
Merus N.V.

RULES OF PROCEDURE FOR THE SUPERVISORY BOARD

6 May 2016

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RULES OF PROCEDURE FOR THE SUPERVISORY BOARD

1. INTRODUCTION

The Supervisory Board supervises the policies, management and general affairs of the Company and assists the Management Board with advice on general policies related to the activities of the Company.

These Rules are complementary to (i) the provisions regarding the Supervisory Board contained in Dutch law and regulations, including the principles of good governance and best practice provisions contained in the Dutch Corporate Governance Code, and (ii) the Articles.

The Supervisory Board and each Supervisory Director shall observe and comply with these Rules and action shall be taken by the Supervisory Board and each Supervisory Director to ensure that the Supervisory Board shall observe and comply with the principles set out in the Rules.

These Rules are effective as per 18 May 2016.

2. DEFINITIONS

In these Rules, the following expressions shall have the following respective meanings:

Articles mean the articles of association of the Company;

Audit Committee means the Company's audit committee established by the Supervisory Board which has been allocated certain tasks, duties and powers in connection with the accounting and financial reporting process of the Company and the audits of the financial statements of the Company, as included in **Annex I**;

Chairman means the chairman of the Supervisory Board;

Code of Business Conduct and Ethics means the Company's code of business conduct and ethics;

Company means Merus N.V., a public limited company (*naamloze vennootschap*) under the laws of the Netherlands, whose corporate seat is at Utrecht;

Compensation Committee means the Company's compensation committee established by the Supervisory Board which has been allocated certain tasks, duties and powers in connection with the compensation of the Management Board, as included in **Annex II**;

General Meeting means the Company's general meeting of shareholders;

Group means the Company and any company belonging to the same group as the Company as referred to in Article 2:24b of the Dutch Civil Code (*Burgerlijk Wetboek*);

Management Board means the management board of the Company;

Nasdaq Rules means the applicable listing rules of The Nasdaq Stock Market, LLC;

Nomination and Corporate Governance Committee means the Company's nomination and corporate governance committee established by the Supervisory Board which has been allocated certain tasks, duties and powers in connection with identifying individuals to become members of the Supervisory Board or Management Board and the developing of the corporate governance principles, as included in **Annex III**;

Rules mean these rules of procedure governing the Supervisory Board's internal affairs;

Supervisory Board means the supervisory board of the Company;

Supervisory Board Profile means the profile of the members of the Supervisory Board as included in **Annex IV**;

Supervisory Directors means the members of the Supervisory Board; and

Supervisory Director means one of the Supervisory Directors.

3. **THE SUPERVISORY BOARD**

Responsibilities

- 3.1 The role of the Supervisory Board is to supervise the policies of the Management Board and the general affairs of the Company and the Group, as well as to assist the Management Board by providing advice.
- 3.2 The responsibility for proper performance of duties is vested in the Supervisory Board as a whole. The Supervisory Board members may adopt an independent stance vis-à-vis the Management Board.
- 3.3 In the performance of its duties, the Supervisory Board and each Supervisory Director shall be guided by the interests of the Company and the business connected with it and, to that end, shall take into account the relevant interests of the Company's stakeholders. The Supervisory Board is responsible for the quality of its own performance.
- 3.4 The Supervisory Board shall discuss, at least once a year:
- without the Management Board being present, both its own functioning and that of its individual members, and the conclusions that must be drawn on the basis thereof;
 - the desired Supervisory Board Profile and the composition and competence of the Supervisory Board;
 - without the Management Board being present, both the functioning of the Management Board as a body of the Company and the performance of its individual members of the Management Board, and the conclusions that must be drawn on the basis thereof;
 - the corporate strategy and the risks of the business, and the result of the assessment by the Management Board of the structure and operation of the internal risk management and control systems, as well as any significant

changes thereto. Reference to these discussions shall be made in the report of the Supervisory Board.

3.5 The Supervisory Board shall prepare a report on its functioning and its activities during the preceding year, which report shall be included in the Company's directors' report.

3.6 The supervision of the Management Board by the Supervisory Board shall include:

- the achievement of the Company's objectives;
- the corporate strategy and the risks inherent in the business activities;
- the structure and operation of the internal risk management and control systems;
- the financial reporting process; and
- compliance with legislation and regulations.

3.6.1 The Supervisory Board shall determine whether or not conflicts of interests exist between the Company and members of the Management Board, without the Management Board member concerned being present.

Chairman

3.6.2 The Chairman shall see to it that:

- Supervisory Board members follow their induction and education or training programme;
- Supervisory Board members receive all information which is necessary for the proper performance of their duties timely;
- there is sufficient time for consultation and decision-making by the Supervisory Board;
- the performance of the members of the Management Board and the Supervisory Directors is assessed at least once a year;
- the Supervisory Board elects a deputy chairman; and
- the Supervisory Board has proper contact with the Management Board.

4. **COMPOSITION AND TERM**

4.1 Pursuant to article 19.1 of the Articles, the Company shall have a Supervisory Board consisting of at least three and a maximum of seven natural persons, such number being determined by the Supervisory Board. If there are less than three Supervisory Directors, the Supervisory Board shall proceed without delay to supplement the number of the Supervisory Directors.

- 4.2 The composition of the Supervisory Board shall be such that it is able to carry out its duties properly and that the Supervisory Board members are able to act critically and independently of one another and of the Management Board and any particular interests.
- 4.2.1 Each Supervisory Director should be capable of assessing the broad outline of the overall policy of the Company and should have the specific expertise required for the fulfilment of the duties assigned to the role designated to him or her within the framework of the Supervisory Board Profile.
- 4.3 The Supervisory Board shall elect a Supervisory Director to be the Chairman of the Supervisory Board. In the absence of the Chairman in a meeting, the meeting shall appoint a Chairman from among those present.
- 4.4 The Supervisory Board may remove the Chairman, in the sense that the Supervisory Director so removed shall subsequently continue his term of office as a Supervisory Director without having the title of Chairman.

5. **COMMITTEES**

- 5.1 The Supervisory Board has established an Audit Committee, a Compensation Committee and a Nomination and Corporate Governance Committee in accordance with article 20 paragraph 4 of the Articles.
- 5.2 The Audit Committee has been allocated certain tasks, duties and powers in connection with overseeing the accounting and financial reporting process of the Company and the audits of the Company's financial statements, as included in the Audit Committee charter in **Annex I**.
- 5.3 The Compensation Committee has been allocated certain tasks, duties and powers in connection with the compensation of the Management Board, as included in the Compensation Committee charter in **Annex II**.
- 5.4 The Nomination and Corporate Governance Committee has been allocated certain tasks, duties and powers in connection with identifying individuals to become members of the Supervisory Board or Management Board and the developing of the corporate governance principles, as included in the Nomination and Corporate Governance Committee charter in **Annex III**.

6. **APPOINTMENT, RESIGNATION AND DISMISSAL OF SUPERVISORY DIRECTORS**

- 6.1 The General Meeting shall appoint the Supervisory Directors in accordance with article 19.3 and 19.4 of the Articles. Pursuant to article 19.3 of the Articles, the Supervisory Directors will be appointed for a maximum of four years and may be reappointed for two consecutive four-year terms.
- 6.2 Pursuant to article 19.10 of the Articles, the Supervisory Directors shall resign in accordance with a rotation plan established by the Supervisory Board, which is included to these Rules as **Annex V**.
- 6.3 Pursuant to article 19.8 of the Articles, the General Meeting may at any time suspend or remove any Supervisory Director, however, such resolution shall require a majority of at

least two third of the votes cast representing more than half of the issued share capital, unless such resolution is passed at the proposal of the Supervisory Board.

- 6.4 In the event that a Supervisory Director is suspended and the General Meeting does not resolve to dismiss him within three months from the date of such suspension, the suspension shall lapse in accordance with article 19.9 of the Articles.

7. CONFLICTS OF INTEREST

- 7.1 Pursuant to article 2:140 sub 5 of the Dutch Civil Code, a Supervisory Director may not participate in the decision-making process within the Supervisory Board, if with respect to the matter concerned he/she has a direct or indirect personal interest that conflicts with the interests of the Company and/or the business connected with it. If, as a result thereof, the Supervisory Board cannot make a decision, the General Meeting shall resolve the matter.
- 7.2 A Supervisory Director shall immediately report any personal interest or potential personal interest that might conflict with the interests of the Company and/or the business connected with it, to the Chairman and to the other Supervisory Directors and shall provide all relevant information, including information concerning his spouse, registered partner or other life companion, foster child and relatives by blood or marriage upon the second degree as defined under Dutch law.
- 7.3 The Supervisory Board shall decide, without the Supervisory Director concerned being present, whether there is a personal interest that conflicts with the interest of the Company and the business connected with it.
- 7.4 A conflict of interest exists, in any event, if the Company intends to enter into a transaction with a legal entity: (i) in which a Supervisory Director personally has a material financial interest, being in any event an amount of EUR 50,000 or more; (ii) which has a management board member who has a relationship under family law with a member of the Supervisory Director; or (iii) in which a member of the Supervisory Board has a management or supervisory position.

8. COMPENSATION AND EXPENSES

- 8.1 Pursuant to article 2:145 of the Dutch Civil Code and article 22 of the Articles, the General Meeting may grant compensation to the Supervisory Directors.
- 8.2 Reasonable expenses incurred by the Supervisory Directors in their capacity as such shall be reimbursed by the Company.

9. MEETINGS

- 9.1 The Supervisory Board shall hold meetings as often as one or more of its members desire, as often as the Management Board shall request, or as often as necessary in pursuance of the provisions of the Articles.
- 9.2 The meetings will in principle be held at a place to be determined by the Chairman. The members of the Management Board may be invited by the Chairman to participate in these meetings.

- 9.3 The Chairman shall convene the meetings, and in the case of the other Supervisory Directors absence or inability to act, with due regard for a notice period of at least five business days, the day on which the meeting is convened and the date of the meeting itself not included, stating the subjects to be discussed. The Supervisory Board may unanimously agree to waive any notice requirements. Shorter notice periods will also be permitted in cases of urgency; urgency being a situation where a failure to meet before the expiry of the notice period could reasonably be expected to have a material adverse impact on the Group.
- 9.4 The agendas for the meetings will be determined by the Chairman and will include in addition to the matters that arise from time to time, each time a number of points to be determined by the Supervisory Board which it wishes to have placed on the agenda of each meeting.
- 9.5 The meeting shall be chaired by the Chairman. The minutes shall be taken by a secretary to be appointed by the Chairman and, after having been sent to the Supervisory Directors one week after the meeting, shall be adopted by the Supervisory Board in the following meeting and signed to that effect by the Chairman of the Supervisory Board.
- 9.6 The Supervisory Board may require that certain officials and external advisors be present at its meetings.
- 9.7 Unless a Supervisory Director objects thereto in accordance with article 21 paragraph 6 of the Articles, a simultaneous telephone or video link with sound between all the Supervisory Directors, wherever they may be in the world, will be deemed to form a meeting of the Supervisory Board for the duration of this link.
- 9.8 Resolutions of the Supervisory Board may, instead of at a meeting, be passed in writing, provided that all members of the Supervisory Board are familiar with the resolution to be passed and none of them objects to this decision-making process.
10. **RELATIONS WITH THE MANAGEMENT BOARD**
- 10.1 Pursuant to article 16.9 of the Articles, the approval of the Supervisory Board shall be required for the resolutions of the Management Board summed up in such article.
- 10.2 The Supervisory Board is responsible for requesting from the Management Board and the external auditor all the information that the Supervisory Board may need for the proper performance of its task as a supervisory body. The Supervisory Board may obtain information from officials and external advisors of the Company as it deems necessary. The Company shall make the necessary resources available for this purpose.
- 10.3 The Supervisory Board shall be entitled to request from the Management Board financial and managerial information, strategic and business plans, corporate governance and compliance reports, and all other kind of reports or information in the format and timeframe so requested.
- 10.4 The Supervisory Board shall receive in a timely manner from the Management Board written information on all the facts and developments relating to the Company which the Supervisory Board requires to allow it to function properly and perform its tasks satisfactorily.

11. **RELATIONS WITH THE GENERAL MEETING**

- 11.1 The Supervisory Board, together with the Management Board, shall provide the General Meeting with any and all information that it requires for the exercise of its powers.
- 11.2 The Supervisory Board, together with the Management Board, shall provide the General Meeting with any and all requested information, unless this would be contrary to a substantial interest of the Company. If the Management Board and the Supervisory Board invoke a substantial interest, it must state its reasons.
- 11.3 The Supervisory Board, together with the Management Board, shall procure that each substantial change in the corporate governance structure of the Company and in the compliance of the Company with the Dutch Corporate Governance Code is submitted to the General Meeting for discussion under a separate agenda item.

12. **FINANCIAL REPORTING AND EXTERNAL AUDITOR**

- 12.1 The Supervisory Board shall supervise compliance with the internal procedures and publications of the financial statements and any ad hoc financial information.
- 12.2 The directors' report shall also contain information on the Supervisory Board and its performance.
- 12.3 The Audit Committee will oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. The tasks and responsibilities of the Audit Committee are set forth in the Audit Committee charter (Annex I).

13. **CONFIDENTIALITY**

The Supervisory Board members shall treat all information and documents they receive within the context of their membership of the Supervisory Board in the strictest confidence and shall not disclose such information and documents outside the General Meeting, Supervisory Board and the Management Board, even after their retirement.

14. **AMENDMENT**

These Rules may be amended by the Supervisory Board.

15. **GOVERNING LAW**

These Rules shall be governed by, and be construed in accordance with, the laws of the Netherlands.

Annex I: Audit Committee Charter

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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Annex II: Compensation Committee Charter

MERUS N.V.

COMPENSATION COMMITTEE CHARTER

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

1. Introduction

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

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

2. Purpose

The purpose of the Compensation Committee is to assist the Supervisory Board in determining the compensation of the Management Board.

3. Composition

- 3.1 The members of the Compensation Committee shall consist of Supervisory Board members. The members of the Compensation Committee shall be appointed by the Supervisory Board on the basis of a nomination of the Nomination and Corporate Governance Committee.
- 3.2 The number of members of the Compensation Committee shall be determined by the Supervisory Board, but shall consist of no fewer than two members.
- 3.3 No more than one member of the Compensation Committee may be a member of the management board of another listed company.
- 3.4 Unless the Supervisory Board elects a chairman of the Compensation Committee, the Compensation Committee shall elect a chairman by majority vote. However, the Compensation Committee may not be chaired by the Chairman, or by a former member of the Management Board, or by a member of the Supervisory Board who is a member of the management board of another listed company.
- 3.5 The Supervisory Board may replace or remove any member of the Compensation 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 Compensation Committee shall automatically constitute his or her resignation, suspension or removal, as applicable, from the Compensation Committee.

4. **Responsibilities**

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

Remuneration policy

- 4.2 The Compensation Committee shall prepare a proposal for the Supervisory Board concerning the remuneration policies for the Management Board to be adopted by the general meeting of shareholders.

Remuneration of individual members of the Management Board

- 4.3 The Compensation Committee shall review and reassess periodically the Company's processes and procedures for the consideration and determination of the compensation of the members of the Management Board, as well as the amount, structure, components and other aspects of such compensation. The Compensation Committee shall submit recommendations and proposals relating to the foregoing to the Supervisory Board.

- 4.4 Any recommendation or proposal relating to the compensation of the members of the Management Board shall, in any event, deal with:

- the compensation structure; and
- the amount of the fixed compensation, the shares and/or options to be granted and/or other variable compensation components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application.

Remuneration of employees of the Company

- 4.5 The Compensation Committee shall review and reassess periodically the Company's processes and procedures for the consideration and determination of the compensation of the employees and other service providers of the Company, as well as the amount, structure, components and other aspects of such compensation. After consultation with the Management Board, the Compensation Committee shall submit recommendations and proposals relating to the foregoing to the Supervisory Board.

Remuneration report

- 4.6 The Compensation Committee shall prepare the compensation report of the Supervisory Board, which shall contain an account of the manner in which the remuneration policy has been implemented in the previous financial year, as well as an overview of the remuneration policy as it is envisaged to be in the upcoming financial years. The compensation report shall explain how the remuneration policy contributes to the achievement of the long-term objectives of the Company and its business in keeping with the risk profile, and shall include such further particulars as required by applicable law and, to the extent possible and appropriate, as recommended by the Dutch Corporate Governance Code.

Equity-based awards

- 4.7 The Compensation Committee shall review and make such recommendations and proposals to the Supervisory Board and the Management Board, as appropriate, as the Compensation Committee deems advisable with regard to policies and procedures for the grant of equity-based awards to the members of the Management Board by the Company.

5. Meetings

- 5.1 The Compensation Committee shall meet as often as it determines is appropriate to carry out its responsibilities, but not less frequently than annually. 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 Compensation Committee object to this decision making process.
- 5.2 The Compensation Committee may pass all resolutions by simple majority of the votes cast.
- 5.3 The Compensation Committee shall decide whether, and if so, when the members of the Management Board, other members of the Supervisory Board and/or any professional retained by the Company to render advice to the Company, should attend its meetings.

6. General

Engagement of advisors

- 6.1 The Compensation Committee may engage independent counsels and such other advisors, including compensation consultants, 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. The Company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation or fees to any such counsel or adviser. In the event that the Compensation Committee makes use of the services of a compensation consultant, it shall make sure that the consultant concerned does not provide advice to the Management Board.

Performance

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

Charter

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

Amendments

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

Annex III: Nomination and Corporate Governance Committee Charter

MERUS N.V.

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE CHARTER

This Nomination and Corporate Governance Committee Charter is effective as per 18 May 2016.

1. Introduction

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

Defined terms in this Nomination and Corporate Governance Committee Charter shall have the meaning as described thereto in the Rules of the Supervisory Board.

2. Purpose

The purpose of the Nomination and Corporate Governance Committee is to assist the Supervisory Board in identifying individuals qualified to become members of the Management Board or Supervisory Board and in developing the Company's corporate governance principles.

3. Composition

- 3.1 The members of the Nomination and Corporate Governance Committee shall consist of Supervisory Board members. The members of the Nomination and Corporate Governance 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 Nomination and Corporate Governance Committee shall be determined by the Supervisory Board, but shall consist of no fewer than two members.
- 3.3 Unless the Supervisory Board elects a chairman of the Nomination and Corporate Governance Committee, the Nomination and Corporate Governance Committee shall elect a chairman by majority vote.
- 3.4 The Supervisory Board may replace or remove any member of the Nomination and Corporate Governance 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 Nomination and Corporate Governance Committee shall automatically constitute his or her resignation, suspension or removal, as applicable, from the Nomination and Corporate Governance Committee.

4. Responsibilities

- 4.1 In addition to any other responsibilities which may be assigned from time to time by the Supervisory Board, the Nomination and Corporate Governance 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 Nomination and Corporate Governance Committee.

Selection criteria and appointment procedures

- 4.2 The Nomination and Corporate Governance Committee shall draw up the selection criteria and appointment procedures for members of the Management Board and Supervisory Board. In relation to the selection criteria for the Supervisory Directors, the Nomination and Corporate Governance Committee shall take the Supervisory Board Profile into account.
- 4.3 Except where the Company is legally required by applicable law, the Articles or otherwise to provide third parties with the right to nominate members of the Management Board and/or Supervisory Board, the Nomination and Corporate Governance Committee shall be responsible for recommending to the Supervisory Board the nominees for election (whether appointment or reappointment) as Supervisory Directors or members of the Management Board.
- 4.4 The Nomination and Corporate Governance Committee shall be responsible for recommending to the Supervisory Board the Supervisory Directors to be appointed to each committee of the Supervisory Board.
- 4.5 The Nomination and Corporate Governance Committee shall have the authority to retain and terminate any search firm to be used to identify Supervisory Directors or members of the Management Board nominees, including the authority to approve the search firm's fees and other retention terms. The Nomination and Corporate Governance Committee is empowered, without further action by the Supervisory Board, to cause the Company to pay the compensation of any search firm engaged by the Nomination and Corporate Governance Committee.

Assessments

- 4.6 The Nomination and Corporate Governance Committee shall periodically, but in any event annually, assess the size and composition of the Management Board and the Supervisory Board, and shall make a proposal for a composition profile of the Supervisory Board.
- 4.7 The Nomination and Corporate Governance Committee shall periodically, but in any event annually, assess the functioning of individual members of the Management Board and the Supervisory Board, and report on this to the Supervisory Board.

Supervising policies

- 4.8 The Nomination and Corporate Governance Committee shall supervise the policy of the Management Board on the selection criteria and appointment procedures for senior management.

Corporate Governance

- 4.9 The Nomination and Corporate Governance Committee shall develop and recommend to the Supervisory Board rules of procedure for the Supervisory Board. The Nomination and

Corporate Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of such rules of procedure and recommend any proposed changes to the Supervisory Board for approval.

Reporting

- 4.10 The Nomination and Corporate Governance Committee shall report regularly to the Supervisory Board.

5. Meetings

- 5.1 The Nomination and Corporate Governance 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 Nomination and Corporate Governance Committee object to this decision making process.
- 5.2 The Nomination and Corporate Governance Committee may pass all resolutions by simple majority of the votes cast.
- 5.3 The Nomination and Corporate Governance Committee shall decide whether, and if so, when the members of the Management Board, other members of the Supervisory Board and/or any professional retained by the Company to render advice to the Company, should attend its meetings.

6. General

Performance

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

Charter

- 6.2 The Nomination and Corporate Governance Committee shall review and reassess the adequacy of this Nomination and Corporate Governance Committee Charter annually and recommend to the Supervisory Board any amendments or modifications to the charter that the Nomination and Corporate Governance Committee deems appropriate.

Amendments

- 6.3 Any amendments to this Nomination and Corporate Governance Committee Charter shall be resolved upon by the Supervisory Board, irrespective of whether such changes are proposed by the Nomination and Corporate Governance Committee.

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Annex IV: Supervisory Board Profile

SUPERVISORY BOARD PROFILE

MERUS N.V.

INTRODUCTION

Article 1

- 1.1** This profile sets out the general principles applied by the Supervisory Board for its size and composition.
- 1.2** This profile is complementary to, and subject to, the Company's articles of association, the internal rules of the Supervisory Board, and applicable laws and regulations.
- 1.3** This profile shall be posted on the Website.

DEFINITIONS AND INTERPRETATION

Article 2

- 2.1** Unless otherwise defined in these rules, capitalised terms shall have the meanings ascribed to them in the Supervisory Board Rules.
- 2.2** Without prejudice to Article 2.1, in these rules the following definitions shall apply:

Article	An article of this profile.
Company	Merus N.V.
Supervisory Board	The supervisory board of Merus N.V.
Supervisory Board Rules	The rules concerning the organisation, decision-making and other internal matters of the Supervisory Board.
- 2.3** Terms that are defined in the singular have a corresponding meaning in the plural.
- 2.4** Words denoting a gender include each other gender.

COMPOSITION OF THE SUPERVISORY BOARD

Article 3

- 3.1** The Supervisory Board consists of at least one Supervisory Director.
- 3.2** In order to ensure that the Supervisory Board is properly composed, recommendations, nominations and proposals for the appointment of a Supervisory Director shall be made taking into account the general principles set out in this Article 3.
- 3.3** The Supervisory Board shall be composed of individuals who are knowledgeable and have relevant experience and expertise in one or more of the following areas:
 - a.** the industry in which the Company operates;
 - b.** general management;
 - c.** finance, administration and accounting;

- d.** strategy;
- e.** marketing and sales;
- f.** manufacturing and production;
- g.** innovation, research and development;
- h.** safety and environment;
- i.** human resources, personnel and organisation;
- j.** information technology; and/or
- k.** legal affairs.

3.4 Each Supervisory Director shall be expected to have the following competences and qualities:

- a.** integrity;
- b.** the ability to act critically and independently of the other Supervisory Director, the Management Board and any particular interest;
- c.** the ability to promote and protect the interests of the Company, its business and its stakeholders;
- d.** awareness of international trends in society, economy and politics;
- e.** a track record of proven success;
- f.** analytical, critical and solution-oriented;
- g.** having sufficient time at his disposal to perform his duties properly;
- h.** willingness to follow induction and training programmes and to be periodically evaluated;
- i.** ambition for continuous improvement; and
- j.** willingness to be appointed as a member of one or more committees established by the Supervisory Board.

3.5 At least one Supervisory Director shall be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large entities.

3.6 The Chairman may not be a former Managing Director.

3.7 The Company endorses the importance of diversity in terms of, among other things, background, age, gender, nationality, and experience. However, the importance of diversity, in and of itself, should never set aside the overriding principle that a Supervisory Director should always be recommended, nominated and appointed for being the "best man or woman for the job".

3.8 For the avoidance of doubt, the requirements and principles described in Articles 3.3 through 3.7 are not considered to be mutually exclusive.

AMENDMENTS AND DEVIATIONS

Article 4

Pursuant to a resolution to that effect, the Supervisory Board may amend or supplement this profile and allow temporary deviations from this profile.

GOVERNING LAW AND JURISDICTION**Article 5**

This profile shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute arising in connection with this profile shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

Annex V: Rotation Plan

Supervisory Board – Rotation Plan					
	Supervisory Board	Audit Committee	Compensation committee	Nomination committee	nomination period as per closing IPO
Mark Iwicki	independent		X	X	4
Anand Mehra	C		X	X0	3
Jack Nielsen	C		X0		2
John de Koning	B	X		X	1
Lionel Carnot	B	X			2
Wolfgang Berthold	independent				1
Gregory Perry	independent	X0			4
0 = chairman					