

# Terms of Reference Nomination and Remuneration Committee

Adyen N.V.

February 2020

## Contents

Introduction.....	2
1 Composition.....	2
2 Duties and Powers.....	2
3 Meetings.....	5
4 Reporting to the supervisory board.....	6
5 Miscellaneous.....	6
Annex 1 – List of definitions.....	7

## Introduction

- These Terms of Reference have been drawn up by the Supervisory Board pursuant to clause 5 of the By-Laws of the Supervisory Board and clause 20.12 of the Articles of Association.
- Capitalised terms that are used in these Terms of Reference shall have the meaning given to them in the list of definitions included as Annex 1 (List of definitions).

## 1 Composition

- 1.1 The Nomination and Remuneration Committee shall consist of at least three members of the Supervisory Board as determined by the Supervisory Board.
- 1.2 At least half of the members of the Nomination and Remuneration Committee shall be independent within the meaning of clause 1.5 of the By-Laws of the Supervisory Board.
- 1.3 The members of the Nomination and Remuneration 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 Nomination and Remuneration Committee as chairman of the Nomination and Remuneration Committee.
- 1.4 The Nomination and Remuneration Committee shall not be chaired by the chairman of the Supervisory Board or by a former member of the Management Board of the Company.<sup>1</sup>
- 1.5 The secretary of the Nomination and Remuneration Committee shall be appointed by the chairman.

## 2 Duties and Powers

- 2.1 The Nomination and Remuneration Committee has the following duties:
  - (a) to provide its support and advice to the Supervisory Board on the design of the remuneration policies (pursuant to the EBA guidelines on sound remuneration policies (art. 51(g)), the remuneration committee should assess the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the management is in line with the business strategy, objectives, corporate culture and values and long-term interest of the institution), to support the Supervisory Board in overseeing the remuneration policies, practices and processes and the compliance with the remuneration policy and to check whether the existing remuneration policies are still up to date and, if necessary, make proposals for change, and more specifically
  - (b) to draft proposals to the Supervisory Board for the remuneration policy to be pursued for members of the Management Board and the Supervisory Board of the Company, which policy, as well as any material changes thereto, shall be submitted to the General Meeting of Shareholders for adoption.<sup>2</sup> The remuneration policy applicable to members of the Management Board and the Supervisory Board should be clear and understandable, should focus on long-term value creation for the Company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage members of the Management Board and the Supervisory Board to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The Supervisory Board is responsible for formulating the remuneration policy and its implementation.<sup>3</sup> The following aspects

---

1 Dutch Corporate Governance Code, best practice provision 2.3.4

2 Dutch Corporate Governance Code, best practice provision 3.1.1

3 Dutch Corporate Governance Code, Principle 3.1.

should in any event be taken into consideration when formulating the proposal for the remuneration policy for the Management Board<sup>4</sup> and as far as relevant for the Supervisory Board, in addition to the items to be addressed in the remuneration policy for the Management Board and Supervisory Board pursuant to article 2:135 a of the Dutch Civil Code:

- (i) the objectives for the strategy for the implementation of long-term value creation;<sup>5</sup>
  - (ii) the scenario analyses carried out in advance;
  - (iii) the pay ratios within the Company and its affiliated enterprise;
  - (iv) the development of the market price of the shares;
  - (v) an appropriate ratio between the variable and fixed remuneration components. Where applicable the variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  - (vi) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least four years after they are awarded; and
  - (vii) if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised. Share options cannot be exercised during the first three years after they are awarded;
- (c) to draft proposals for the remuneration of the individual members of the Management Board and Supervisory Board; such proposals shall be drawn up in accordance with the remuneration policy that has been established and, in any event, deal with:<sup>6</sup>
- (i) the remuneration structure;
  - (ii) the amount of the fixed and variable remuneration components;
  - (iii) the performance criteria used;
  - (iv) the scenario analyses that are carried out; and
  - (v) the pay ratio within the Company and its affiliated enterprise,
- and, if there are reasons therefore, to make proposals for changes or additions to the remuneration of individual members of the Management Board and/or and the Supervisory Board within the framework of the relevant remuneration policy, which remuneration and possible changes and/or additions shall be submitted for adoption to the Supervisory Board (without prejudice to the power of the Supervisory Board to delegate the final adoption to the Nomination and Remuneration Committee, within the framework set by the Supervisory Board). If, in the event of exceptional circumstances as provided for in article 2:135a of the Dutch Civil Code, a deviation from the remuneration policy for the Management Board and the Supervisory Board is required, the Nomination and Remuneration Committee shall make a proposal to the Supervisory Board who may decide whether derogation of the remuneration policy is allowed based on the circumstances. Such derogation is then only possible until the new remuneration policy is adopted. The inadequate performance of duties should not be rewarded;<sup>7</sup>
- (d) to take note of the individual members' of the Management Board and the Supervisory Board views with regard to the amount and structure of their own remuneration. The Nomination and Remuneration Committee should ask the members of the Management Board and the Supervisory Board to pay attention to the aspects referred to in article 2.1. (a) of these Terms of Reference;<sup>8</sup>
- (e) to directly oversee the remuneration of the senior officers in the independent control functions, including the risk management and the compliance functions, and make recommendations to the Supervisory Board on the design of the remuneration package and amounts of remuneration to be paid to the senior staff members in the control functions;
- (f) to draft proposals for the remuneration policy of all employees other than these that see specifically to the Management Board and Supervisory Board members and Identified Staff;
- (g) to review the appointment of external remuneration consultants that the Supervisory Board may decide to engage for advice or support;
- (h) to ensure the adequacy of the information provided to shareholders on remuneration policies and practices, in particular on a proposed higher maximum level of the ratio between fixed and variable remuneration;
- (i) to assess the achievement of performance targets and the need for ex post risk adjustment, including the application of malus and claw back arrangements;

- (j) to review a number of possible scenarios to test how the remuneration policies and practices react to external and internal events, and back-test the criteria used for determining the award and the ex ante risk adjustment based on the actual risk outcomes;
- (k) to prepare the identification process of Identified Staff and support the Supervisory Board in its responsibilities regarding Identified Staff
- (l) to monitor and analyze developments of the Dutch Corporate Governance Code and applicable laws and regulations in relation to remuneration policies;
- (m) to prepare (in a single document) the remuneration report referred to in clause 12.6 of the By-Laws of the Supervisory Board as well as, the remuneration report (*bezoldigingsverslag*) as meant in article 2:135b of the Dutch Civil Code that is to be drawn up by the Company (together the 'Remuneration Report'). In the Remuneration Report, the Supervisory Board should render account of the implementation of the remuneration policy in a transparent manner. The Remuneration Report should be posted on

---

4 Dutch Corporate Governance Code, best practice provision 3.1.2

5 Dutch Corporate Governance Code, best practice provision 1.1.1.

6 Dutch Corporate Governance Code, Principle 3.2 and best practice provision 3.2.1.

7 Dutch Corporate Governance Code, Principle 3.2.

8 Dutch Corporate Governance Code, best practice provisions 3.2.2 and 3.1.2.

the Company's website.<sup>9</sup> This Remuneration Report should in any event describe in a transparent manner, in addition to the matters specified in article 2:135b of the Dutch Civil Code, or otherwise required by law:<sup>10</sup>

- (i) how the remuneration policy has been implemented in the past financial year;
  - (ii) how the implementation of the remuneration policy contributes to long-term value creation;
  - (iii) that scenario analyses have been taken into consideration;
  - (iv) the pay ratios within the Company and its affiliated enterprise and, if applicable, any changes in these ratios in comparison with the previous financial year;
  - (v) in the event that a member of the Management Board receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance upon which the variable remuneration depends, and the relationship between the remuneration and performance; and
  - (vi) in the event that a current or former member of the Management Board receives a severance payment, the reason for this payment;
- (n) to make proposals to the Supervisory Board for the remuneration of the individual members of the Supervisory Board within the scope of the remuneration policy adopted by the General Meeting of Shareholders, which remuneration will be submitted to the General Meeting of Shareholders for adoption;
- (o) to draft selection criteria and appointment procedures for the members of the Supervisory Board and the members of the Management Board;<sup>11</sup>
- (p) to periodically assess the size and composition of the Supervisory Board and the Management Board, and to make proposals for the Supervisory Board Profile;<sup>12</sup>
- (q) to periodically assess the functioning of individual members of the Supervisory Board and the members of the Management Board and report their findings to the Supervisory Board;<sup>13</sup>
- (r) to draw up a plan for the succession of the members of the Management Board and the members of the Supervisory Board;<sup>14</sup>
- (s) to make proposals for (re)appointments;<sup>15</sup>
- (t) to prepare the decision-making process of the Supervisory Board on the acceptance by a member of the Management Board of the membership of the supervisory board of a listed company;
- (u) to monitor the culture and working atmosphere within the Company;
- (v) to make a proposal to the Supervisory Board to draw up an Equal Opportunity Policy which includes the diversity for the composition of the entire organisation of the Company, including the Management Board and the Supervisory Board. The Equal Opportunity Policy should address the diversity and the diversity aspects relevant to the Company, such as nationality, age, gender, and education and work background<sup>16</sup>; and

---

9 Dutch Corporate Governance Code, Principle 3.4.

10 Dutch Corporate Governance Code, best practice provision 3.4.1.

11 Dutch Corporate Governance Code, best practice provision 2.2.5.

12 Dutch Corporate Governance Code, best practice provisions 2.1.1 and 2.2.5.

13 Dutch Corporate Governance Code, best practice provision 2.2.5.

14 Dutch Corporate Governance Code, best practice provision 2.2.5.

15 Dutch Corporate Governance Code, best practice provision 2.2.5.

16 Dutch Corporate Governance Code, best practice provision 2.1.5.

- (w) to make a proposal to the Supervisory Board to draw up the corporate governance statement explaining the Equal Opportunity Policy and the way that it is implemented in practice, addressing:
  - (i) the policy objectives;
  - (ii) how the policy has been implemented; and
  - (iii) the results of the policy in the past financial year.
- 2.2 The Nomination and Remuneration Committee may only exercise such powers as are explicitly attributed or delegated to it by the Supervisory Board and it may never exercise powers beyond those exercisable by the Supervisory Board as a whole.
- 2.3 When performing its duties the Nomination and Remuneration Committee may seek assistance or information from one or more experts appointed by it at a reasonable price agreed upon with the Nomination and Remuneration Committee and in consultation with either one of the members of the Management Board of the Company, which will be paid by the Company. The Management Board may request to review the fees spent on experts by the Nomination and Remuneration Committee on reasonableness on a semi-annual basis.
- 2.4 The Management Board and the Supervisory Board should be composed such that the requisite expertise, background, competencies and - as regards the Supervisory Board - independence are present for them to carry out their duties properly.<sup>17</sup> The size of these two bodies reflect these requirements.<sup>18</sup> Each member of the Supervisory Board and each member of the Management Board should have the specific expertise required for the fulfilment of his duties. Each member of the Supervisory Board should be capable of assessing the broad outline of the overall management.<sup>19</sup>

### 3 Meetings

- 3.1 The Nomination and Remuneration Committee shall meet as often as required for a proper functioning of the Nomination and Remuneration Committee. The meetings are, as much as possible, scheduled twice a year in advance. The Nomination and Remuneration Committee shall meet earlier if this is deemed necessary by the chairman of the Nomination and Remuneration Committee or by two other members of the Nomination and Remuneration Committee.
- 3.2 Meetings of the Nomination and Remuneration Committee are in principle called by the secretary of the Nomination and Remuneration Committee on behalf of the chairman of the Nomination and Remuneration Committee, in consultation with the chairman of the Nomination and Remuneration Committee. Save in urgent cases, to be determined by the chairman of the Nomination and Remuneration Committee, the agenda for the meeting shall be sent at least seven working days before the meeting to all members of the Nomination and Remuneration Committee. To the extent possible, written explanations and/or other related documents will be enclosed for each item on the agenda.
- 3.3 The Nomination and Remuneration Committee shall decide if and when a member of the Management Board should attend its meetings. The members of the Management Board shall not attend meetings of the Nomination and Remuneration Committee where their own remuneration is discussed. In addition and subject to clause 2.3, the Global HR Director and/or independent experts may be invited or required to attend meetings of the Nomination and Remuneration Committee. Each member of the Supervisory Board may attend meetings of the Nomination and Remuneration Committee.
- 3.4 The secretary of the Nomination and Remuneration Committee or any other person designated for such purpose by the chairman of the meeting shall draw up minutes of the meeting of the Nomination and Remuneration Committee.

---

<sup>17</sup> Also refer to independence criteria: Dutch Corporate Governance Code, best practice provision 2.1.7 and 2.1.8.

<sup>18</sup> Dutch Corporate Governance Code, Principle 2.1.

<sup>19</sup> Dutch Corporate Governance Code, best practice provision 2.1.4.

## 4 Reporting to the Supervisory Board

- 4.1 The Nomination and Remuneration Committee must inform the Supervisory Board in a clear and timely manner about the way it has used delegated powers and of major developments in the area of its responsibilities.
- 4.2 The Supervisory Board shall receive from the Nomination and Remuneration Committee a report of its deliberations and findings.<sup>20</sup>
- 4.3 If requested, the chairman of the Nomination and Remuneration Committee shall at meetings of the Supervisory Board provide the Supervisory Board with further information on the outcome of the discussions of the Nomination and Remuneration Committee.
- 4.4 Every member of the Supervisory Board shall have unrestricted access to all records of the Nomination and Remuneration Committee. A member of the Supervisory Board shall exercise this right in consultation with the chairman of the Nomination and Remuneration Committee.

## 5 Miscellaneous

- 5.1 The chairman of the Nomination and Remuneration Committee (or one of the other Nomination and Remuneration Committee members) shall be available to answer questions regarding the Nomination and Remuneration Committee's activities at the annual General Meeting of Shareholders.
- 5.2 The Supervisory Board may occasionally decide at its sole discretion not to comply with these Terms of Reference, subject to applicable law and regulations and, where applicable, adequate disclosure in the Management Report.
- 5.3 The Nomination and Remuneration Committee shall review and re-assess the adequacy of these Terms of Reference on a regular basis, report its assessment to the Supervisory Board and recommend, where appropriate, any proposed changes to the Supervisory Board.
- 5.4 The Supervisory Board can at all times amend these Terms of Reference and/or revoke any powers granted by it to the Nomination and Remuneration Committee.
- 5.5 These Terms of Reference and the composition of the Nomination and Remuneration Committee are posted on the Company's website.<sup>21</sup>

---

<sup>20</sup> Dutch Corporate Governance Code, best practice provisions 2.2.5 and 2.3.5.

<sup>21</sup> Dutch Corporate Governance Code, best practice provision 2.3.3.

## Annex 1 – List of definitions

In these Terms of Reference the following terms have the following meanings:

**"Articles of Association"** means the articles of association (*statuten*) of the Company.

**"By-Laws"** means the by-laws of the Supervisory Board, including the annexes belonging thereto.

**"Company"** means Adyen N.V., and, where appropriate, the Subsidiaries and possible other group companies of the Company, whose financial information is incorporated in the consolidated Annual Accounts of the Company.

**"Equal Opportunity Policy"** means the meaning given in clause 2.1(n) of these Terms of Reference.

**"General Meeting of Shareholders"** means the general meeting of shareholders (*algemene vergadering van aandeelhouders*) of the Company.

**"Identified Staff"** means the category of staff designated as identified staff in accordance with the EBA criteria with regard to identified staff for credit institutions and investment firms (Commission Delegated Regulation (EU) No. 604/2014 of 4 March 2014).

**"Management Board"** means the management board (*bestuur*) of the Company.

**"Management Report"** means the management report of the Company drawn up by the Management Board, as referred to in section 2:101 of the Dutch Civil Code.

**"Nomination and Remuneration Committee"** means the Nomination and Remuneration committee of the Company.

**"Subsidiary"** has the meaning attributed to it in section 2:24a of the Dutch Civil Code.

**"Remuneration Report"** means the remuneration report of the Supervisory Board regarding the remuneration policy of the Company in combination with the remuneration report that is to be drawn up by the Company in accordance with article 2:135b of the Dutch Civil Code.

**"Supervisory Board"** means the supervisory board (*raad van commissarissen*) of the Company.

**"Terms of Reference"** means the terms of reference of the Nomination and Remuneration Committee, as established by the Supervisory Board.