
MERUS N.V.

AUDIT COMMITTEE CHARTER

This Audit Committee Charter is effective as per 18 May 2016.

1. Introduction

The Audit Committee is established by the Supervisory Board in accordance with article 20 paragraph 4 of the Articles. This Audit Committee Charter includes terms of reference indicating the role and responsibility of the Audit Committee.

Defined terms in this Audit Committee Charter shall have the meaning as described thereto in the Rules of the Supervisory Board.

2. Purpose

The purpose of the Audit Committee is to oversee the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

3. Composition

- 3.1 The members of the Audit Committee shall consist of Supervisory Board members who are independent within the meaning of NASDAQ Rule 5605(a)(2) and meet the criteria for independence set forth in Rule 10A-3(b)(1) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") subject to the applicable exceptions provided in Rule 10A-3(c) under the Exchange Act. The members of the Audit Committee shall be appointed by the Supervisory Board on the basis of a recommendation by the Nomination and Corporate Governance Committee.
- 3.2 The number of members of the Audit Committee shall be determined by the Supervisory Board, but shall consist of no fewer than three members.
- 3.3 Subject to any available exceptions, (a) each member of the Audit Committee must be able to read and understand fundamental financial statements, including a Company's balance sheet, income statement and cash flow statement and may not have participated in preparation of the financial statements of the Company or any subsidiary in the last three years, and (b) at least one member of the Audit Committee shall be a financial expert within the meaning of best practice provision III.3.2 of the Dutch Corporate Governance Code and an "audit committee financial expert" under Item 407(d)(5)(ii) and (iii) of Regulation S-K.

3.4 Unless the Supervisory Board elects a chairman of the Audit Committee, the Audit Committee shall elect a chairman by majority vote. However, the Audit Committee may not be chaired by the Chairman or by a former member of the Management Board.

3.5 The Supervisory Board may replace or remove any member of the Audit Committee at any time, with or without cause. Resignation, suspension or removal of a member of the Supervisory Board who is also a member of the Audit Committee shall automatically constitute his or her resignation, suspension or removal, as applicable, from the Audit Committee.

4. **Responsibilities**

4.1 In addition to any other responsibilities which may be assigned from time to time by the Supervisory Board, the Audit Committee shall be responsible for the following matters. The full Supervisory Board remains responsible for all decisions taken, even if prepared and resolved by the Audit Committee.

Internal risk management and control system

4.2 The Audit Committee shall discuss the guidelines and policies that govern the process by which the Company's exposure to risk is assessed and managed. The Audit Committee shall oversee the Management Board in its operation of the Company's internal risk management and control systems, including oversight of the enforcement of relevant legislation applicable to the Company and the operation of the Company's Code of Business Conduct and Ethics and its other internal policies.

4.3 The Audit Committee shall discuss with the Management Board any material weaknesses discovered in the Company's internal risk management and control systems, as well as any changes to or improvements of these systems.

Financial information

4.4 The Audit Committee shall determine how the independent auditors should be involved in the content and publication of the Company's financial reports (other than the Company's financial statements).

4.5 The Audit Committee shall oversee:

- (i) the provision of financial information by the Company (e.g., choice of accounting, policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts and work of internal and independent auditors);
- (ii) the Company's policy on tax planning;
- (iii) the Company's financing; and

- (iv) the Company's applications of information and communication technology.

Independent auditor

- 4.6 The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any auditor or accounting firm engaged (including resolution of any disagreements between the Management Board and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Each such auditor shall report directly to the Audit Committee. The Audit Committee shall recommend the appointment of the independent auditor to the General Meeting.
- 4.7 The Audit Committee shall pre-approve the audit services and non-audit services to be provided by the Company's independent auditor before the auditor is engaged to render such services, unless the engagement is entered into pursuant to appropriate pre-approval policies established by the Audit Committee or if the service falls within available exceptions under the rules of the United States Securities and Exchange Commission. The Audit Committee may delegate its authority to pre-approve services to one or more Audit Committee members, and such designees shall present any such approvals to the full Audit Committee at the next Audit Committee meeting.
- 4.8 The Audit Committee shall discuss with the independent auditor its responsibilities under generally accepted auditing standards, review and approve the planned scope and timing of the independent auditor's annual audit plan(s) and discuss significant findings from the audit, including any problems or difficulties encountered.
- 4.9 The Audit Committee shall evaluate the independent auditor's qualifications, performance and independence, and shall present its conclusions with respect to the independent auditor to the full Supervisory Board on at least an annual basis. As part of such evaluation, the Audit Committee shall:
- receive from the independent auditor a formal written statement at least annually delineating all relationships between the auditor and the Company consistent with applicable requirements of the Public Company Accounting Oversight Board (PCAOB) regarding the independent auditor's communications with the audit committee concerning independence;
 - actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and, if the Audit Committee determines that further inquiry is advisable, take, or recommend that the full Supervisory Board take, appropriate action to oversee the independence of the auditor; and
 - approve or ratify any related party transaction (as defined in the Related Party Transaction Policy) in accordance with the Company's related party transaction policy.

Financial statements

- 4.10 The Audit Committee shall meet to review and discuss with the Supervisory Board, the Management Board and the independent auditor (i) the annual audited financial statements, and (ii) any other audited financial statement under applicable law.
- 4.11 The Audit Committee shall review with the Supervisory Board, the Management Board and the independent auditor, in separate meetings whenever the Audit Committee deems appropriate, provided that the Audit Committee meets with the independent auditor separately at least once per year to discuss:
- any analyses or other written communications prepared by the Management Board and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements;
 - the critical accounting policies and practices of the Company;
 - the effect of off-balance sheet transactions and structures;
 - any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; and
 - the effect of regulatory and accounting initiatives.
- 4.12 The Audit Committee, or the Chairman, shall discuss the Company's earnings press releases, the type and presentation of information included in the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- 4.13 The Audit Committee shall review and discuss with the independent auditor any audit problems or difficulties and the response of the Management Board thereto, including:
- any restrictions on the scope of the independent auditor's activities or on access to requested information;
 - any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise);
 - any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement;
 - any management or internal control letter issued, or proposed to be issued, by the auditor; and

- any significant disagreements between the Management Board and the independent auditor.

Internal Audit Function

- 4.14 The Audit Committee shall supervise the role and functioning of the Company's internal audit function.
- 4.15 The independent auditors and the Audit Committee shall be involved in drawing up the work schedule of the Company's internal auditors. They shall also take cognizance of the findings of the internal auditors.
- 4.16 The internal auditors shall have access to the Company's independent auditors and to the chairman of the Audit Committee.

Procedures

- 4.17 The Audit Committee shall make sure that procedures are established for:
- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

5. **Meetings**

- 5.1 The Audit Committee shall meet as often as it determines is appropriate to carry out its responsibilities, but not less frequently than quarterly. These meetings may be in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, provided that none of the members of the Audit Committee object to this decision making process.
- 5.2 The Audit Committee may pass all resolutions by simple majority of the votes cast.
- 5.3 The Audit Committee shall from time to time, but at least annually, meet with the Company's independent auditors without members of the Company's Management Board or senior management being present.
- 5.4 The Audit Committee shall decide whether, and if so, when the members of the Management Board, the external and/or internal auditor and/or any professional retained by the Company to render advice to the Company, should attend its meetings.

6. **Miscellaneous**

Engagement of advisors

- 6.1 The Audit Committee may engage independent counsel and such other advisors it deems necessary or advisable to carry out its responsibilities and powers, and, if such counsel or other advisors are engaged, shall determine the compensation or fees payable to such counsel or other advisors.

Funding

- 6.2 The Company must provide for appropriate funding, as determined by the Audit Committee, for payment of reasonable compensation or fees (i) to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (ii) to any advisors employed by the Audit Committee; and (iii) for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Performance

- 6.3 Periodically, but at least annually, the Audit Committee shall evaluate its own performance and report the results of such evaluation to the Supervisory Board.

Charter

- 6.4 The Audit Committee shall review and reassess the adequacy of this Audit Committee Charter annually and recommend to the Supervisory Board any amendments or modifications to the Charter that the Audit Committee deems appropriate.

Amendments

- 6.5 Any amendments to this Audit Committee Charter shall be resolved upon by the Supervisory Board, irrespective of whether such changes are proposed by the Audit Committee.

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