

Regulations Audit 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 Audit 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 Audit Committee, provided that the Audit Committee consists of at least two members.
- 1.2 All members of the Audit Committee must be members of the Supervisory Board.
- 1.3 At least one member of the Audit Committee shall have competence in accounting and reporting. More than half of the members of the Audit Committee must be independent within the meaning of the Dutch Corporate Governance Code.
- 1.4 The members of the Audit Committee shall be appointed and may be replaced at any time by the Supervisory Board. 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.
- 1.5 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 Executive Board.
- 1.6 The Company Secretary shall act as secretary to the Audit 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 Audit Committee.

2. GENERAL DUTIES AND RESPONSIBILITIES

- 2.1 The Audit Committee undertakes preparatory work for the Supervisory Board's decision making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.
- 2.2 The responsibilities of the Audit Committee shall, among other things, include:
 - (a) supervising and monitoring the Executive Board with regard to:
 - (i) relations with, and compliance with recommendations and following up of comments by the External Auditor;
 - (ii) the funding of the Company;
 - (iii) the application of information and communication technology by the Company, including risks relating to cybersecurity; and
 - (iv) the Company's tax policy;

- (b) supervising and monitoring, and discussing with and advising the Executive Board on the effectiveness of the design and operation of the internal risk management and control systems, including supervising the enforcement of relevant legislation and code of conducts;
- (c) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity; and
- (d) if there is no separate department for the internal audit function, issuing a recommendation to the Supervisory Board whether adequate alternative measures have been taken.

2.3 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.

3. DUTIES AND RESPONSIBILITIES REGARDING THE EXTERNAL AUDITOR

3.1 The Audit Committee shall advise the Supervisory Board regarding the External Auditor's nomination for appointment, reappointment or dismissal and shall prepare the selection of the External Auditor. The Audit Committee gives due consideration to the Executive Board's observations. On this basis, the Supervisory Board shall determine its nomination for the appointment of the External Auditor to the General Meeting of Shareholders.

3.2 The Audit Committee shall submit a proposal to the Supervisory Board for the External Auditor's engagement to audit the financial statements. The Executive Board shall play a facilitating role in this process. In formulating the terms of engagement, attention shall be paid to the scope of the audit, the materiality to be used and remuneration for the audit. The Supervisory Board resolves on the engagement.

3.3 The Audit Committee and the External Auditor shall discuss the audit plan and the findings of the External Auditor based on the work the External Auditor has undertaken. The Audit Committee shall annually discuss with the External Auditor:

- (a) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the External Auditor in the audit plan; and
- (b) based also on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the financial statements and the management letter.

3.4 The Audit Committee determines whether and, if so, how the External Auditor shall be involved in the content and publication of financial reports other than the financial statements.

3.5 The line of contact between the Supervisory Board and the External Auditor is in principle through the chairman of the Audit Committee. The External Auditor shall inform the chairman of the Audit Committee without delay if, during the performance of his duties, he discovers or suspect misconduct or irregularities within the Company and its affiliated enterprise.

4. MEETINGS OF THE AUDIT COMMITTEE

- 4.1 The Audit Committee shall meet as often as deemed necessary for the proper functioning of the Audit Committee. The meetings shall be scheduled annually as much as possible in advance and are held as far as possible shortly before the meetings of the Supervisory Board. The Audit Committee shall meet earlier if this is deemed necessary by the chairman of the Audit Committee. The chairman of the Audit Committee shall make an annual planning of topics to be discussed in the meetings of the Audit Committee.
- 4.2 Meetings of the Audit Committee are in principle called by the secretary of the Audit Committee in consultation with the chairman of the Audit Committee.
- 4.3 The CFO and the External Auditor shall attend the Audit Committee meetings, unless the Audit Committee determines otherwise. The Audit Committee shall decide whether and, if so, when the CEO shall attend its meetings. In addition, independent experts, officers or employees of the Company, or its external (legal) advisors may be invited to attend meetings of the Audit Committee. Each member of the Supervisory Board may attend meetings of the Audit Committee.
- 4.4 The Audit Committee shall meet with the External Auditor as often as it considers necessary, but at least once per year, outside the presence of the Executive Board.
- 4.5 The Audit Committee may require any officer or employee of the Company, its external (legal) advisers or the External Auditor to consult with members or advisers of the Audit Committee.
- 4.6 When the need arises, the External Auditor may request the chairman of the Audit Committee to be allowed to attend a meeting of the Audit Committee.
- 4.7 The secretary of the Audit Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the Audit Committee.

5. REPORTING TO THE SUPERVISORY BOARD

- 5.1 The Audit Committee shall report to the Supervisory Board on its deliberations and findings. This report must, at least, include the following information:
- (i) the way the effectiveness of the design and the operation of the internal risk management and control systems has been assessed;
 - (ii) the way the effectiveness of the internal and external audit processes has been assessed;
 - (iii) material considerations regarding financial reporting;
 - (iv) the way material risks and uncertainties have been analysed and discussed, along with a description of the most important findings of the Audit Committee.
- 5.2 The Audit Committee shall report annually to the Supervisory Board on the functioning of, and the developments in, the relationship with the External Auditor.
- 5.3 The reports of meetings of the Audit Committee are distributed among all members of the Supervisory Board as soon as possible after the meeting concerned.
- 5.4 If requested, the chairman of the Audit Committee shall at meetings of the Supervisory Board provide the Supervisory Board with further information on the outcome of the discussions of the Audit Committee.
- 5.5 Each Supervisory Board member has unrestricted access to all records of the Audit Committee. A member of the Supervisory Board shall exercise this right in consultation with the chairman of the Audit Committee and the Company Secretary.

6. MISCELLANEOUS

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