

# Corporate governance

Corporate governance  
at Galapagos in 2015

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We increased our exposure to American investors through the successful NASDAQ IPO, attracting more shareholders and sell-side analyst coverage by banks. Furthermore, we established IR presence in Boston in the fall of 2015.

**Elizabeth Goodwin**

VP Corporate Communications & Investor Relations



## Galapagos' corporate governance policies

We have adopted the Belgian Corporate Governance Code 2009 (which can be consulted on [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)) as our reference code. Galapagos NV's Board of Directors approved a Corporate Governance Charter (which is available on our website, [www.glp.com](http://www.glp.com)). The Corporate Governance Charter applies in addition to the law, Galapagos NV's articles of association and the corporate governance provisions included in the Belgian Companies Code and the Belgian Corporate Governance Code 2009.

The Board of Directors strives to comply with the rules of the Belgian Corporate Governance Code 2009 as much as possible. At the same time, the Board of Directors is of the opinion that certain deviations from the provisions of the Belgian Corporate Governance Code 2009 are justified, in view of our activities, our size and the specific circumstances in which we operate. In such cases, which are mentioned in this corporate governance statement, we apply the "comply or explain" principle. Reference is made to the "[Remuneration of non-executive Directors of Galapagos NV](#)" section.

In addition to the information set out below, we refer to the "[Risk management](#)" and "[Risk factors](#)" sections of this report for a description of the most important characteristics of our internal control and risk management systems. The "Risk management" and "Risk factors" sections are incorporated by reference in this corporate governance statement.

## Board of Directors of Galapagos NV

### Composition of Galapagos NV's Board of Directors

**Onno van de Stolpe** – Please refer to the "[Composition of Galapagos NV's Executive Committee](#)" for a biography.

**Rajesh Parekh, MA, DPhil** has served as the Chairman of Galapagos NV's Board of Directors since 2004. Raj is a General Partner at Advent Life Sciences LLP, which he joined in 2005. During an academic career at Oxford University, he co-founded Oxford GlycoSciences PLC, where he served as Chief Scientific Officer and Chief Executive Officer from 1988 until its sale to Celltech Group PLC (now UCB SA) in 2003. He has founded or served on the boards of several life sciences companies in the United States and Europe including Celldex Therapeutics, Inc.; Avila Therapeutics, Inc.; EUSA Pharma (Europe) Limited; Thiakis Limited; Biocartis NV; and Amsterdam Molecular Therapeutics (AMT) Holding NV (now uniQure). Raj currently serves as a member of the board of directors of Advent Venture Partners; Advent Life Sciences LLP; Aleta Inc.; Arrakis, Inc.; Aura Inc.; Artax Inc.; Capella BioSciences Ltd.; Cellnovo Limited; Itara Ltd.; Leviccept Limited; PE Limited; and Project Paradise Limited. He is also a member of the Supervisory Board of the Novartis Venture Fund. He received his MA in Biochemistry and DPhil in Molecular Medicine from the University of Oxford, where he has also been a Senior Research Fellow and Professor.

**Harrold van Barlingen, Ph.D.** has served as a member of Galapagos NV's Board of Directors since 2005. Harrold is the managing director and founder of Thuja Capital BV, Thuja Capital Holding BV and Thuja Capital Management BV. Prior to founding Thuja Capital, he headed the life sciences effort of Alpinvest Partners BV from 2001 to 2006, managing a portfolio of over 30 companies. Previously, he was at the Boston Consulting Group ("BCG") where he worked as a consultant in management and strategy from 1999 to 2002. Prior to BCG, he headed the continental activities of The Lewin Group (a Quintiles subsidiary), an internationally active firm specialized in the field of health economics. He holds an MSc in Medical Biology and a PhD in Medicine, both from Utrecht University. From 1991 to 1992 he was a visiting scientist at the University of Chicago. He is the author of a wide variety of peer-reviewed scientific and pharmacoeconomics papers. He currently serves on the supervisory boards of Encare Biotech BV, TheraSolve NV (chairman), and Hemics BV (chairman). In addition, during the last five years he also served on the boards of Okapi Sciences NV, arGEN-X NV and Curacyte GmbH.



## CORPORATE GOVERNANCE

**Werner Cautreels, Ph.D.** has served as a member of Galapagos NV's Board of Directors since 2009. Werner is the President, Chief Executive Officer and member of the board of Selecta Biosciences, Inc. Previously, he joined Solvay Pharmaceuticals SA in 1998 where he was Global Head of R&D and later Global Chief Executive Officer from 2005 onwards, until it was acquired by Abbott Laboratories Inc. in February 2010. Prior to joining Solvay he was employed by Sanofi SA, Sterling Winthrop, Inc. and Nycomed Amersham PLC in a variety of R&D management positions in Europe and in the United States from 1979 to 1998. Werner was a director of Innogenetics NV and ArQule, Inc. from 1999 until 2006. He was the President of the Belgian-Luxemburg Chamber of Commerce for Russia and Belarus until June 2010. He graduated from the University of Antwerp, with a Doctorate in Chemistry, specializing in mass spectrometry. He received his management and financial education from the Harvard Business School. Werner currently serves as a member of the board of directors of Seres Health, Inc.

**Howard Rowe, JD** has served as a member of Galapagos NV's Board of Directors since 2010. Howard is Managing Director at Hayfin Capital Management LLP. Prior to joining Hayfin Capital Management, he was a Managing Director with The Goldman Sachs Group, Inc. where he had multiple healthcare responsibilities over his 12 years at the firm. His most recent roles at Goldman Sachs were as part of the European Special Situations and Principal Strategies teams where he established and led the private healthcare investing effort. During that time he served on the boards of EUSA Pharma (Europe) Limited, Healthcare Brands International Limited, SmallBone Innovations, Inc. and Ikonisys, Inc. Prior to his investing activities, Howard was a senior member of the European Healthcare Investment Banking team, where he advised numerous corporate clients on M&A and corporate finance activities. Before joining Goldman Sachs, he was a corporate lawyer with the law firm Sullivan & Cromwell LLP. Howard received his Bachelor of Science in Psychobiology from the University of Southern California and his JD from Harvard Law School. He currently serves as a member of the board of directors of MedAvante, Inc.

**Katrine Bosley** has served as a member of Galapagos NV's Board of Directors since 2013. Katrine has served as the President, Chief Executive Officer and member of the board of directors of Editas Medicine, Inc. since June 2014. Prior to joining Editas, she was the Entrepreneur-in-Residence at The Broad Institute from 2013 to 2014. From 2009 to 2012, she was President, Chief Executive Officer and member of the board of directors of Avila Therapeutics, Inc., which was acquired by Celgene Corporation in 2012. She served as President, Celgene Avilomics Research at Celgene in 2012. Prior to her time at Avila Therapeutics she was Vice President, Strategic Operations at Adnexus, a Bristol-Myers Squibb R&D Company, and was Vice President, Business Development at Adnexus Therapeutics, Inc. before that. Katrine joined Adnexus Therapeutics from Biogen Idec, Inc. where she had roles in business development, commercial operations and portfolio strategy in the United States and Europe. Earlier, she was part of the healthcare team at the venture firm Highland Capital Partners, Inc. Katrine graduated from Cornell University with a B.A. in Biology. She currently serves as chairman of the board of Genocoe Biosciences, Inc. and as a director of Scholar Rock, LLC. She also serves on the board of directors of the Biotechnology Innovation Organization and is a review committee member of the Wellcome Trust.

**Christine Mummery, Ph.D.** has served as a member of Galapagos NV's Board of Directors since 30 September 2015. Christine has served as a Professor of Developmental Biology and Chair of the Department of Anatomy and Embryology at the Leiden University Medical Centre (LUMC) since 2008 and a Professor of Vascular Modelling at the Technical University of Twente in The Netherlands since September 2015. In 2007, she was a Radcliffe fellow at the Harvard Stem Cell Institute and Massachusetts General Hospital when human-induced pluripotent stem cells were being developed, and she was the first to derive these from patients in The Netherlands. In 2002, she became a Professor at the Utrecht University Medical Centre in The Netherlands. She was a postdoctoral fellow from 1981 to 1984 at the Hubrecht Institute in Utrecht, where she later also served as a staff scientist and group leader until 2008. Christine obtained her B.S. in Physics, Electronics, and Mathematics at the University of Nottingham and her Ph.D. in BioPhysics at London University in the United Kingdom. Her primary research focus is currently the development and use of stem cells in cardiovascular development and disease. She served on the Ethical Councils of the Dutch Ministry of Health, is member of the Royal Netherlands Academy of Arts and Sciences (KNAW), editor-in-chief of the Cell Press journal Stem Cell Reports, former board member of the International Society for Stem Cell Research and past-president of the International Society of Differentiation. She was co-founder of Pluriomics BV. In addition, she is on the board of



ZonMw (Dutch Medical Research Council) and chairs the executive board of the Institute for human Organ and Disease Model Technologies (hDMT), a non-profit R&D institute of which we are a founding partner. She is a review committee member of the European Research Council, the Wellcome Trust (*ad hoc*) and the Heineken Jury Prize (KNAW).

## About Galapagos NV's Board of Directors

Galapagos NV's Board of Directors consists of minimum five and maximum nine members, including the Chairman and the CEO. The Chairman is a non-executive Director and does not hold the office of CEO. At least three Directors are independent.

The Directors are appointed by the Shareholders' Meeting upon the proposal of the Board, for a renewable term of up to four years. When a position on the Board becomes vacant, the other Directors may temporarily fill the mandate until the Shareholders' Meeting appoints a new Director. The Nomination and Remuneration Committee nominates, for the approval of the Board, candidates to fill vacancies and advises on proposals for appointment originating from shareholders, in each case taking into account Galapagos' needs and the selection criteria determined by the Board.

Except for Mr. Onno van de Stolpe, all Board members are non-executive Directors.

In 2015, the following persons were members of the Board: Dr. Raj Parekh (Chairman), Ir. Onno van de Stolpe (CEO), Dr. Harrold van Barlingen, Dr. Werner Cautreels, Mr. Howard Rowe, Ms. Katrine Bosley and Dr. Christine Mummery (as from 30 September 2015); the latter four Directors were appointed as independent Directors within the meaning of article 526ter of the Belgian Companies Code.

The Board's role is to pursue the long-term success of Galapagos. The Board does so by assuming the authority and responsibilities assigned to it by Belgian corporate law and by combining entrepreneurial leadership with appropriate risk assessment and management. Each of the Directors' expertise and experience is exemplified by the varied professional activities they carry out and offices they hold.

In 2015, the Board of Directors held 4 regular meetings, 11 meetings by telephone conference to discuss specific matters and 4 meetings in the presence of a notary (relating to the issuance of Warrant Plan 2015, Warrant Plan 2015 (B), Warrant Plan 2015 RMV and the issuance of shares with cancellation of the shareholders' preferential subscription rights).

The attendance rate (in person or by written proxy to a fellow Director) for the Board members in function at 31 December 2015 was as follows: Dr. Parekh: 100%; Mr. Van de Stolpe: 95%; Dr. Cautreels: 100%; Dr. Van Barlingen: 95%; Mr. Rowe: 95%; Ms. Bosley: 100% and Dr. Mummery: 100%. The overall attendance rate was 98%. In addition, certain Board members also attended a number of review meetings with scientific staff of the Group.

The Board of Directors acts as a collegial body. We do not have a formalized process in place to evaluate the Board, its Committees and its individual Directors; the Board is of the opinion that such evaluation can occur on an ongoing and informal basis within the framework of the meetings of the Board and its Committees.

During 2015, Galapagos NV complied with the Law of 28 July 2011 with respect to gender diversification in the Board of Directors, and the Board will continue to monitor future compliance.





## Committees

### Executive Committee

#### Composition of Galapagos NV's Executive Committee



**Onno van de Stolpe** founded Galapagos NV in 1999 and has served as our Chief Executive Officer and a member of the Board of Directors from 1999 to the present. From 1998 to 1999, he was the Managing Director of Genomics at IntroGene BV (later Crucell NV, which was acquired by Johnson & Johnson Services, Inc. in 2011). Prior to joining IntroGene in 1998, he was Managing Director of Molecular Probes Europe BV. He established these European headquarters after joining Molecular Probes, Inc. in the United States. Previously, he worked for The Netherlands Foreign Investment Agency in California, where he was responsible for recruiting biotechnology and medical device companies to locate in The Netherlands. Onno started his career as Manager of Business Development at MOGEN International NV in Leiden. He received an MSc degree from Wageningen University. Onno currently also serves as a member of the

supervisory board of the Stichting Institute for Human Organ and Disease Model Technologies and has in the past served as a member of the board of directors of DCPrime BV.



**Bart Filius, MBA** has served as our Chief Financial Officer since December 2014. Prior to that, Bart worked over 13 years at Sanofi SA, where he was the Chief Financial Officer of Sanofi Europe during the last three years. Earlier at Sanofi, he was the Country Manager and Chief Financial Officer of Sanofi in The Netherlands. Before that, he was Vice President for Mergers & Acquisitions, during which time he led and completed the divestiture of various franchises. Prior to joining Sanofi, he was a strategy consultant at Arthur D. Little. Bart has an MBA degree from INSEAD and a bachelor's degree in business from Nyenrode Business University.



**Piet Wigerinck, Ph.D.** joined Galapagos in April 2008 from Tibotec-Virco Comm. VA (a subsidiary of Johnson & Johnson Services, Inc.) where he was VP Drug Discovery, Early Development and CM&C, and a member of the Management Board. He started his professional career as a medicinal chemist at Janssen Research Foundation in 1992. He then joined Tibotec Group NV in 1998, where, under his leadership, TMC114 (Prezista™) and TMC435 (Olysio™) were selected and moved forward into clinical trials. Piet also played a key role in Tibotec's expansion into novel diseases such as Hepatitis C and advanced several compounds into Phase 1 and Phase 2 clinical trials. He brings over 25 years of research and development experience from both large pharmaceutical companies and biotechnology companies to Galapagos. Piet holds a Ph.D. from the K.U. Leuven and is inventor on more than 25 patent applications.



**Andre Hoekema, Ph.D.** is responsible for M&A, licensing and Intellectual Property at Galapagos. He had the lead in rolling out our pharmaceutical alliance strategy since its start in 2006, and is the architect of our collaboration with AbbVie for CF. Andre joined Galapagos in March 2005 from Invitrogen Corporation, where he was Managing Director of Corporate Development Europe, overseeing licensing and M&A for Invitrogen Europe. He brings 30 years of biotech experience from positions at Molecular Probes Europe BV (Managing Director of the European office), Crucell NV (Director of Business Development and Intellectual Property), Koninklijke DSM NV, MOGEN International NV (Research and Project Management), and Genentech, Inc. (postdoctoral researcher). Andre studied Chemistry and holds a Ph.D. from Leiden University. During his Ph.D. work, he invented the binary vector system for the genetic modification of plants, which he published in *Nature* in 1983; this has since then become the global standard in the field of agricultural biotech. He is the author of more than 30 peer-reviewed scientific papers, and an inventor of over 20 series of patent applications, resulting in 15 patents issued in the United States. Andre has previously served as a member of the supervisory board of VitalNext BV.

### About the Executive Committee of Galapagos NV

The tasks of the Executive Committee include the following matters: the research, identification and development of strategic possibilities and proposals which may contribute to Galapagos' development in general, the drafting and development of policy guidelines to be approved by the Board of Directors, Galapagos' management through, among other things, the implementation of policy guidelines, the supervision of the actual performance of the business compared to its strategic goals, plans and budgets, and the support of the CEO with the day-to-day management of Galapagos.

On 31 December 2015, the Executive Committee consisted of four people: Mr. Van de Stolpe (CEO, also executive Director), Mr. Bart Filius (CFO), Dr. Piet Wigerinck (Chief Scientific Officer) and Dr. Andre Hoekema (Senior Vice President, Corporate Development).

The Executive Committee meets regularly, and in principle once per month.

### Audit Committee

The role of the Audit Committee is to follow up on financial reporting and verification of financial data, verify and follow up on the internal control mechanisms, evaluate and verify the effectiveness of the risk assessment systems, and follow up on the internal and external audit activities.

At the end of 2015, the Audit Committee consisted of the following three Directors: Dr. Cautreels (Chairman), Dr. Van Barlingen and Mr. Rowe. All members of the Audit Committee are non-executive Directors, the majority of whom are independent within the meaning of article 526ter of the Belgian Companies Code. The Chairman is an independent non-executive Director and has extensive experience in financial matters (including general accounting and financial reporting) and in matters of audit, internal control and risk control. The other members have extensive experience in these matters as well.

In 2015, the Audit Committee held 5 meetings, in which it dealt with matters pertaining to audit review, risk management and monitoring financial reporting. The Audit Committee acts as a collegial body. The overall attendance (present or represented) at the Audit Committee meetings in 2015 was 93%. Some of the meetings were attended by the Statutory Auditor.



## Nomination and Remuneration Committee

The Nomination and Remuneration Committee's role is twofold: providing recommendations to the Board of Directors regarding the remuneration policy of Galapagos and the remuneration of Directors and members of the Executive Committee, and selecting the appropriate candidates and making recommendations to the Board of Directors in relation to the appointment of Directors and members of the Executive Committee.

At the end of 2015, the Nomination and Remuneration Committee consisted of the following three non-executive Directors: Dr. Parekh (Chairman), Dr. Cautreels and Ms. Bosley, the majority of whom are independent Directors. The Committee has the necessary expertise in the area of remuneration policy.

The Nomination and Remuneration Committee meets at least twice per year. In 2015, the Nomination and Remuneration Committee held 6 meetings, dealing with matters pertaining to grants of warrants and bonuses, the review of our remuneration policy and salary increases. The Nomination and Remuneration Committee acts as a collegial body. The overall attendance rate (present or represented) at the Nomination and Remuneration Committee meetings in 2015 was 100%. The CEO attended the meetings of this Committee when the remuneration of the other members of the Executive Committee was discussed.

## Composition of Board Committees (excluding Executive Committee)

	Audit Committee	Nomination and Remuneration Committee
Onno van de Stolpe		
Raj Parekh		*
Harrold van Barlingen	●	
Werner Cautreels <sup>1</sup>	*	●
Howard Rowe <sup>1</sup>	●	
Katrine Bosley <sup>1</sup>		●
Christine Mummery <sup>1</sup>		

● denotes committee membership

\* denotes committee chairmanship

<sup>1</sup> denotes qualification as an independent director within the meaning of article 526ter of the Belgian Companies Code

## Galapagos NV's share capital and shares

### Share capital increases and issue of shares by Galapagos NV in 2015

On 1 January 2015, the share capital of Galapagos NV amounted to €163,904,134.89 represented by 30,299,129 shares. In the course of 2015 there were four capital increases resulting from the exercise of warrants, resulting in the issuance of 1,244,714 new shares, an increase of the share capital by €6,733,902.74 and an increase of the issuance premium account by €5,269,197.19. In addition, on 19 May 2015, Galapagos NV issued 7,532,499 new shares in the framework of a concurrent public offering in the U.S. and private placement in Europe and countries other than the U.S. and Canada, resulting in an increase of the share capital by €40,750,819.59 and an increase of the issuance premium account by €237,951,643.41. At the end of 2015, the total share capital of Galapagos NV amounted to €211,388,857.22 represented by 39,076,342 shares.



On 30 April 2015, the Board of Directors issued 532,053 warrants (after acceptances) within the framework of the authorized capital, for the benefit of the Directors and an independent consultant of Galapagos NV, and of employees of the Group under a new warrant plan ("Warrant Plan 2015"). The offer of warrants to the Directors and to the members of the Executive Committee under Warrant Plan 2015 was approved by the Annual Shareholders' Meeting of 28 April 2015. The warrants issued under Warrant Plan 2015 have a term of eight years and an exercise price of €28.75.

On 21 December 2015, the Board of Directors conditionally issued up to 700,000 warrants (subject to acceptance by the beneficiaries) within the framework of the authorized capital, for the benefit of the Directors and an independent consultant of Galapagos NV, and of employees of the Group under new warrant plans ("Warrant Plan 2015 (B)" and "Warrant Plan 2015 RMV"). The offer of warrants to the Directors and to the members of the Executive Committee under Warrant Plan 2015 (B) was approved by the Special Shareholders' Meeting of 22 December 2015. The warrants issued under Warrant Plan 2015 (B) and Warrant Plan 2015 RMV have a term of eight years and an exercise price of €49.00. The acceptance of, in aggregate, 496,500 warrants under these two warrant plans was enacted on 2 March 2016.

## Number and form of Galapagos shares

Of the 39,076,342 shares of Galapagos NV outstanding at the end of 2015, 538,696 were registered shares and 38,537,646 shares were dematerialized shares. All shares are issued and fully paid up and are of the same class.

## Rights attached to Galapagos shares

Each share (i) entitles its holder to one vote at the Shareholders' Meetings; (ii) represents an identical fraction of the share capital and has the same rights and obligations and shares equally in the profit of Galapagos NV; and (iii) gives its holder a preferential subscription right to subscribe to new shares, convertible bonds or warrants in proportion to the part of the share capital represented by the shares already held. The preferential subscription right can be restricted or cancelled by a resolution approved by the Shareholders' Meeting, or by the Board of Directors subject to an authorization of the Shareholders' Meeting, in accordance with the provisions of the Belgian Companies Code and Galapagos NV's articles of association.

## Galapagos NV's authorized capital

In accordance with the articles of association, the Extraordinary Shareholders' Meeting of Galapagos NV authorized the Board of Directors to increase the share capital of Galapagos NV, in one or several times, and under certain conditions set forth *in extenso* in the articles of association of Galapagos NV. This authorization was renewed and is valid for a period of five years from the date of this renewal, i.e. 23 May 2011. The Board of Directors may increase the share capital of Galapagos NV within the framework of the authorized capital for an amount of up to €142,590,770.44. In 2015, Galapagos NV's Board of Directors made use of the right to increase the capital in the framework of the authorized capital on three occasions: (1) on 30 April 2015, in connection with the issuance of Warrant Plan 2015 under which a maximum of 532,053 new shares can be issued for a total maximum capital increase of €2,878,406.73 (plus issuance premium); (2) on 19 May 2015, in connection with the concurrent public offering in the U.S. and private placement in Europe and countries other than the U.S. and Canada, resulting in an increase of the share capital by €40,750,819.59 (plus issuance premium) and the issuance of 7,532,499 new shares; and (3) on 21 December 2015, in connection with the issuance of Warrant Plan 2015 (B) and Warrant Plan 2015 RMV, under which (subject to the acceptance of the offered warrants by the beneficiaries) an aggregate maximum of 700,000 new shares could be issued for a total maximum capital increase of €3,787,000.00 (plus issuance premium). On 31 December 2015, an amount of €70,410,696.51 still remained available under the authorized capital.

When increasing the share capital within the limits of the authorized capital, the Board of Directors may, in Galapagos NV's interest, restrict or cancel the shareholders' preferential subscription rights, even if such restriction or cancellation is made for the benefit of one or more specific persons other than the employees of the Group.





## Procedure for changes in Galapagos NV's share capital

In accordance with the Belgian Companies Code, Galapagos NV may increase or decrease its share capital by decision of the Extraordinary Shareholders' Meeting approved by a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of Galapagos NV is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting. In this respect, there are no conditions imposed by Galapagos NV's articles of association that are more stringent than those required by law.

Within the framework of the powers granted to it under the authorized capital, the Board of Directors may also increase Galapagos NV's capital as specified in its articles of association.

## Purchase and sale of Galapagos treasury shares

In accordance with the Belgian Companies Code, Galapagos NV may purchase, subject to the provisions of the Belgian Companies Code, Galapagos NV's own shares and dispose thereof by decision of the Extraordinary Shareholders' Meeting approved by a majority of 80% of the votes cast, at a meeting where at least 50% of the share capital of Galapagos NV is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting. The aforementioned rules are also applicable to the acquisition of shares of Galapagos NV by its subsidiaries.

The Board of Directors has currently not been authorized by an Extraordinary Shareholders' Meeting to purchase or sell its own shares.

On 31 December 2015, neither Galapagos NV nor any subsidiary of Galapagos NV held any shares in Galapagos NV, nor did any third party hold any shares in Galapagos NV on behalf of Galapagos NV or any of its subsidiaries either.

## Anti-takeover provisions in Galapagos NV's articles of association

Galapagos NV's articles of association currently do not contain any anti-takeover provisions.

## Anti-takeover provisions under Belgian law

Under Belgian law, public takeover bids for all outstanding voting securities of the issuer are subject to the supervision of the FSMA. If the latter determines that a takeover violates Belgian law, it may lead to suspension of the exercise of the rights attached to any shares that were acquired in connection with the envisaged takeover. Pursuant to the Belgian Law of 1 April 2007 on public takeovers, a mandatory takeover bid must be made when, as a result of its own acquisition or the acquisition by persons acting in concert with it, a person owns, directly or indirectly, more than 30% of the securities with voting rights in a company with registered office in Belgium whose securities are admitted to trading on a regulated or recognized market. The acquirer must offer to all other shareholders the opportunity to sell their shares at the higher of (i) the highest price offered by the acquirer for shares of the issuer during the 12 months preceding the announcement of the bid or (ii) the weighted average price of the shares on the most liquid market of the last 30 calendar days prior to the date on which it became mandatory for the acquirer to launch a mandatory takeover bid for the shares of all other shareholders.

## Procedure for amendments to Galapagos NV's articles of association

Pursuant to the Belgian Companies Code, any amendment to the articles of association, such as an increase or decrease in the share capital of Galapagos NV, and certain other matters, such as the approval of the dissolution, merger or de-merger of Galapagos NV may only be authorized with the approval of at least 75% of the votes validly cast at an Extraordinary Shareholders' Meeting where at least 50% of Galapagos NV's share capital is present or represented. If



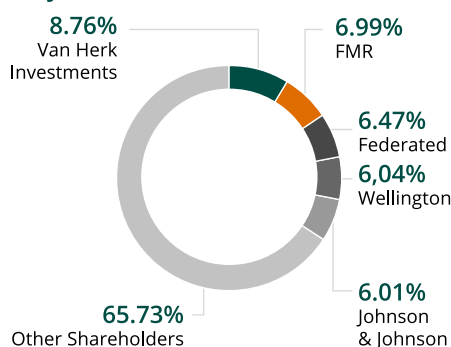
the attendance quorum of 50% is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting.

## Shareholders

### Major shareholders of Galapagos NV

Based on the transparency notifications received by Galapagos NV under Belgian law and the statements of acquisition of beneficial ownership filed on Schedule 13G with the U.S. Securities and Exchange Commission under U.S. securities law, the shareholders owning 5% or more of its shares on 31 December 2015 were Van Herk Investments BV (3,423,363 shares or 8.76%), FMR LLC (2,732,508 shares or 6.99%), Federated Investors, Inc. (2,528,773 shares or 6.47%), Wellington Management Group LLP (2,359,857 shares or 6.04%) and Johnson & Johnson (2,350,061 shares or 6.01%).

#### Major shareholders on 31 December 2015



After 31 December 2015, we received a joint transparency notification from Gilead Sciences, Inc. and Galapagos NV notifying that Gilead Sciences, Inc., as a result of its entirely-controlled subsidiary Gilead Biopharmaceutics Ireland Unlimited Company subscribing to a capital increase and thus receiving 6,760,701 new shares of Galapagos NV on 19 January 2016, indirectly holds 14.75% of the shares of Galapagos NV outstanding on 19 January 2016. A 10% notification threshold of Galapagos NV's voting rights was thus crossed. On 28 January 2016, we received a transparency notification from Wellington Management Group LLP, confirming that, as a result of the aforementioned capital

increase, its shareholding had passively decreased below the lowest 5% notification threshold of Galapagos NV's voting rights. On 1 March 2016, we received a transparency notification from Johnson & Johnson, indicating that affiliates under its control sold 2,350,061 shares. Johnson & Johnson continued to be a shareholder, but its shareholding decreased below the lowest 5% notification threshold of Galapagos NV's voting rights. A pie chart representing our major shareholders based on transparency notifications received to date and the statements of acquisition of beneficial ownership filed on Schedule 13G filed with the SEC to date is available on our website, [www.glpn.com](http://www.glpn.com).

At the end of 2015, the CEO owned 538,289 shares of Galapagos NV and 636,874 warrants. The other members of the Executive Committee held an aggregate of 17,852 shares and 740,000 warrants. The other members of the Board held an aggregate of 16,074 shares and 115,730 warrants. Each warrant entitles its holder to subscribe to one share of Galapagos NV.

### Agreements between Galapagos NV shareholders

On the date of this report, Galapagos NV had no knowledge of the existence of any shareholders' agreements between its shareholders.

### Agreements with major Galapagos NV shareholders

On 23 October 2007, Galapagos NV entered into the Rheumatoid Arthritis Research Alliance and Option Agreement and the Reserved Program Option Agreement with Janssen Pharmaceutica NV, an affiliate of Johnson & Johnson. These agreements were terminated in March 2015. Moreover, on 1 March 2016, we received a transparency notification from



Johnson & Johnson, indicating that affiliates under its control sold 2,350,061 shares. Johnson & Johnson continued to be a shareholder, but its shareholding decreased below the lowest 5% notification threshold of Galapagos NV's voting rights.

Throughout 2015 there were no lock-up agreements in effect between Galapagos NV and any of its shareholders. On 19 January 2016, Gilead Sciences, Inc. and Galapagos NV completed the closing of their global collaboration for filgotinib (see "[Subsequent events](#)"), in the framework of which Gilead Biopharmaceutics Ireland Unlimited Company made a \$425 million (or €392 million) equity investment in Galapagos NV by subscribing to new shares at a price of €58 per share, including issuance premium. This resulted in Gilead owning 6,760,701 ordinary shares of Galapagos NV, representing 14.75% of the then outstanding share capital of Galapagos. In the framework of this transaction, the parties agreed to a lock-up arrangement.

## Remuneration report

### Determination of remuneration of Directors and Executive Committee members of Galapagos NV

The procedure for establishing the remuneration policy and setting remuneration for members of the Board of Directors and of the Executive Committee is determined by the Board of Directors on the basis of proposals from the Nomination and Remuneration Committee, taking into account relevant benchmarks with appropriate peer companies and, for the members of the Executive Committee, also the Group's performance rating system.

The remuneration of the members of the Board and the grant of warrants to members of the Board are submitted by the Board for approval to the Shareholders' Meeting, and are only implemented after such approval.

The fixed and variable remuneration of the CEO (who is a member of the Board) is established by the Board of Directors based upon an authorization from the Shareholders' Meeting. The fixed and variable remuneration of, and grant of warrants to, the other members of the Executive Committee is established by the Board of Directors, upon recommendation of the Nomination and Remuneration Committee.

### Our remuneration policy

#### Principles

The objective of our remuneration policy is to attract, motivate and retain the qualified and expert individuals that we need in order to achieve our strategic and operational objectives. In light of the remuneration policy, the structure of the remuneration package for the Executive Committee is designed to balance short-term operational performance with the long-term objective of creating sustainable value, while taking into account the interests of all stakeholders.

The remuneration of the non-executive Directors consists of a fixed annual amount, irrespective of the number of Board meetings that are held during the year, with a correction principle pursuant to which, in the event a Director's presence rate at Board meetings is below 75%, the annual remuneration will be proportionally decreased. The remuneration of the non-executive Directors does not contain a variable part. The Board fees are paid in quarterly installments at the end of each calendar quarter.

The remuneration of the CEO and of the other members of the Executive Committee consists of a fixed amount and of a variable part (bonus). Remuneration increases and bonuses are merit-driven and based on our performance rating system that is based on individual performance (including exceptional deliverables) in combination with our overall performance, compared to the level of achievement of individual and corporate objectives that are established annually. The corporate objectives and the CEO's objectives are established annually by the Board of Directors, and



the objectives of the other members of the Executive Committee are established annually by the CEO and are in relation to the corporate objectives set by the Board. For 2015 the corporate objectives included elements of clinical trial progression, cash position, corporate development and business development; all of these objectives were considered to be of equal importance. The level of achievement of the objectives for the CEO is reviewed at the end of each year by the Nomination and Remuneration Committee and discussed and finally established by the Board, and the level of achievement of the objectives of the other members of the Executive Committee is assessed by the CEO at the end of the year in connection with appraisal discussions, discussed by the Nomination and Remuneration Committee and finally established by the Board of Directors.

Pursuant to the rules of the Senior Management Bonus Scheme established in 2006, 50% of the bonus is paid immediately around year-end and the payment of the other 50% is deferred for three years. The deferred 50% component is dependent on the change in the price of Galapagos NV's share relative to the Next Biotech Index (which tracks Euronext-listed biotech companies). The share price and the Next Biotech Index at the start and end of the 3-year period is calculated by the average price over the preceding and last month of the 3-year period, respectively.

- If the share price change is better than or equal to the change in the Next Biotech Index, the deferred bonus will be adjusted by the share price increase/decrease and paid out
- If the share price change is up to 10% worse than the change in the Next Biotech Index, 50% of the deferred bonus will be adjusted by the share price increase/decrease and paid out, and the remainder will be forfeited
- If the share price change is more than 10% worse than the change in the Next Biotech Index the deferred bonus will be forfeited

To be entitled to any deferred payment under the bonus scheme the beneficiary must still be in our employ.

In addition, exceptional special bonuses, outside the scope of the regular bonus schemes, can be considered by the Board upon recommendation of the Nomination and Remuneration Committee in the event of and for exceptional achievements.

### **Relative importance of the various components**

The CEO's bonus under the Senior Management Bonus Scheme can be maximum 100% of the fixed part of his annual remuneration of the year for which the bonus is awarded. The aggregate bonuses of the other members of the Executive Committee under the Senior Management Bonus Scheme can be maximum 60% of the total amount of the fixed part of their aggregate annual remuneration of the year for which the bonus is awarded. In addition, the CEO and/or the other members of the Executive Committee enjoy a number of benefits such as pension payments, insurances and other fringe benefits, the monetary value of which is, however, limited.

### **Performance-related premiums in shares, options or other rights to acquire shares**

Galapagos does not provide for any performance-related premiums in shares, options or other rights to acquire shares. The warrants granted to members of the Board of Directors (including the CEO) are not considered as a (performance-related or otherwise) variable remuneration as defined by the Belgian Companies Code.

### **Information on the remuneration policy for the next two years**

We currently have no plans to substantially deviate from the general principles of the remuneration policy used in 2015 and the years before, as described above, in the next two financial years.

## **Remuneration of non-executive Directors of Galapagos NV**

Pursuant to the decision of the Annual Shareholders' Meeting of 28 April 2015, the total maximum amount of the annual remuneration for all Directors together (other than Dr. Parekh and the CEO) for the exercise of their mandate as a Director of Galapagos NV is fixed, on an aggregate basis, at €200,000 (plus expenses). The same Annual Shareholders' Meeting granted a power of attorney to the Board to determine the remuneration of the individual Board members within the limits of said aggregate amount. Pursuant to this power of attorney, the Board determined, after



discussion within the Nomination and Remuneration Committee, the allocation of the aggregate annual remuneration for Directors as follows: (a) annual remuneration for each non-executive Director (Dr. Cautreels, Dr. Van Barlingen, Mr. Rowe and Ms. Bosley): €40,000; and (b) additional remuneration for the chairman of the Audit Committee (Dr. Cautreels): €5,000. Dr. Mummery, being appointed as non-executive Director as from 30 September 2015, received €10,000 as remuneration for the performance of her mandate during the last quarter of 2015.

In the event a Director has an attendance rate at Board meetings that is below 75%, the amounts referred to above are proportionally decreased. Directors representing a shareholder in the Board of Directors would only receive reimbursement of the expenses incurred for participating in the Board of Directors (there were no such Directors in 2015).

The remuneration of the non-executive Directors does not contain a variable part; hence no performance criteria apply to the remuneration of the non-executive Directors.

The Chairman of the Board of Directors, Dr. Parekh, does not receive remuneration like the other Directors. However, a consultancy contract was made with him in 2005, under which he receives an annual fee of £50,000 as compensation for giving strategic advice.

In 2015, we issued three warrant plans for the benefit of employees of the Group and of the Directors and one independent consultant of Galapagos NV: Warrant Plan 2015, Warrant Plan 2015 (B) and Warrant Plan 2015 RMV. In accordance with the resolution of the Annual Shareholders' Meeting of 28 April 2015, the following number of warrants were offered under Warrant Plan 2015 to the non-executive Directors: Dr. Parekh: 5,400 warrants; Dr. Cautreels: 3,780 warrants; and Ms. Bosley, Dr. Van Barlingen and Mr. Rowe: each 2,520 warrants. All Directors accepted the warrants offered. These warrants have a term of eight years. The exercise price of the warrants is €28.75. As regards the Directors, the warrants vest over a period of 36 months at a rate of  $1/36^{\text{th}}$  per month. The warrants cannot be transferred and cannot be exercised prior to the end of the third calendar year following the year of the grant. Moreover, in accordance with the resolution of the Special Shareholders' Meeting of 22 December 2015, the following number of warrants were offered under Warrant Plan 2015 (B) to the non-executive Directors: Dr. Parekh: 15,000 warrants; Dr. Cautreels, Dr. Van Barlingen, Mr. Rowe, Ms. Bosley and Dr. Mummery: each 7,500 warrants. All Directors accepted the warrants offered. These warrants have a term of eight years. The exercise price of the warrants is €49.00. As regards the Directors, the warrants vest over a period of 36 months at a rate of  $1/36^{\text{th}}$  per month. The warrants cannot be transferred and cannot be exercised prior to the third anniversary of the notary deed enacting the acceptance of the warrants. No warrants were offered to Directors under Warrant Plan 2015 RMV. The Board of Directors does not consider the above warrants as variable remuneration as defined by the Belgian Companies Code as they are not subject to any performance-related criteria.

The Board of Directors points out that provision 7.7 of the Belgian Corporate Governance Code 2009 stipulates that non-executive Directors should not be entitled to performance-related remuneration such as stock-related long-term incentive schemes. In deviation from this provision, the Board of Directors has decided to grant warrants to non-executive Directors. This way, Galapagos has additional possibilities to attract competent non-executive Directors and to offer them an attractive additional remuneration that does not affect Galapagos' cash position. Furthermore, the grant of warrants is a commonly used method in the sector in which Galapagos operates. Without this possibility, Galapagos would be confronted with a considerable disadvantage compared to competitors and peer companies who do offer stock-related incentive schemes to their non-executive Directors. The Board of Directors is of the opinion that the granting of warrants has no negative impact on the functioning of the non-executive Directors.

Except as set forth above, there are no other benefits granted to the non-executive Directors.





## Remuneration of executive Directors of Galapagos NV

Mr. Van de Stolpe is an executive member of the Board of Directors. As managing Director and CEO, he acts as Chairman of the Executive Committee. Mr. Van de Stolpe does not receive any specific or additional remuneration for his work on the Board of Directors, as this is part of his total remuneration package in his capacity as member of the Executive Committee.

## Criteria and methods to evaluate the performance of Galapagos NV's CEO and other Executive Committee members in connection with their performance-based remuneration

The executive Director (CEO) and the members of the Executive Committee are eligible for performance-based remuneration (bonus). The level of the achieved bonus is established annually by the Board of Directors upon recommendation of the Nomination and Remuneration Committee (whose recommendation is based on proposals from the CEO with respect to the other members of the Executive Committee). The award of a bonus is merit-driven and based on the Group's performance rating system that is based on annual individual performance (including exceptional deliverables) in combination with our overall performance, compared to the level of achievement of individual and corporate objectives that are established annually. The corporate objectives and the CEO's objectives are established annually by the Board of Directors, and the objectives of the other members of the Executive Committee are established annually by the CEO. For 2015 the corporate objectives included elements of clinical trial progression, cash position, corporate development and business development; all of these objectives were considered to be of equal importance. Each of the corporate objectives is clear and measurable so that it is easy to determine whether or not a specific objective has been achieved or not.

## Gross remuneration of our CEO for financial year 2015

- i. Base salary (fixed): €456,297 (including €18,860 in the form of pension contributions).
- ii. Variable remuneration (bonus): given the level of achievement of the criteria from the Senior Management Bonus Scheme to be entitled to a bonus (i.e. the corporate objectives for 2015), a bonus equal to 100% of the 2015 base salary was awarded over 2015, of which 50% was paid early January 2016, and the other 50% was deferred for 3 years. The value of the 50% deferred part of the bonus awarded over 2012 was established at the end of 2015 and resulted in a payment in early January 2016 of an amount of €400,757 (a multiple of 3.17 of the deferred bonus, as a result of the share price performance over the period 2012-2015 as per the provisions of the Senior Management Bonus Scheme). In addition, upon recommendation of the Nomination and Remuneration Committee, the Board resolved to award an exceptional special bonus given the success of the NASDAQ listing, amounting to €275,000, of which 50% was payable in June 2015, and the other 50% was deferred for 3 years.
- iii. Pension: €47,386 (of which €18,860 are part of the fixed base salary).
- iv. Other components of the remuneration: company car and payments for invalidity and healthcare cover, totaling €19,900.
- v. In its meeting of 1 December 2015 (in application of article 523 of the Belgian Companies Code and without the CEO being present) the Board of Directors resolved, upon recommendation of the Nomination and Remuneration Committee, to increase the CEO's salary by 3.5% as from 2016. The principles applied for such increase were in line with the Remuneration Policy described above.



## Aggregate gross remuneration of the other Executive Committee members for financial year 2015

- i. Base salaries (fixed): €868,059 (including €60,000 in the form of pension contributions).
- ii. Variable remunerations (bonuses): given the level of achievement of the criteria from the Senior Management Bonus Scheme to be entitled to a bonus (i.e. the corporate objectives for 2015), an aggregate bonus of €520,830 (i.e. 100% of the aggregate bonus pool) was awarded over 2015 of which 50% was paid early January 2016, and the other 50% was deferred for 3 years. The value of the 50% deferred part of the bonus awarded over 2012 was established at the end of 2015 and resulted in a payment in early January 2016 of an amount of €227,703 (a multiple of 3.17 of the deferred bonus, as a result of the share price performance over the period 2012-2015 as per the provisions of the Senior Management Bonus Scheme). In addition, upon recommendation of the Nomination and Remuneration Committee, the Board resolved to award an exceptional special bonus given the success of the NASDAQ listing, amounting to €750,000, of which 50% was payable in June 2015, and the other 50% was deferred for 3 years.
- iii. Pensions: €96,791 (of which €60,000 are part of the fixed base salary).
- iv. Other components of the remunerations: company cars, payments for invalidity and healthcare cover, and other fringe benefits, totaling €42,630.

In its meeting of 1 December 2015 the Board of Directors resolved, upon recommendation of the Nomination and Remuneration Committee, to implement salary increases as from 2016 for the members of the Executive Committee generally in line with the increases awarded in previous years, based on individual performance and taking into account relevant benchmarks. The principles applied for such increases were in line with the Remuneration Policy described above.

## Shares, warrants or other rights to acquire shares awarded to, exercised by or expired for the Galapagos NV Executive Committee members during financial year 2015

In 2015, only warrants were offered to the members of the Executive Committee, and no shares or other rights to acquire shares were awarded. No warrants expired for members of the Executive Committee in 2015 and, in aggregate, 243,126 warrants were exercised by members of the Executive Committee in 2015 (228,126 warrants were exercised by Onno van de Stolpe, 7,500 warrants by Piet Wigerinck and 7,500 warrants by Andre Hoekema). The Board of Directors does not consider the granted warrants as a variable remuneration, as they are not subject to any performance criteria. The following number of warrants were offered to and accepted by members of the Executive Committee in 2015: (i) under Warrant Plan 2015, issued by the Board of Directors under the authorized capital on 30 April 2015, to Mr. Van de Stolpe: 100,000 warrants, to each of Dr. Wigerinck and Dr. Hoekema: 30,000 warrants and to Mr. Filius: 15,000 warrants; and (ii) under Warrant Plan 2015 (B), issued by the Board of Directors under the authorized capital on 21 December 2015, to Mr. Van de Stolpe: 100,000 warrants, to each of Dr. Wigerinck and Mr. Filius: 50,000 warrants and to Dr. Hoekema: 40,000 warrants.

The warrants issued under Warrant Plan 2015 have an exercise price of €28.75 per warrant, a life time of 8 years, and vest only and fully at the end of the third calendar year after the year of the grant, except for Mr. Van de Stolpe, whose warrants vest over a period of 36 months at a rate of 1/36<sup>th</sup> per month. The warrants cannot be exercised prior to the end of the third calendar year after the year of the grant; they are not transferable, and each warrant gives the right to subscribe to one share of Galapagos NV.



The warrants issued under Warrant Plan 2015 (B) have an exercise price of €49.00 per warrant, a life time of 8 years, vest only and fully on the third anniversary of the notary deed enacting the acceptance of the warrants, except for Mr. Van de Stolpe, whose warrants vest over a period of 36 months at a rate of 1/36<sup>th</sup> per month. The warrants cannot be exercised prior to the third anniversary of the notary deed enacting the acceptance of the warrants. They are not transferable, and each warrant gives the right to subscribe to one share of Galapagos NV.

At the end of 2015, Mr. Van de Stolpe owned 538,289 shares of Galapagos NV and 636,874 warrants. The other members of the Executive Committee held an aggregate of 17,852 shares and 740,000 warrants. The other members of the Board held an aggregate of 16,074 shares and 115,730 warrants. Each warrant entitles its holder to subscribe to one share of Galapagos NV. This does however not take into account the warrants offered under Warrant Plan 2015 (B). These warrants were offered on 22 December 2015 subject to acceptance by the beneficiaries; as per 31 December 2015, they were not yet formally accepted nor issued.

## Contractual provisions regarding compensation for severance for the Galapagos NV Executive Committee members

The contracts between Galapagos NV (or its relevant affiliates) and the CEO and other members of the Executive Committee do not provide for severance compensation. They do not contain notice periods that exceed six months. However, Galapagos NV entered into undertakings with the CEO and the other members of the Executive Committee, providing that in case their contract with the Group is terminated as a result of a change of control of Galapagos, they would be entitled to a severance compensation of 12 months' base salary for the CEO and 9 months' base salary for the other members of the Executive Committee.

## Severance payments for departing Galapagos NV Executive Committee members during financial year 2015

Not applicable; in 2015 no members of the Executive Committee (including the CEO) left Galapagos.

## Claw-back right of Galapagos relating to variable remuneration

There are no contractual provisions in place between Galapagos and the CEO or the other members of the Executive Committee that give Galapagos a contractual right to reclaim from said executives the variable remuneration that would be awarded based on erroneous financial information.

## Conflict of interests and related parties

In the event of a transaction where a Director's interest conflicts with the interest of Galapagos NV, the Director shall notify the Board of Directors in advance of the conflict and will act in accordance with the relevant rules of the Belgian Companies Code (i.e. article 523 of the Belgian Companies Code). In addition, Galapagos' Corporate Governance Charter and Galapagos' Related Person Transaction Policy contain procedures for transactions between Galapagos and its Directors, members of its Executive Committee or major shareholders. Without prejudice to the procedure defined in article 523 of the Belgian Companies Code, these policies provide that all transactions between Galapagos and its Directors, its members of the Executive Committee or its representatives need the approval of the Audit Committee and the Board of Directors, which approval can only be provided for transactions at normal market conditions. Moreover, conflicts of interest, even in the event they are not a conflict of interest within the meaning of article 523 of the Belgian Companies Code, are enacted in the meeting minutes, and the Director or member of the Executive Committee cannot participate to the voting.



In 2015, three cases of conflict of interests between Galapagos NV and a Director within the meaning of article 523 of the Belgian Companies Code were noted:

- i. In a meeting of the Board of Directors held on 23 June 2015, the following was reported in accordance with article 523 of the Belgian Companies Code and in connection with the recommendation of the Nomination and Remuneration Committee, further to the resolution of the Shareholders' Meeting of 28 April 2015, as to the allocation of the aggregate annual remuneration of €200,000 (plus expenses) for Directors (other than Dr. Parekh and Mr. Van de Stolpe) for the exercise of their mandate as Director: the Chairman declared that the Directors involved had informed the Board of a conflict of interest, concerning their proposed remuneration. It has been explained to the Board that the proposed remuneration for each Director falls within the scope and limits of the authorization of the AGM of 28 April 2015. The level of these remunerations will have no material impact on the financial position of Galapagos NV. Insofar as it related to his/her individual remuneration, the Director involved did not take part in the deliberation and the vote concerning this decision.
- ii. During the same meeting of 23 June 2015, the following was reported in accordance with article 523 of the Belgian Companies Code and in connection with an exceptional bonus of €275,000 for the CEO as reward for the tremendous importance and impact and the exceptional success of the NASDAQ listing: the Chairman declared that Mr. Van de Stolpe had informed the Board of Directors of a conflict of interest, concerning the proposed award to him of said exceptional bonus. The Board was of the opinion that said exceptional bonus is a justified reward for the exceptional success of the recent offering and NASDAQ listing, which completely changed and strengthened the position of the company. The exceptional bonus will have no material impact on the financial position of the company. Mr. Van de Stolpe did not take part in the deliberation and the vote concerning this decision.
- iii. In a meeting of the Board of Directors held on 1 December 2015, the following was reported in accordance with article 523 of the Belgian Companies Code and in connection with the salary increase and bonus for the CEO: the Chairman declared that Mr. Onno van de Stolpe had informed the Board of Directors of a conflict of interest, concerning the proposed award to him of a salary increase and a bonus. The salary of Mr. Van de Stolpe was increased with 3.50% as of 2016. Given the actual level of achievement of the criteria from the Senior Management Bonus Scheme to be entitled to a bonus (i.e. the corporate objectives for 2015) a bonus equal to 100% of his 2015 salary was awarded to Mr. Van de Stolpe for 2015. It has been explained to the Board that said salary increase and bonus is a justified reward for the results achieved by Mr. Van de Stolpe in 2015. The salary increase and bonus will have no material impact on the financial position of the company. The Board shares the opinion of the Remuneration Committee that the proposed salary increase and bonus is justified and reasonable. Mr. Van de Stolpe did not take part in the deliberation and the vote concerning this decision.



## Statement by the Board of Directors

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The Board of Directors of Galapagos NV, represented by all its members, declares that, as far as it is aware, the statutory accounts and consolidated financial statements, prepared according to the applicable standards for financial statements, give a true and fair view of the equity, financial position and the results of Galapagos NV and its consolidated companies as of 31 December 2015.

The Board of Directors of Galapagos NV, represented by all its members, further declares that, as far as it is aware, this report to the shareholders for the financial year ending on 31 December 2015, gives a true and fair view on the development, results and position of Galapagos NV and its consolidated companies and on the most important risks and uncertainties with which Galapagos is confronted.

The Board of Directors will submit proposed resolutions to the Shareholders' Meeting to approve the annual accounts for the financial year 2015, and to release the Directors and the Statutory Auditor from liability for the performance of their mandate during the financial year ended 31 December 2015.

Mechelen, 21 March 2016

On behalf of the Board of Directors

**Onno van de Stolpe**  
CEO

**Raj Parekh**  
Chairman