledge and skills to lead the Company and to deliver its strategic priorities</li> </ul>	<ul style="list-style-type: none"> <li>▪ A fixed annual salary</li> </ul>
Short-Term Incentive	<ul style="list-style-type: none"> <li>▪ To drive, incentivise and reward short-term performance against annually set targets that support the execution of Kiadis' strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ An annual bonus in cash</li> </ul>
Long-Term Incentive	<ul style="list-style-type: none"> <li>▪ To drive, incentivise and reward sustained long-term performance and long-term increase in shareholder value</li> <li>▪ To align stakeholder and management's interests</li> </ul>	<ul style="list-style-type: none"> <li>▪ Share options and stock appreciation rights</li> </ul>
Pension	<ul style="list-style-type: none"> <li>▪ To provide for employee welfare and retirement needs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participates in the Dutch pension scheme for Kiadis Pharma N.V., unless another pension scheme or arrangement is more appropriate in view of the personal circumstances</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>▪ To provide market competitive benefits to aid retention</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides a range of benefits, including, but not limited to, (a contribution to) health insurance</li> <li>▪ Aims to be in line with local market practice</li> </ul>

## III. Fixed annual salary for the Management Board

The level of the base salary of the Management Board is determined by the Supervisory Board based upon:

- (a) A market benchmark for corresponding positions in relevant peer companies of similar size, presence and complexity which is assessed periodically;
- (b) The pay ratios between all levels of employees within the Kiadis group of companies;
- (c) The anticipated cost of replacing a member of the Management Board;
- (d) Wider economic and market conditions; and
- (e) Executive remuneration guidelines and expectations of institutional investors.

The Supervisory Board will consider on a yearly basis the appropriateness of any change of the base salary in the context of the market environment as well as the salary adjustments for other Kiadis employees.

Adjustment of the base salary is at the discretion of the Supervisory Board, taking broader factors into account, including but not limited to, the market positioning, internal pay relativity, individual and business performance.

#### IV. Annual bonus in cash for the Management Board

The members of the Management Board shall be entitled to an annual cash bonus of up to 50% of the annual base salary based on achieving certain performance targets. The part of the bonus that is related to Kiadis targets accounts for at least 60% of this bonus with the remainder of the bonus being related to individual targets.

The Kiadis targets and individual targets are determined each year by the Supervisory Board based on historical performance, the operational and strategic outlook of Kiadis in the short-term and expectations of Kiadis' management and stakeholders, among other things. Detailed information on the performance targets, their weighting and their alignment with the strategy will be explained in the Company's annual Remuneration Report. The Supervisory Board ensures that a balanced mix of financial and individual performance targets is selected in order to incentivize the members of the Management Board to achieve the annual business strategy and the realization of the objective of long-term value creation for Kiadis. For each financial and individual target, a threshold, target and maximum performance levels are set by the Supervisory Board. At fiscal year-end, measurement by the Supervisory Board will occur to determine actual performance versus the set targets.

#### V. Share options and stock appreciation rights for the Management Board

The Management Board may be granted options to ordinary Kiadis shares and stock appreciation rights in accordance with Kiadis' share option and stock appreciation right plan. It is designed to encourage Kiadis' long-term sustainable growth by supporting the attraction and retention of needed industry experience and competence and the alignment of the interests of the Management Board and shareholders by linking reward to the Company's share price performance in a cost-efficient manner.

The value and number of the annual grants of share options and/or stock appreciation rights is set based on a percentage of the fixed annual salary of the Management Board members.

The main elements of the Kiadis share option and stock appreciation right plan are the following:

- (a) The plan generally applies to employees, advisors and members of the Kiadis Management Board and Supervisory Board;
- (b) The options are rights to acquire ordinary Kiadis shares, whereby one option gives the right to acquire one ordinary share. The option exercise price shall be the average closing sales price at which ordinary Kiadis shares are traded on during the three trading days prior to the day the option is granted;
- (c) Stock appreciation rights provide the right to receive a cash payment equal to the excess of the exercise price over the initial price, multiplied by the number of ordinary Kiadis shares with respect to which the stock appreciation right is exercised. The initial price shall be the average closing sales price at which ordinary Kiadis shares are traded on during the three trading days prior to the day the stock appreciation right is granted and the exercise price shall be the average closing sales price at which ordinary Kiadis shares are traded on during the three trading days prior to the day the stock appreciation right is exercised;
- (d) Options and stock appreciation rights shall generally be granted annually on April 1st or on the date of start of employment;
- (e) It may be determined that options and stock appreciation rights which have vested may nevertheless not be exercised for a certain period of time after their grant date;
- (f) It may be determined that Kiadis shares that shall be received upon the exercise of options shall be subject to a lock-up for a certain period of time;
- (g) Leavers shall remain entitled to vested options and stock appreciation rights with the non-vested options and stock appreciation rights lapsing. Such vested options and stock appreciation rights are

to be exercised within one year. The Supervisory Board may however, if this rule would produce an unfair result, determine otherwise;

- (h) There shall be accelerated vesting of non-vested options and stock appreciation rights amongst other in case of a change of control of Kiadis;
- (i) Options may be settled in cash; and
- (j) Granted options may be modified to stock appreciation rights and vice versa.

The Supervisory Board shall in its discretion determine whether options and stock appreciation rights shall be granted to the members of the Management Board and determine the number of options and stock appreciation rights to be granted to the relevant member. As a general principle, the value and number of options and stock appreciation rights to be granted shall be based on, and be aligned with, benchmark practice of the Kiadis peer group.

Options and stock appreciation rights granted to the Management Board shall vest in three equal parts:

- One-third shall vest on the first anniversary of the date on which the options and stock appreciation rights are granted;
- One-third shall vest on the second anniversary of the date on which the options and stock appreciation rights are granted; and
- One-third shall vest on the third anniversary of the date on which the options and stock appreciation rights are granted.

#### VI. Pension, further arrangements and benefits for the Management Board

The Management Board participates in the Dutch pension scheme for Kiadis, unless another pension scheme or arrangement is more appropriate in view of the personal circumstances of a member of the Management Board. The members of the Management Board are eligible to receive benefits, including but not limited to, (a contribution to) a healthcare plan, disability insurance and life insurance. Other benefits could also be offered to the members of the Management Board if considered appropriate and reasonable. These may include the provision of relocation expenses in the circumstance of a relocation. The levels of the benefits will be competitive in the relevant local market and could be changed on an annual basis.

#### VII. Contractual Arrangements

##### **Term of employment**

In general, the Management Board members are engaged on the basis of a service agreement with a four year term, to be renewed at reappointment. If however the specific personal circumstances so require, another contractual arrangement may be entered into with a specific Management Board member. The Management Board members are appointed for a period of four years, after which they are eligible for reappointment by the general meeting of shareholders.

#### **Notice period**

In general, resignation by a member of the Management Board member is subject to six months' notice, unless a different notice period is more appropriate because of specific circumstances of a Management Board member. The aforementioned six months' notice period applies to the Chief Executive Officer and member of the Management Board.

#### **Severance arrangement**

The remuneration in the event of dismissal of a member of the Management Board shall not exceed one year of the fixed annual base salary. Severance pay is not awarded if the agreement with the member of the Management Board is terminated early at the initiative of the Management Board member or is terminated due to gross negligence or willful misconduct on the part of the Management Board member.

#### **Claw-back**

The Supervisory Board is entitled (a) to adjust a variable remuneration component if it would produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved and (b) to recover a variable remuneration awarded on the basis of incorrect financial or other data.

#### **VII. Loans for the Management Board**

Kiadis does not provide any loans to the Management Board.

#### **IX. Derogation clause**

The Supervisory Board has the full discretion to temporarily deviate from any sections of this Policy in the following circumstances:

- Attraction of a new hire to the Management Board in accordance with the new hire policy,

- A change of control situation (i.e. merger, takeover, demerger acquisition), which may require Kiadis to amend incentive plans or other remuneration elements in order to ensure the continuity of the Management Board, and
- Other circumstances in which the temporarily deviation may be required to serve Kiadis' long-term interests and sustainability or to assure its viability.

### **New hire policy**

Kiadis' policy on recruitment is to ensure that the compensation package is sufficient to attract, retain and motivate the individual with the right skills for the required role. Kiadis will pay new hires in accordance with the Policy.

In case of an external appointment, the remuneration package of the individual in his/her prior role will be taken into account. The Supervisory Board may offer compensation to buy out awards or other forfeited compensation of the new hire. In case of any such award, the rationale and details will be disclosed in the Remuneration Report.

In case of an internal appointment (i.e. internal promotion or following a corporate transaction), the Supervisory Board has the discretion to honour any legally binding legacy arrangements agreed prior to the appointment.

Where necessary, additional benefits may also be provided such as, but not limited to, relocation support and other benefits which reflect local market practice and relevant legislation.

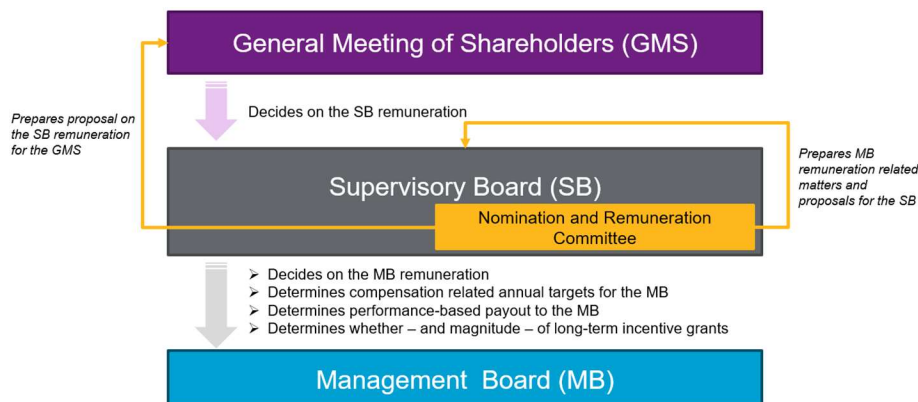
### X. Procedure

The Nomination and Remuneration Committee submits proposals to the Supervisory Board concerning the Policy to be pursued with regard to the Management Board, the remuneration of individual members of the Management Board and prepares the Remuneration Report on the implementation of the Policy.

The Policy will be submitted for adoption by the AGM at least every four years and in case of any material change to the Policy. The individual remuneration will be adopted by the Supervisory Board. The members of the Management Board shall not participate in the preparation and the decision-making regarding their own remuneration to avoid a conflict of interest.

When establishing the Policy, Kiadis takes the perspective of different stakeholders and the market in which Kiadis operates into consideration.





#### 4. Remuneration Policy for the Supervisory Board

##### I. General principles and objectives

The Policy for Kiadis’ Supervisory Board is designed to recruit and retain talent with the desired industry experience and competence that is required to perform the Supervisory Board’s duties by building on the following general principles and objectives:

- Compensation reflects time spent and the responsibilities of the role while incentivizing optimal use of skills and competences;
- Competitive compensation levels that are aligned with a relevant biotech peer group consisting of companies of similar size, presence and complexity which is assessed periodically;
- Creating a mix of compensation elements that is aligned with long-term sustainable growth and value creation for early stage biotech, in a cost-efficient manner.

##### II. Main items of the Supervisory Board’s Remuneration Policy

The remuneration of the Supervisory Board consists of the following elements:

Element	Purpose and link to strategy	Operation
Board fees for Chairman and Members	<ul style="list-style-type: none"> <li>▪ To provide a competitive fixed fee for their services, reflecting the time spent and the responsibilities of their role</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Nomination and Remuneration Committee is responsible to review the compensation levels on a regular basis and takes broader factors into account, including the type of the role, market positioning and relevant market developments</li> </ul>
Committee fees for Chairman and Members	<ul style="list-style-type: none"> <li>▪ To provide a competitive fixed fee to compensate for additional Board responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Members are eligible to receive additional fees for serving as a Chairman or Member in a Committee</li> <li>▪ Fee levels between Committees can differ depending on the time</li> </ul>

		commitment and responsibilities of the Committee membership
Share options	<ul style="list-style-type: none"> <li>To represent a critical remuneration element to attract and retain needed industry experience and competence (although not aligned with the Dutch Corporate Governance Code)</li> </ul>	<ul style="list-style-type: none"> <li>Share options may be granted annually to members. In case of such option grant there will be no lock-up or holding period applied</li> <li>The options are granted under Kiadis' share option and stock appreciation rights plan</li> <li>The same conditions apply as for the Management Board</li> <li>Further details of the main elements of the share option and stock appreciation right plan can be found under the Management Board Remuneration Policy</li> </ul>
Benefits and allowances	<ul style="list-style-type: none"> <li>To compensate for additional efforts that enables the members to exercise their role</li> </ul>	<ul style="list-style-type: none"> <li>Members are reimbursed for their reasonable expenses incurred in attending meetings of the Supervisory Board and its Committees</li> <li>Small benefits, including but not limited to, retirement gifts may also be provided</li> </ul>

### III. Contractual arrangements

Members of the Supervisory Board are appointed for a period of four years and may then be reappointed once for another four-year period. The Supervisory Board members may then subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years.

Members of the Supervisory Board are appointed (and, if necessary, dismissed) by the general meeting of shareholders. Notice periods are included in their respective consultancy or service agreement with Kiadis. The Supervisory Board members do not have an individual employment contract with Kiadis and therefore the topics severance, pension and retirement schemes are not applicable. Further information on the rotation and composition of the Supervisory Board can be found in the Composition and Rotation Schedule as published on the Company's website ([www.kiadis.com](http://www.kiadis.com)).

The remuneration of the members of the Supervisory Board is determined by the general meeting of shareholders. Members of the Supervisory Board do not receive any payments in the event of termination.

### IV. Procedure

The Nomination and Remuneration Committee submits proposals to the Supervisory Board concerning the Remuneration Policy to be pursued with regard to the Supervisory Board and the remuneration of individual members of the Supervisory Board as to be determined by the general meeting of shareholders and prepares the Remuneration Report on the implementation of the Policy. The Policy will be submitted for adoption by the AGM at least every four years and in case of any material change to the Policy. The implementation of this Policy will be submitted for adoption to the AGM on June 25, 2020.

When establishing the Policy, Kiadis takes the perspective of various stakeholders and the market in which Kiadis operates into consideration.