

Corporate governance

Corporate governance at
Galapagos in 2018

we **raise** the bar.



Galapagos' corporate governance policies

We have adopted the Belgian Corporate Governance Code 2009 (which can be consulted on 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). 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 below.

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 our board of directors since 2004. Dr. Parekh is a General Partner at Advent Life Sciences LLP, which he joined in 2006. 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; Amsterdam Molecular Therapeutics (AMT) Holding NV (now uniQure); Aura, Inc.; Itara Ltd.; and Cellnovo SA. Dr. Parekh currently serves as a member of the board of directors of Advent Venture Partners; Advent Life Sciences LLP; Aleta, Inc.; Amphista Therapeutics Ltd.; Arrakis, Inc.; Artax, Inc.; Capella BioSciences Ltd.; Levicept Limited; PE Limited; Alpha Anomeric SA; Macrolide, Inc.; Project Paradise Limited; and Tridek-One Therapeutics SAS. 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.

Werner Cautreels, Ph.D. has served as a member of our board of directors since 2009. Dr. Cautreels was the President and Chief Executive Officer and member of the board of Selecta Biosciences, Inc. from 2010 until December 2018. He is a co-founder and board member of Accoy Pharmaceuticals since 2016. Previously, Dr. Cautreels 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. Dr. Cautreels was a director of Innogenetics NV and ArQule, Inc. from 1999 until 2006, and of Seres Therapeutics Inc. from 2012 until 2016. He



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was the President of the Belgian-Luxembourg 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.

Howard Rowe, JD has served as a member of our board of directors since 2010. Mr. Rowe 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., MedAvante, Inc. and Ikonisys, Inc. Prior to his investing activities, Mr. Rowe 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. Mr. Rowe 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 Managers of Paradigm Spine LLC.

Katrine Bosley has served as a member of our board of directors since 2013. Ms. Bosley served as the President, Chief Executive Officer and member of the board of directors of Editas Medicine, Inc. from June 2014 to March 2019. 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. Ms. Bosley 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. Ms. Bosley graduated from Cornell University with a B.A. in Biology. She currently serves on the boards of Genocoea Biosciences, Inc., the Biotechnology Innovation Organization and of the Massachusetts Eye and Ear Institute.

Christine Mummery, Ph.D. has served as a member of our board of directors since 30 September 2015. Dr. Mummery 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. Dr. Mummery 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), the KHMW, editor of the Cell Press journal Stem Cell Reports, (vice) president of the International Society for Stem Cell Research and past-president of the International Society of Differentiation. She was co-founder of Pluriomics BV (now Ncardia BV). In addition, she chairs the executive board of the Institute for human Organ and Disease Model Technologies (hDMT), a non-profit R&D institute of which the LUMC is a founding partner. She is a review committee member of the European Research Council, the Leducq Foundation, the Wellcome Trust (*ad hoc*) and the Heineken Jury Prize (KNAW). She is further on the scientific advisory boards of the Gurdon Institute (Cambridge, UK), Stem Cell Australia and the Allen Institute, Seattle.



Mary Kerr, Ph.D., has served as a member of our board of directors since 26 July 2016. Dr. Kerr, a UK national, is Chief Executive Officer and director at NeRRe Therapeutics and Chief Executive Officer and director at KaNDy Therapeutics. Prior to her appointment at NeRRe, Dr. Kerr held a range of senior leadership roles at GSK over more than 20 years, most recently as Senior Vice President and Global Franchise leader for the Immuno-inflammation and Infectious Diseases franchise. Dr. Kerr was a founding member and on the Corporate Executive team of ViiV Healthcare where she led a turnaround in the performance of the HIV business in Europe. She has spent the majority of her career on the R&D commercial interface in global strategy and regional operational roles, predominantly in the specialty and orphan space. Dr. Kerr gained a Ph.D. in Pharmacology at the University of Bradford, did post-doctoral research at the Michigan Cancer Foundation in Detroit and has an MBA from the University of Kingston.

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. Van de Stolpe, all board members are non-executive directors.

In 2018, the following persons were members of the board: Dr. Parekh (Chairman), Mr. Van de Stolpe (CEO), Dr. Van Barlingen (until 24 April 2018), Dr. Cautreels, Mr. Rowe, Ms. Bosley, Dr. Mummery and Dr. Kerr; the latter four directors were appointed as independent directors within the meaning of article 526ter of the Belgian Companies Code. Dr. Cautreels, who had previously served as an independent director, no longer met the independence criteria upon his reappointment for a fourth consecutive term on 24 April 2018 because article 526ter, 2° of the Belgian Companies Code only allows for a maximum of three consecutive terms for independent directors.

In 2018, the board thus consisted of three women and five men (as from 24 April 2018: four men), representing four different nationalities and different age categories.

Name	Nationality	Year of birth
Onno van de Stolpe	Dutch	1959
Rajesh Parekh	British	1960
Harrold van Barlingen ⁽¹⁾	Dutch	1965
Werner Cautreels	Belgian	1952
Howard Rowe	British and U.S.	1969
Katrine Bosley	U.S.	1968
Christine Mummery	British and Dutch	1953
Mary Kerr	British	1961

(1) Until 24 April 2018

Furthermore, our board members have different educational backgrounds, as can be read in each of their profiles (above).



During 2018, 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. In proposing candidates, particular consideration is given to diversity in gender, age, nationality, educational and professional background, as well as complementary skills, knowledge and experience.

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. During its meetings in 2018, the board dealt with matters pertaining to, among other things, our strategy and growth, the evaluation of business development opportunities, convening of the shareholders' meeting and preparation of resolutions to be submitted for approval to the shareholders, review and approval of our financial reporting and assessment of the board and its committees.

In 2018, the board of directors held four regular meetings, eight meetings by telephone conference to discuss specific matters and two meetings in the presence of a notary (relating to the issuance of Warrant Plan 2018 and Warrant Plan 2018 RMV, and the issuance of shares with cancellation of the shareholders' preferential subscription rights). One meeting in the presence of a notary was attended by Dr. Cautreels and Dr. Van Barlingen via telephone conference; all other directors were represented by proxy. The other meeting in the presence of a notary was attended by Mr. Van de Stolpe and Dr. Cautreels; all other directors were represented by proxy.

The attendance rate for the other meetings was as follows: Dr. Parekh: 67%; Mr. Van de Stolpe: 92%; Dr. Cautreels: 100%; Dr. Van Barlingen: 100%; Mr. Rowe: 83%; Ms. Bosley: 75%; Dr. Mummery: 92% and Dr. Kerr: 92%. The overall attendance rate was 88%. 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. A formal evaluation of the board and its committees was initiated in December 2017 and was completed in March 2018. Each board member provided feedback through individual assessment forms. The results were presented on an aggregate basis by the secretary of the board and served as a basis for discussion by the full board. This evaluation specifically addressed the functioning of the board, the size and composition of the board, the interaction between the board and the executive management, and the functioning of the audit committee and the nomination and remuneration committee.



Committees

Executive committee

Composition of Galapagos NV's executive committee



Onno van de Stolpe founded our company in 1999 and has served as our Chief Executive Officer and a member of our 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 the 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. Mr. Van de Stolpe started his career as Manager of Business Development at MOGEN International NV in Leiden. He received an MSc degree from

Wageningen University. Mr. Van de Stolpe has previously served as a member of the board of directors of DCPrime BV and as a member of the supervisory board of the Stichting Institute for Human Organ and Disease Model Technologies.



Bart Filius, MBA has served as our Chief Financial Officer since December 2014 and as our Chief Operating Officer since September 2017. Prior to that, Mr. Filius 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. Mr. Filius has an MBA degree from INSEAD and a bachelor's degree in business from Nyenrode Business University.



Piet Wigerinck, Ph.D. joined us in April 2008 as SVP Development and was appointed Chief Scientific Officer in 2012. Under his leadership, we have developed a large pipeline of novel mechanism of action drug candidates. He has supervised multiple successful proof-of-concept patient studies, including filgotinib, GLPG1690, and MOR106. Prior to his tenure at Galapagos, Dr. Wigerinck was Vice President, Drug Discovery, Early Development and CM&C at Tibotec-Virco Comm VA (a subsidiary of Johnson & Johnson Services, Inc.). Under his leadership at Tibotec, TMC114 (Prezista™) and TMC435 (Olysio™) were selected and moved forward into clinical trials. Dr. Wigerinck 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. Dr. Wigerinck has over 30 years of R&D



experience in the pharmaceutical industry and biotechnology. He holds a Ph.D. from the KU Leuven and is inventor on more than 25 patent applications. In May 2018, Dr. Wigerinck was elected as an independent board member of Ipsen SA in France.



Andre Hoekema, Ph.D. is responsible for M&A, licensing and Intellectual Property at Galapagos as our Chief Business Officer. He joined Galapagos in March 2005 from Invitrogen Corporation, where he was Managing Director of Corporate Development Europe. He brings 20 years of biotech experience from positions at Molecular Probes Europe BV (Managing Director), Crucell NV (Director of Business Development), DSM Life Sciences NV and Syngenta MOGEN BV (Research and Project Management) and Genentech, Inc. (R&D). Dr. Hoekema has a Ph.D. degree from Leiden University and is the inventor of over 20 series of patent applications, resulting in 15 patents issued in the United States. Dr. Hoekema currently also serves as a member of the supervisory board of Mimetas BV and has previously served as a member of the supervisory board of VitalNext BV.



Walid Abi-Saab, MD started his job as Chief Medical Officer at Galapagos in March 2017. Dr. Abi-Saab drives Galapagos' overall medical strategy and is responsible for late stage clinical development and operations, medical and regulatory affairs, and safety. Before, Dr. Abi-Saab worked at Shire AG where he held various clinical development leadership roles, most recently as Group Vice President, Global Clinical Development – Therapeutic Area Head, Gastro-intestinal, Endocrinology and Metabolism. Prior to that, he led clinical development activities at Novartis Pharma AG, Abbott Laboratories Inc. and Pfizer Inc., addressing a wide range of therapeutic areas and leading teams throughout the clinical development process. Under his leadership, more than 30 molecules have advanced through clinical development leading to several approvals in the United States, EU

and Canada. Prior to his pharma roles, Dr. Abi-Saab was Assistant Professor of Psychiatry and Neurosurgery at Yale University Medical School, where he headed their Schizophrenia Research at the Clinical Neuroscience Research Unit and the Neurosurgery Epilepsy Microdialysis Research Program. Dr. Abi-Saab holds an MD degree from Université Saint Joseph in Beirut, Lebanon.

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 our development in general, management of the group, 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.

The executive committee meets regularly, and in principle once per month.

On 31 December 2018, the executive committee consisted of five people: Mr. Van de Stolpe (CEO, also executive director), Mr. Filius (CFO and COO), Dr. Wigerinck (CSO), Dr. Hoekema (CBO), and Dr. Abi-Saab (CMO), representing four different nationalities and different age categories.



Name	Nationality	Year of birth
Onno van de Stolpe	Dutch	1959
Bart Filius	Dutch	1970
Piet Wigerinck	Belgian	1964
Andre Hoekema	Dutch	1957
Walid Abi-Saab	U.S. and Lebanese	1965

Furthermore, the members of our executive committee have different educational backgrounds, as can be read in each of their profiles (above).

In proposing candidates for the executive committee, particular consideration is given to educational and professional background, complementary skills, knowledge and experience, as well as to diversity in age, gender and nationality.

Audit committee

The role of the audit committee is to follow up on financial reporting and verification of financial data, safeguard the integrity of our financial reporting, verify and follow up on the internal control mechanisms, evaluate and verify the effectiveness of the risk assessment systems, follow up on the internal and external audit activities, review, monitor and evaluate the independence and performance of the external auditor and inform the board on the results of the statutory audit. The audit committee also reviews corporate social responsibility initiatives.

At the end of 2018, the audit committee consisted of the following three directors: Mr. Rowe (chairman), Dr. Kerr and Dr. Cautreels. Dr. Kerr replaced Dr. Van Barlingen on the audit committee as from 20 March 2018. Mr. Rowe took over from Dr. Cautreels as audit committee chairman on 23 April 2018. Dr. Cautreels did remain in office as audit committee member. 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. All members of the audit committee have extensive experience in the life sciences industry. Dr. Cautreels has relevant expertise 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 2018, the audit committee held seven meetings, in which it dealt with matters pertaining to, among other things, audit review, risk management, monitoring financial reporting, the monitoring of Sarbanes-Oxley compliant internal and external audit systems and corporate social responsibility initiatives. The audit committee acts as a collegial body. The overall attendance at the audit committee meetings in 2018 was 100%. 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 2018, the nomination and remuneration committee consisted of the following three non-executive directors: Dr. Parekh (chairman), Ms. Bosley and Mr. Rowe, the majority of whom are independent directors. Mr. Rowe replaced Dr. Cautreels on the nomination and remuneration committee as from 20 March 2018. The committee has the necessary expertise in the area of remuneration policy.



The nomination and remuneration committee meets at least twice per year. In 2018, the nomination and remuneration committee held three meetings, dealing with, among other things, matters pertaining to grants of warrants and bonuses, the nomination and remuneration of directors and salary increases. The nomination and remuneration committee acts as a collegial body. The overall attendance rate at the nomination and remuneration committee meetings in 2018 was 88%. Mr. Rowe's attendance rate was 50% whereas the other committee members' attendance rates were all 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 the executive committee)

	Audit committee	Nomination and remuneration committee
Onno van de Stolpe		
Raj Parekh		*
Werner Cautreels	•	
Howard Rowe ⁽¹⁾	*	•
Katrine Bosley ⁽¹⁾		•
Christine Mummery ⁽¹⁾		
Mary Kerr ⁽¹⁾	•	

• denotes committee membership

* denotes committee chairmanship

(1) 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 2018

On 1 January 2018, the share capital of Galapagos NV amounted to €275,509,753.48 represented by 50,936,778 shares. In the course of 2018 there were four capital increases resulting from the exercise of warrants, resulting in the issuance of 567,270 new shares, an increase of the share capital by €3,068,930.70 and an increase of the issuance premium account by €4,587,747.80. In addition, on 17 September 2018, Galapagos NV completed the offering in the U.S. of 2,961,373 new shares in the form of American Depositary Shares at a price of \$116.50 per share. This resulted in a share capital increase of €16,021,027.93 and an increase of the issuance premium account by €280,167,119.82.

At the end of 2018, the share capital of Galapagos NV amounted to €294,599,712.11 represented by 54,465,421 shares.

On 19 April 2018, the board of directors issued 1,235,245 warrants (after 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 2018" and "Warrant Plan 2018 RMV").

The offer of warrants to the directors and to the members of the executive committee under Warrant Plan 2018 was approved by the annual shareholders' meeting of 24 April 2018. The warrants issued under Warrant Plan 2018 and Warrant Plan 2018 RMV have a term of eight years and an exercise price of €79.88.

Number and form of Galapagos shares

Of the 54,465,421 shares of Galapagos NV outstanding at the end of 2018, 6,762,666 were registered shares and 47,702,755 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 publication of this renewal in the Annexes to the Belgian State Gazette, i.e. 31 May 2017. 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 €82,561,764.93. In 2018, Galapagos NV's board of directors made use of the right to increase the capital in the framework of the authorized capital on two occasions: (1) on 19 April 2018, in connection with the issuance of Warrant Plan 2018 and Warrant Plan 2018 RMV, under which a maximum of 1,235,245 new shares can be issued for a total maximum capital increase of €6,682,675.45 (plus issuance premium); and (2) on 17 September 2018, in connection with the public offering in the U.S. of 2,961,373 new shares in the form of American Depositary Shares, resulting in an increase of the share capital by €16,021,027.93 (plus issuance premium). On 31 December 2018, an amount of €59,858,061.55 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 2018, 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.

Material contracts containing change of control clauses

The license and collaboration agreement between Galapagos NV and Gilead Biopharmaceutics Ireland Unlimited Company ("Gilead") dated 16 December 2015 contains provisions granting certain rights to Gilead upon the occurrence of a public takeover bid on our shares or a change of control in respect of Galapagos NV, including clause 15.6 (*Assignment; Industry Transaction; Acquired Programs*), entitling Gilead (i) in the event of an industry transaction involving Galapagos, as a result of which a drug company of a certain minimum size acquires control over Galapagos, to terminate our co-promotion rights, to disband all joint committees and undertake exclusive control of their activities; and (ii) in the event of a change of control as a result of which we acquire rights to an alternative product that would violate certain of our exclusivity obligations under the agreement, to require us to either divest or terminate this acquired program. Gilead Biopharmaceutics Ireland Unlimited Company's rights and obligations under the license and collaboration agreement were assigned to another affiliate of Gilead on 7 December 2017.

The product development, license and commercialization agreement between Galapagos NV, Les Laboratoires Servier and Institut de Recherches Servier ("Servier") as amended and restated on 8 May 2018 contains provisions granting certain rights to Servier upon the occurrence of a public takeover bid on our shares or a change of control in respect of Galapagos NV including, but not limited to, clause 13.4 (*Termination by Servier Without Cause or Due to Galapagos Change of Control*), clause 13.5 (*Rights on Termination*) and clause 13.7 (*Change of Control*), entitling Servier, in the event of a change of control of Galapagos NV, to elect to terminate the agreement subject to an option for Galapagos NV to choose from two contractual termination regimes, both including the termination of the licenses granted by Galapagos NV to Servier and the freedom for Galapagos NV to conduct



research and development activities on terminated licensed products, or to have the licenses granted to Servier continue, with all payment obligations remaining in place, but with Servier having full control over the further development and patent strategies for the licensed product in Servier's territory.

The exclusive license agreement among Galapagos NV, MorphoSys AG and Novartis Pharma AG ("Novartis") dated 19 July 2018 contains provisions granting certain rights to Novartis upon the occurrence of a public takeover bid on our shares or a change of control in respect of Galapagos NV including, but not limited to, clause 3.7 (*Change of Control*), entitling Novartis, in the event of a change of control of Galapagos NV, to have Galapagos NV's representatives removed from the joint committees.

The second amended and restated collaboration agreement between Galapagos NV and AbbVie S.à r.l. ("AbbVie") dated 24 October 2018 contains provisions granting certain rights to AbbVie upon the occurrence of a public takeover bid on our shares or a change of control in respect of Galapagos NV, including, but not limited to clause 11.2 (*Change in Control of Galapagos*), entitling AbbVie, to oblige Galapagos NV to take appropriate measures to avoid the disclosure of confidential information, to limit AbbVie's reporting obligations to Galapagos NV, or, depending on the stage in which the change of control occurs, to terminate the agreement.

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.

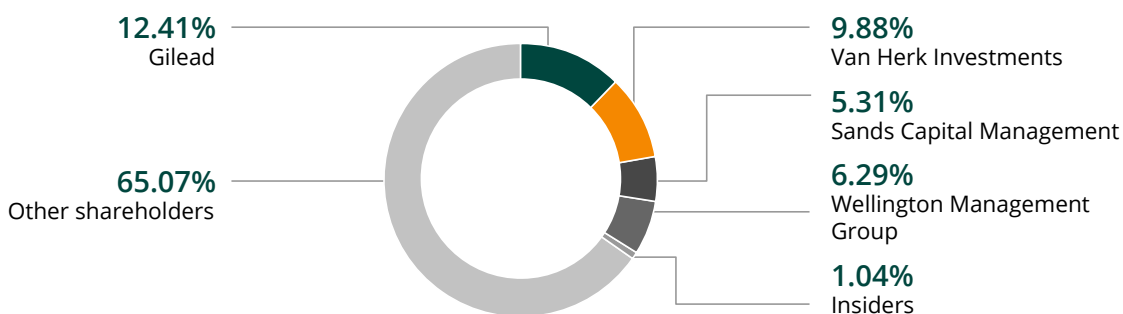


Shareholders

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 Galapagos NV's shares on 31 December 2018 were Gilead Therapeutics A1 Unlimited Company (6,760,701 shares or 12.41%), Van Herk Investments B.V. (5,379,305 shares or 9.88%), Wellington Management Group LLP (3,427,128 shares or 6.29%) and Sands Capital Management LLC (2,894,535 shares or 5.31%).

Major shareholders on 31 December 2018



At the end of 2018, our CEO owned 478,289 shares of Galapagos NV and 786,874 warrants. The other members of our executive committee held an aggregate of 67,502 shares and 1,352,500 warrants. The other members of our board held an aggregate of 17,974 shares and 216,780 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 16 December 2015, we signed an exclusive license and collaboration agreement to develop and commercialize filgotinib in multiple indications with Gilead Biopharmaceutics Ireland Unlimited Company. This agreement was assigned to another affiliate of Gilead on 7 December 2017. Under the terms of the collaboration, Gilead is primarily responsible for development and for seeking regulatory approval of the licensed product. We are required to use commercially reasonable efforts as requested by Gilead to assist Gilead with certain development activities. In addition, we agreed on a 20-80 cost split for development costs of the licensed product, i.e. we will bear 20% of all development costs. We have retained certain mechanisms to give us cost protection as filgotinib advances in clinical development. We can defer our portion of the global co-development study costs if they exceed a predetermined level, which we expect to reach at the end of 2019, and this deferment would be credited against future milestones, royalties or profit sharing at our option. If there are no future amounts to be paid by Gilead, we will not be obligated to make any payments to Gilead for such deferment.

In the framework of the closing of the transaction on 19 January 2016, Gilead paid a license fee of \$300 million (or €275.6 million) and 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 and a standstill arrangement, both of which expired on 31 December 2017.



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. 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 part and 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 individual and corporate objectives that are established annually. The corporate objectives and the CEO's objectives are established annually by the board of directors upon recommendation of the nomination and remuneration committee, 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 2018, 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, 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, except in case of retirement with Galapagos' consent or in case of redundancy. If employment within the Galapagos group ends because of either retirement with Galapagos' consent or redundancy, then the deferred bonus will become payable on the last day of employment of the beneficiary with the Galapagos group. In this case, the increase or decrease in the deferred bonus will be calculated in a similar manner to that quoted above with the exception that the final reference share price will be the price at the close of business on the Amsterdam/Brussels Euronext Exchange on the last working day immediately preceding the last day of employment and the final reference value of Next Biotech Index will be the value quoted at the close of trading on the day preceding the last day of employment.

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 75% 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

Upon recommendation of the nomination and remuneration committee, the board of directors of 18 February 2019 resolved to update the compensation package of the members of the executive committee, based on a benchmarking exercise performed by an independent advisor. This update aims to (i) bring the short-term compensation in line with the median of the benchmark (cash and bonus), (ii) bring the total compensation in line with the median of the benchmark, and (iii) increase the share-based portion of long-term incentives, reflecting practices within relevant peer companies.

Under the updated compensation structure, a part of the variable remuneration will consist of restricted share units ("RSUs"). Each RSU reflects the value of one Galapagos share and will be payable, at the company's discretion, in cash or in shares after a vesting period of three years, subject to continued employment. If employment within



the Galapagos group ends because of either retirement with Galapagos' consent or redundancy, then the RSUs will become payable on the last day of employment of the beneficiary with the Galapagos group. The allocation of RSUs will be partly performance-based against the previous year's objectives, and partly upon the discretion of the board of directors.

The updated compensation package is being implemented per 1 January 2019 for salary increases, April 2019 for discretionary grant of RSUs and as from 2020 for objective-related RSUs and cash bonus.

Remuneration of non-executive directors of Galapagos NV

Upon recommendation of the nomination and remuneration committee, the annual shareholders' meeting of 24 April 2018 resolved that the compensation (excluding expenses) of the non-executive directors for the exercise of their mandate during the financial year ending 31 December 2018 was established as follows: (i) chairman of the board (Dr. Parekh): €80,000; (ii) other non-executive board members (Dr. Cautreels, Mr. Rowe, Ms. Bosley, Dr. Mummery and Dr. Kerr): €40,000 each; (iii) annual additional compensation for membership of a board committee (audit committee: Mr. Rowe and Dr. Van Barlingen, replaced by Dr. Kerr as from 20 March 2018; nomination and remuneration committee: Dr. Cautreels, replaced by Mr. Rowe as from 20 March 2018, and Ms. Bosley): €5,000; (iv) annual additional compensation for the chairmanship of a board committee (audit committee: Dr. Cautreels, replaced by Mr. Rowe as from 23 April 2018; nomination and remuneration committee: Dr. Parekh): €10,000.

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.

In 2018, we issued two warrant plans for the benefit of employees of the group and of the directors and one independent consultant of Galapagos NV: Warrant Plan 2018 and Warrant Plan 2018 RMV. In accordance with the resolution of the annual shareholders' meeting of 24 April 2018, the following number of warrants were offered under Warrant Plan 2018 to the non-executive directors: Dr. Parekh: 15,000 warrants; and Dr. Cautreels, Ms. Bosley, Mr. Rowe, Dr. Mummery and Dr. Kerr: 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 €79.88. As regards the directors, the warrants vest over a period of 36 months at a rate of 1/36th 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. No warrants were offered to directors under Warrant Plan 2018 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 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 that 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.

In addition to the benefits set forth above, the non-executive directors also received benefits consisting of tax advisory services in 2018 for an aggregate amount of €3,700.



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 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 (with respect to the other members of the executive committee, such recommendation is based on proposals from the CEO). 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 2018, the corporate objectives included elements of clinical trial progression, cash position, corporate development and business development. 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 2018

- i. Base salary (fixed): €500,193.18 (including €18,859.44 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 2018), a bonus equal to 100% of the 2018 base salary was awarded over 2018, of which 50% was paid early January 2019, and the other 50% was deferred for 3 years. The value of the 50% deferred part of the bonus awarded over 2015 was established at the end of 2018 and resulted in a payment in early January 2019 of an amount of €381,909.00 (a multiple of 1.7 of the deferred bonus, as a result of the share price performance over the period 2015-2018 as per the provisions of the Senior Management Bonus Scheme). In addition, an amount of €266,836.00 was paid in June 2018, being a multiple of 1.9 of the deferred 50% of the exceptional special bonus awarded for the successful Nasdaq listing in 2015.
- iii. Pension: €62,292.17 (of which €18,859.44 is part of the base salary).
- iv. Other components of the remuneration: company car, tax advisory services, and payments for invalidity and healthcare cover, totaling €38,958.28.

During its meeting of 18 February 2019, the board of directors decided, upon recommendation of the nomination and remuneration committee, to update the structure of the remuneration of the CEO as set forth above under ["information on the remuneration policy for the next two years"](#). This includes salary increases as from 1 January 2019 and the grant of RSUs as from April 2019.



Aggregate gross remuneration of the other executive committee members for financial year 2018

- i. Base salaries (fixed): €1,474,111.39 (including €35,000.00 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 2018), an aggregate bonus of €1,015,000.00 (i.e. 100% of the aggregate bonus pool) was awarded over 2018 of which 50% was paid early January 2019, and the other 50% was deferred for 3 years. The value of the 50% deferred part of the bonus awarded over 2015 was established at the end of 2018 and resulted in a payment in early January 2019 of an amount of €435,922.00 (a multiple of 1.7 of the deferred bonus, as a result of the share price performance over the period 2015-2018 as per the provisions of the Senior Management Bonus Scheme). In addition, an amount of €727,735.00 was paid in June 2018, being a multiple of 1.9 of the deferred 50% of the exceptional special bonus awarded for the successful Nasdaq listing in 2015.
- iii. Pensions: €243,345.59 (of which €35,000.00 are part of the fixed base salary).
- iv. Other components of the remunerations: company cars, tax advisory services, and payments for invalidity and healthcare cover, totaling €68,073.03.

During its meeting of 18 February 2019, the board of directors decided, upon recommendation of the nomination and remuneration committee, to update the structure of the remuneration of the members of the executive committee as set forth above under ["Information on the remuneration policy for the next two years"](#). This includes salary increases as from 1 January 2019 and the grant of RSUs as from April 2019.

Shares, warrants or other rights to acquire shares awarded to, exercised by or expired for the executive committee members during financial year 2018

In 2018, 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 2018 and, in aggregate, 250,000 warrants were exercised by members of the executive committee in 2018 (60,000 warrants were exercised by Onno van de Stolpe, 90,000 warrants by Bart Filius and 50,000 warrants by each of Piet Wigerinck and 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 2018 under Warrant Plan 2018, issued by the board of directors under the authorized capital on 19 April 2018: to Mr. Van de Stolpe: 100,000 warrants, to Mr. Filius: 80,000 warrants, to each of Dr. Wigerinck and Dr. Abi-Saab: 60,000 warrants and to Dr. Hoekema: 50,000 warrants.

The warrants issued under Warrant Plan 2018 have an exercise price of €79.88, 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 1/36th 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.

At the end of 2018, Mr. Van de Stolpe owned 478,289 shares of Galapagos NV and 786,874 warrants. The other members of the executive committee held an aggregate of 67,502 shares and 1,352,500 warrants. The other members of the board held an aggregate of 17,974 shares and 216,780 warrants. Each warrant entitles its holder to subscribe to one share of Galapagos NV.



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 executive committee members during financial year 2018

Not applicable; in 2018 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, major shareholders or any of their immediate family members and affiliates. 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 in the voting.

In 2018, one conflict of interests between Galapagos NV and a director within the meaning of article 523 of the Belgian Companies Code was noted: in a meeting of the board of directors held on 18 December 2018, the following was reported in accordance with article 523 of the Belgian Companies Code in connection with the 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 bonus. 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 2018) a bonus equal to 100% of his 2018 salary was awarded to Mr. Van de Stolpe for 2018. The board considered that said bonus is a justified reward for the results achieved by Mr. Van de Stolpe in 2018. The bonus will have no material impact on the financial position of the company. The board shared the opinion of the remuneration committee that the proposed bonus is justified and reasonable. Mr. Van de Stolpe did not take part in the deliberation and the vote concerning this decision. However, during its meeting of 18 February 2019, the board of directors decided, upon recommendation of the nomination and remuneration committee, to update the structure of the remuneration of the CEO as set forth above under [Information on the remuneration policy for the next two years](#).



Code of Business Conduct and Ethics

We have established a Code of Business Conduct and Ethics to ensure that our directors, officers and employees are making ethical and legal decisions when conducting Galapagos' business and performing their day-to-day duties. We expect our directors, officers and employees to conduct business with integrity, ethics and respect for human rights. We expect them to turn away from conflicts of interest, corruption and fraud. To this end, we give trainings on this Code to our employees. So far, 93% of our employees from Galapagos R&D have completed the training.

The Code of Business Conduct and Ethics is available at www.glp.com/charters-and-codes.

We were not informed of any breaches of our Code of Business Conduct and Ethics in 2018.

Statement by the board of directors

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 as of 31 December 2018.

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 2018, gives a true and fair view on the development, results and position of Galapagos 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 2018, and to release the directors and the statutory auditor from liability for the performance of their mandate during the financial year ended 31 December 2018.

Mechelen, 26 March 2019

On behalf of the board of directors

Onno van de Stolpe
CEO

Raj Parekh
Chairman