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KIADIS PHARMA N.V.

CHARTER OF THE AUDIT COMMITTEE OF THE SUPERVISORY  
BOARD

28 October 2016

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## 1. INTRODUCTION

- 1.1 The Audit Committee is a standing committee of the Supervisory Board.
- 1.2 This Charter was drawn up by the Supervisory Board on 28 October 2016 in accordance with article 18.4 of the Articles and clause 7.4 of the Rules.
- 1.3 In this Charter, the following expressions shall have the following respective meanings:

**Annual Accounts** means the annual accounts of the Group as referred to in article 2:101 of the Dutch Civil Code;

**Annual Report** means the annual report of the Group drawn up by the Management Board, as referred to in article 2:101 of the Dutch Civil Code;

**Articles** mean the articles of association of the Company;

**Audit Committee** means the committee designated as such in clause 7 of the Rules;

**Chairman** means the chairman of the Audit Committee;

**Charter** means this charter governing the Audit Committee's internal affairs;

**Company** means Kiadis Pharma N.V., a public limited liability company under the laws of The Netherlands, whose corporate seat is at Amsterdam;

**External Auditor** means the accounting and auditing firm that, in accordance with article 2:393 of the Dutch Civil Code, is charged with the audit of the Annual Accounts;

**General Meeting** means the Company's general meeting of shareholders;

**Group** means the Company and any company belonging to the same group as the Company as referred to in article 2:24b of the Dutch Civil Code;

**Management Board** means the management board of the Company;

**Rules** mean the Rules of Procedure for the Supervisory Board, including the annexes attached thereto; and

**Supervisory Board** means the supervisory board of the Company.

## 2. COMPOSITION

- 2.1 The Audit Committee shall consist of at least two (2) members. All members of the Audit Committee must also be members of the Supervisory Board.

- 2.2 At least one member of the Audit Committee shall be a financial expert, in the sense that he/she has relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.
- 2.3 The members of the Audit Committee shall be appointed and may be replaced at any time by the Supervisory Board. The Supervisory Board shall appoint one of the members of the Audit Committee as Chairman of the Audit Committee. The Audit Committee shall not be chaired by the chairman of the Supervisory Board or by a former member of the Management Board.
- 2.4 The term of office of a member of the Audit 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.

### 3. **DUTIES AND POWERS**

3.1 The Audit Committee is charged in particular with:

- (a) the supervision of the Management Board with respect to:
- (i) the operation of the internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations and supervision of the operation of codes of conduct;
  - (ii) the provision of financial information by the Company (including but not limited to the choice of accounting policies, application and assessment of the effects of new rules, information about the treatment of estimated items in the financial statements, forecasts and the work of internal (if present) and external auditors);
  - (iii) compliance with recommendations and observations of internal (if present) and external auditors;
  - (iv) the role and functioning of the internal audit function, if present;
  - (v) the tax principles of the Company;
  - (vi) relations with the External Auditor, including, in particular, his independence and remuneration;
  - (vii) the financing of the Company; and
  - (viii) the application of information and communication technology;
- (b) giving advice to the Supervisory Board on the nomination by the Supervisory Board to the General Meeting for the appointment of the External Auditor;
- (c) where necessary, making proposals to the Supervisory Board on the policy applied in respect of the independence of the External Auditor and possible

(potential) conflicts of interest between the External Auditor and the Company; and

(d) preparing meetings of the Supervisory Board with the Management Board to discuss the Annual Report, the Annual Accounts and the half-yearly figures of the Company.

3.2 Each member of the Audit Committee shall have access to all relevant books, records and offices of the Company.

3.3 The Audit Committee may, at the Company's expense, seek advice or information from experts which it deems desirable for the correct performance of its duties.

3.4 The Audit 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.

#### **4. DUTIES REGARDING THE EXTERNAL AUDITOR**

4.1 The Audit Committee shall act as the principal contact for the External Auditor if he discovers irregularities in the content of financial reports.

4.2 The remuneration of the External Auditor shall be approved by the Supervisory Board on the recommendation of the Audit Committee and after consultation with the Management Board.

4.3 The Audit Committee, after consultation with the Management Board, shall determine how the External Auditor should be involved in the content and publication of financial reports of the Company other than the Annual Accounts.

4.4 The Audit Committee shall request that the External Auditor include in his report the matters which the External Auditor wishes to bring to the attention of the Management Board and the Supervisory Board in relation to his audit of the Annual Accounts and related audits.

4.5 Supplementary to the Management Board's assessment thereof, once every four (4) years the Audit Committee shall conduct a thorough assessment of the functioning of the External Auditor in the different capacities in which he acts. The main conclusions of this assessment shall be communicated to the General Meeting.

#### **5. MEETINGS**

5.1 The Audit Committee shall meet as often as required for a proper functioning of the Audit Committee. The Audit Committee shall meet at least once a year with the External Auditor without the Management Board being present.

- 5.2 The Audit Committee shall decide if and when the chairman of the Management Board (Chief Executive Officer), the Chief Financial Officer, the External Auditor and the internal auditor (if present) should attend its meetings.
- 5.3 When the need arises, the External Auditor may request the Chairman of the Audit Committee to allow him to attend a meeting of the Audit Committee.
- 5.4 Every Supervisory Board member has unrestricted access to all meetings and records of the Audit Committee.

## 6. **REPORTING TO THE SUPERVISORY BOARD**

- 6.1 The Audit Committee shall annually provide the Supervisory Board with a report of its deliberations and findings in such a manner that this can form part of the Supervisory Board's annual report on its functioning and activities, which is to be included in the Annual Report.
- 6.2 The Audit Committee shall report annually to the Supervisory Board on its dealings with the External Auditor, in particular on the Audit Committee's views of the External Auditor's independence (including the desirability of rotation of the responsible partners of the External Auditor).
- 6.3 If so requested, the Chairman shall, during Supervisory Board meetings, provide the Supervisory Board with further information on the outcome of the discussions of the Audit Committee.