



## GENTIUM S.P.A.

### Charter of the Compensation Committee of the Board of Directors

#### **Purpose**

The Compensation Committee is appointed by the Board of Directors (the “Board”) of Gentium S.p.A. (the “Company”) to assist the Board in discharging its responsibilities with respect to executive officer, nonofficer employee and consultant compensation. The Compensation Committee has overall responsibility for approving and evaluating the executive compensation plans, policies and programs of the Company.

The Compensation Committee shall supervise the administration of the Company’s equity incentive plans and other compensation and incentive programs, and shall administer any plans and programs designed and intended to provide compensation for officers of the Company.

#### **Membership**

The Compensation Committee shall be composed of at least two members of the Board, who shall be appointed by the Board and serve until their successors are duly appointed and qualified. The Board shall appoint the members of the Compensation Committee annually, considering the recommendation of the Company’s Nominating and Corporate Governance Committee and, as appropriate, the views of the Company’s Chairman of the Board and the Chief Executive Officer (“CEO”). The Board shall have the power at any time to change the membership of the Compensation Committee and to fill vacancies in it, subject to the satisfaction of such new member(s) of the membership requirements. The Board shall designate the chairperson of the Compensation Committee.

Each member of the Compensation Committee shall satisfy the applicable independence requirements of the Nasdaq Stock Market or such other exchanges as the Company’s securities may be traded upon and other regulatory requirements, as they may be in effect from time to time.

#### **Responsibilities**

The Compensation Committee shall assist the Board in discharging its responsibilities with respect to executive officer, nonofficer employee, consultant and director compensation and make recommendations to the Board with respect to such matters. Specifically, the Compensation Committee shall:

- establish and review the overall compensation philosophy of the Company and develop executive compensation programs and policies;
- review and approve corporate and individual goals and objectives relevant to the compensation of the CEO and other executive officers, including annual performance objectives;
- evaluate the performance of the Company’s CEO and other executive officers in light of such goals and objectives and, based on this evaluation, recommend the compensation of the CEO and executive officers (including salary, bonus, share option grants, expense accounts, perquisites and other direct or indirect benefits) to



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the Board. In recommending executive compensation, the Compensation Committee shall take into account each executive's performance, the Company's overall performance, the compensation paid to similarly situated executives at comparable companies, the compensation paid to executives in past years, and any other factors it deems appropriate.

- review on a periodic basis the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s) and recommend any appropriate modifications
- review and make recommendations regarding the compensation of nonofficer employees and consultants of the Company, if and as the Company's CEO, the Board or the Compensation Committee deems appropriate;
- ensure that qualified consulting firms advise the Company on compensation matters, as and when appropriate;
- review and approve the list of peer group companies to which the Company shall compare itself for compensation purposes;
- supervise the administration of the Company's equity incentive plans and other share-based or cash-based compensation and incentive programs;
- review grants and awards of share options and other equity securities to the Company's executive officers under the Company's equity incentive plans and other incentive programs, as well as any amendments to such grants and awards;
- make recommendations to the Board with respect to incentive compensation plans and equity-based plans;
- review and approve, for the Company's executive officers, (a) employment, severance, retirement and change of control agreements, arrangements or provisions and (b) any special or supplemental benefits, in each case if and as appropriate; and
- review and discuss the Company's management succession plan at least annually, as well as the Company's leadership development strategies and executive retention strategies

In addition to the responsibilities listed above, the Compensation Committee shall undertake such other duties as the Board delegates to it and perform such other activities as are consistent with this charter, the bylaws and corporate governance principles of the Company and applicable law.

#### **Meetings; Procedure**

The Compensation Committee shall meet as often as may be deemed necessary or appropriate in its judgment, either in person, telephonically or by written consent in lieu of a meeting. In cases of written consents in lieu of meetings, the members shall be permitted to



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vote in favor, against or abstain from voting. The majority of the members of the Compensation Committee shall constitute a quorum.

Officers of the Company may attend Compensation Committee meetings at the invitation of the Compensation Committee.

Except as expressly provided in this charter or the bylaws or corporate governance principles of the Company, the Compensation Committee shall fix its own rules of procedure.

The Compensation Committee shall report to the full Board with respect to its meetings and shall periodically report to the Board with respect to significant results of its activities. In addition, the members of the Compensation Committee shall meet without management in regular executive sessions with other independent directors.

#### **Reports**

The Compensation Committee shall:

- Maintain minutes of all meetings, including telephone meeting; and
- Report to the Board on Committee recommendations and any other matters the Committee deems appropriate or the Board requests.

In addition, all materials relating to Compensation Committee meetings shall be circulated to all members of the Board in advance of Board meetings.

#### **Use of Data / Compensation Studies**

The Compensation Committee may utilize any relevant data, including internal and external compensation studies and surveys, that it deems appropriate to form the basis for its compensation determinations and policies.

The Compensation Committee, and each member of the Compensation Committee in his or her capacity as such, shall be entitled to rely, in good faith, on information, opinions, reports or statements prepared or presented to them by (a) officers and employees of the Company who are reasonably believed by such member to be reliable and competent in the matters presented and (b) counsel, public accountants and other advisors of the Company or the Compensation Committee as to matters the member reasonably believes to be within the professional competence of such advisor.

The Compensation Committee shall have the authority to employ the services of a compensation consultant from time to time, as the Compensation Committee in its sole discretion deems appropriate.

#### **Outside Advisors**

The Compensation Committee shall have the authority to obtain advice and seek assistance from internal or external legal, accounting or other advisors to assist it in the performance of its duties.



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#### **Budget**

The Compensation Committee may require the Company to provide it with such funds as it requires from time to time to perform its duties.

#### **Annual Self Evaluation**

The Compensation Committee shall review and reassess the adequacy of this charter at least annually and recommend any proposed changes to the Board for approval, and conduct an annual self-evaluation of the performance of the Committee and its members including their effectiveness and compliance with this Charter.