

BOARD RULES

MERUS N.V.

INTRODUCTION

Article 1

- 1.1** These rules govern the organisation, decision-making and other internal matters of the Board of Directors. In performing their duties, the Directors shall comply with these rules.
- 1.2** These rules are complementary to, and subject to, the Articles of Association and applicable laws and regulations.
- 1.3** These rules shall be posted on the Website.

DEFINITIONS AND INTERPRETATION

Article 2

- 2.1** In these rules the following definitions shall apply:

Article	An article of these rules.
Articles of Association	The Company's articles of association.
Audit Committee	The audit committee established by the Board of Directors.
Board Meeting	A meeting of the Board of Directors.
CEO	The Company's chief executive officer.
Chairman	The chairman of the Board of Directors.
Committee	The Audit Committee, the Compensation Committee, the Nomination and Corporate Governance Committee and the Research and Development Committee.
Committee Charter	The charter of the relevant Committee.
Company	Merus N.V.
Company Secretary	The person who is appointed as the Company's company secretary.
Compensation Committee	The compensation committee established by the Board of Directors.
Conflict of Interests	A direct or indirect personal interest of a Director that conflicts with the interests of the Company and of the business connected with it.

Director	A member of the Board of Directors.
Diversity Policy	The diversity policy prepared by the Non-Executive Directors relating to the composition of the Board of Directors and, if and when relevant, the Company's executive committee, addressing concrete targets relating to diversity and the aspects of diversity that the Non-Executive Directors consider to be relevant for the Company.
Executive Director	An executive Director.
External Auditor	The auditor or audit firm within the meaning of Section 2:393 of the Dutch Civil Code and that meets the standards of independence under the SEC rules, engaged or to be engaged to examine the Company's annual accounts and management report.
Family Member	A Director's spouse, registered partner or other life companion, foster child or any relative or in-law up to the second degree.
General Meeting	The Company's general meeting of shareholders.
Internal Controls	The Company's internal risk management and control systems.
NASDAQ	The NASDAQ Stock Market LLC.
Nomination and Corporate Governance Committee	The nomination and corporate governance committee established by the Board of Directors.
Non-Executive Director	A non-executive Director.
Profile	The profile prepared by the Non-Executive Directors for the size, composition and independence of the group of Non-Executive Directors, taking into account the nature and activities of the Company and its business.
Research and Development Committee	The research and development committee established by the Board of Directors.
SEC	The United States Securities and Exchange Commission.
Simple Majority	More than half of the votes cast.
Vice-Chairman	The vice-chairman of the Board of Directors.
Website	The Company's external website.

2.2 References to statutory provisions are to those provisions as they are in force from time to

time.

- 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.
- 2.5 Except as otherwise required by law, the terms "written" and "in writing" include the use of electronic means of communication.

COMPOSITION

Article 3

- 3.1 The Board of Directors consists of one or more Executive Directors and three or more Non-Executive Directors, in each case with the exact numbers to be determined by the Board of Directors.
- 3.2 The size, composition and independence of the Board of Directors shall be subject to the Diversity Policy and the Profile. The Profile shall be posted on the Website.
- 3.3 The Board of Directors will be comprised of a majority of Directors who qualify as independent directors under NASDAQ rules.
- 3.4 The Directors shall be appointed, suspended and dismissed in accordance with the Articles of Association and applicable law.
- 3.5 A person may be appointed as Executive Director for maximum terms of four years each, without a limitation on the number of consecutive terms that an Executive Director may serve. A person may be appointed as Non-Executive Director for a maximum of two consecutive four-year terms and, subsequently, for a maximum of two consecutive two-year terms.
- 3.6 The Board of Directors shall elect an Executive Director to be the CEO. The Board of Directors may dismiss the CEO, provided that the CEO so dismissed shall subsequently continue his term of office as an Executive Director without having the title of CEO. The Board of Directors may determine that the CEO may carry the title "President and Chief Executive Officer".
- 3.7 Subject to the provisions of the Profile, the Board of Directors shall elect a Non-Executive Director to be the Chairman and another Non-Executive Director to be the Vice-Chairman. The Board of Directors may dismiss the Chairman or the Vice-Chairman, provided that the Non-Executive Director so dismissed shall subsequently continue his term of office as a Non-Executive Director without having the title of Chairman or Vice-Chairman, as the case may be.
- 3.8 A Non-Executive Director shall retire in the event of inadequate performance, structural incompatibility of interests, and in other instances where early retirement of the Non-Executive Director is considered necessary by the group of Non-Executive Directors.

- 3.9** The Board of Directors shall ensure that the Company has a sound plan in place for the succession of Directors which is aimed at retaining the appropriate balance in the requisite expertise, experience and diversity on the Board of Directors.
- 3.10** The Board of Directors shall also ensure that a retirement schedule is prepared in order to avoid, as much as reasonably practicable, Non-Executive Directors retiring simultaneously. The retirement schedule shall be posted on the Website.
- 3.11** The acceptance by an Executive Director of a position as supervisory director or non-executive director of another company or entity shall be subject to the approval of the group of Non-Executive Directors. An Executive Director shall notify the Non-Executive Directors in advance of any other position he wishes to pursue.

DUTIES AND ORGANISATION

Article 4

- 4.1** The Board of Directors is charged with the management of the Company, subject to the restrictions contained in the Articles of Association, with the Executive Directors being primarily charged with the Company's day-to-day operations and the Non-Executive Directors being primarily charged with the supervision of the performance of the duties of the Directors. In performing their duties, Directors shall be guided by the interests of the Company and of the business connected with it.
- 4.2** The Board of Directors may obtain information from officers and external advisers of the Company in order to perform their duties, and the Company shall facilitate this.
- 4.3** All Directors shall follow an induction programme geared to their role, covering general financial, social and legal affairs, financial reporting by the Company, specific aspects that are unique to the Company and its business, the Company's corporate culture, the relationship with the Company's works council or other employee participation body, if any, and the responsibilities of a Director under applicable law.
- 4.4** The Executive Directors shall ensure that internal procedures are established and maintained which safeguard that relevant information is or becomes known to the Board of Directors in a timely fashion.
- 4.5** The tasks and duties of the Non-Executive Directors include the supervision of the following matters:
- a.** the Company's strategy, the implementation thereof and the principal risks associated with it;
 - b.** the review by the Executive Directors of the effectiveness of the design and operation of the Internal Controls, including:
 - i.** any identified material failings in the Internal Controls; and
 - ii.** any material changes made to, and any material improvements planned

for, the Internal Controls;

- c. the functioning of, and the developments in, the relationship with the External Auditor;
 - d. the establishment and implementation of the internal procedures referred to in Article 4.4;
 - e. the Company's corporate culture and values;
 - f. the findings and observations of the Executive Directors relating to the effectiveness of, and compliance with, the Company's code of conduct;
 - g. monitoring the operation of the Company's procedure for reporting actual or suspected misconduct or irregularities, the initiation of appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or an irregularity has been discovered, adequate follow-up of recommendations for remedial actions;
 - h. the Company's relations with shareholders; and
 - i. if and when the Executive Directors establish an executive committee, the functioning of such executive committee, the relationship of such executive committee with the Executive Directors and the compensation of the members of such executive committee who are not Directors.
- 4.6** At least annually, the Non-Executive Directors shall evaluate - outside the presence of the Executive Directors - the functioning of the Committees and the functioning of the individual Directors, shall discuss the conclusions of such evaluations, and shall identify aspects where the Directors require further training or education. During such evaluations, the Directors should be able to express their views confidentially. When performing their evaluations, the Non-Executive Directors shall consider:
- a. the mutual interaction among the Directors;
 - b. lessons learned from recent events; and
 - c. the desired profile, composition, competency and expertise of the Board of Directors.
- 4.7** In addition, the Non-Executive Directors shall review and discuss, at least annually, the other positions held by Directors.

CHAIRMAN, VICE-CHAIRMAN AND COMPANY SECRETARY

Article 5

- 5.1** The Chairman, in regular consultation with the CEO, shall ensure that:
- a. the Non-Executive Directors have proper contact with the Executive Directors, the Company's works council or other employee participation body, if any, and the

General Meeting;

- b.** the Board of Directors shall elect a Vice-Chairman;
 - c.** there is sufficient time for deliberation and decision-making by the Board of Directors;
 - d.** the Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;
 - e.** the Board of Directors and the Committees have a balanced composition and function properly;
 - f.** the functioning of individual Directors is reviewed at least annually;
 - g.** the Directors follow their induction programme, as well as their education or training programme;
 - h.** the Executive Directors performs activities in respect of corporate culture;
 - i.** the Board of Directors is responsive to signs of misconduct or irregularities from the Company's business and ensures that any material misconduct and irregularities, or suspicions thereof, are reported to the Board of Directors without delay;
 - j.** the General Meeting proceeds in an orderly and efficient manner;
 - k.** effective communication with the Company's shareholders is assured; and
 - l.** the Non-Executive Directors shall be involved closely, and at an early stage, in any merger or takeover process involving the Company.
- 5.2** If the Chairman is absent or incapacitated, he may be replaced temporarily by the Vice-Chairman.
- 5.3** The Chairman shall act on behalf of the Board of Directors as the primary contact for Directors and shareholders regarding the functioning of Directors, except for the Chairman himself. The Vice-Chairman shall fulfil such role regarding the functioning of the Chairman.
- 5.4** The Board of Directors shall be supported by the Company Secretary. The Company Secretary shall be appointed and dismissed by the Board of Directors.
- 5.5** The Company Secretary shall:
- a.** ensure that the proper procedures within the organisation of the Board of Directors are followed and that the Company's statutory obligations and its obligations under the Articles of Association are complied with;
 - b.** facilitate the provision of information to the Board of Directors;
 - c.** support the Chairman in the organisation of the affairs of the Board of Directors; and

- d. report instances to the Chairman where the Company Secretary, when undertaking work for the benefit of the Executive Directors, becomes aware of a divergence of the interests of the Executive Directors from those of the Non-Executive Directors.

DECISION-MAKING

Article 6

- 6.1** The Board of Directors shall meet as often as any of the Directors deems necessary or appropriate.
- 6.2** Directors are expected to attend Board Meetings and the meetings of the Committees of which they are members. If a Director is frequently absent at such meetings, he shall be held accountable by the Board of Directors.
- 6.3** A Board Meeting may be convened by the Chairman by means of a written notice. If the Chairman fails to convene a Board Meeting within one week after a request was made by any Director to do so, the requesting Director(s) may convene the Board Meeting by means of a written notice.
- 6.4** All Directors shall be given reasonable notice of at least 48 hours for all Board Meetings, unless a shorter notice is required to avoid a delay which could reasonably be expected to have an adverse effect on the Company and/or the business connected with it. Notice of a Board Meeting shall include the date, time, place and agenda for that Board Meeting and shall be sent to the Directors in writing.
- 6.5** If a Board Meeting has not been convened in accordance with Articles 6.3 and 6.4, resolutions may nevertheless be passed at such Board Meeting by a unanimous vote of all Directors.
- 6.6** All Board Meetings shall be chaired by the Chairman or, in his absence, by the Vice-Chairman or, in his absence, by another Director designated by the Directors present at the relevant Board Meeting. The chairman of the Board Meeting shall appoint a secretary to prepare the minutes of the proceedings at such Board Meeting. The secretary does not necessarily need to be a Director.
- 6.7** Minutes of the proceedings at a Board Meeting shall be sufficient evidence thereof and of the observance of all necessary formalities, provided that such minutes are certified by a Director.
- 6.8** Without prejudice to Article 6.12, each Director may cast one vote in the decision-making of the Board of Directors.
- 6.9** A Director can be represented by another Director holding a written proxy for the purpose of the deliberations and the decision-making of the Board of Directors.
- 6.10** Resolutions of the Board of Directors shall be passed, irrespective of whether this occurs

at a Board Meeting or otherwise, by Simple Majority unless these rules provide differently.

- 6.11** Invalid votes, blank votes and abstentions shall not be counted as votes cast. Directors who cast an invalid or blank vote or who abstained from voting shall be taken into account when determining the number of Directors who are present or represented at a Board Meeting.
- 6.12** Where there is a tie in any vote of the Board, the Chairman shall have a casting vote, provided that there are at least three Directors in office. Otherwise, the relevant resolution shall not have been passed.
- 6.13** Board Meetings can be held through audio-communication facilities, unless a Director objects thereto.
- 6.14** Resolutions of the Board of Directors may, instead of at a Board Meeting, be passed in writing, provided that all Directors are familiar with the resolution to be passed and none of them objects to this decision-making process. Articles 6.8 through 6.12 apply *mutatis mutandis*.
- 6.15** The group of Executive Directors and the group of Non-Executive Directors, respectively, can validly pass resolutions in respect of matters which fall under the tasks and duties allocated to them pursuant to these rules. In respect of the decision-making of the group of Executive Directors and the group of Non-Executive Directors, the above provisions of this Article 6 apply *mutatis mutandis*.
- 6.16** The Board of Directors may require that officers and external advisers attend Board Meetings. In particular, the Board of Directors shall request the External Auditor to attend the Board Meeting where the External Auditor's audit report regarding the Company's financial statements is discussed.

LONG-TERM VALUE CREATION AND CORPORATE CULTURE

Article 7

- 7.1** The Executive Directors shall develop their views on long-term value creation by the Company and its business. The Executive Directors shall formulate a strategy consistent with those views in consultation with the Non-Executive Directors.
- 7.2** When formulating the Company's strategy, the following elements shall be considered:
 - a.** implementation and feasibility;
 - b.** the business model applied by the Company and the markets where the Company operates;
 - c.** opportunities and risks for the Company;
 - d.** the Company's operational and financial goals and their impact on its future

- position in the markets where the Company operates;
- e. the interests of the Company's stakeholders; and
 - f. other aspects relevant to the Company and its business, such as the environment, social and employee-related matters, the supply chain within which the Company operates, respect for human rights and combatting corruption and bribery.
- 7.3** The Board of Directors is responsible for stimulating openness and accountability among the Directors and between the different corporate bodies of the Company.
- 7.4** The Board of Directors shall adopt values for the Company and its business which contribute to a corporate culture focused on long-term value creation. The Executive Directors shall ensure that the Company's corporate values are embedded in the Company's organisation and that they are maintained regularly. When adopting the Company's corporate values, the Board of Directors shall consider the following matters:
- a. the Company's strategy and the business model;
 - b. the environment in which the Company operates; and
 - c. the existing culture within the Company and its business and whether it is necessary or advisable to make changes to such existing culture.
- 7.5** The Board of Directors shall encourage behaviour that is consistent with the Company's corporate values, and it shall propagate such values through leading by example.
- 7.6** The Executive Directors shall monitor the effectiveness and compliance with the Company's code of conduct and it shall inform the Non-Executive Directors of its findings and observations relating thereto.

RISK MANAGEMENT AND INTERNAL CONTROLS

Article 8

- 8.1** The Executive Directors shall:
- a. identify and analyse the risks associated with the Company's strategy and its activities;
 - b. establish the Company's risk appetite; and
 - c. ensure that measures are put in place in order to counter the risks being taken by the Company.
- 8.2** Based on their risk assessment, the Executive Directors (together with the Company's Chief Financial Officer, if he is not an Executive Director) shall design, implement and maintain adequate Internal Controls.
- 8.3** The Executive Directors shall monitor, and improve as appropriate, the operation of the Internal Controls. At least annually, the Executive Directors shall carry out a systematic

assessment of the design and effectiveness of the Internal Controls, considering in any event:

- a. the material control measures relating to strategic, operational, compliance and reporting risks;
- b. observed weaknesses in the Internal Controls;
- c. reports of misconduct and irregularities within the Company's organisation, including reports from whistleblowers; and
- d. lessons learned and other findings from the External Auditor.

8.4 The Executive Directors shall review and discuss the effectiveness of the design and operation of the Internal Controls with the Audit Committee, and discuss such review with the other Non-Executive Directors. This review shall include:

- a. any identified material failings in the Internal Controls; and
- b. any material changes made to, and any material improvements planned for, the Internal Controls.

8.5 The Executive Directors shall inform the Chairman without delay of any signs of actual or suspected material misconduct or irregularities within the Company and its business.

8.6 The Executive Directors shall ensure that the Audit Committee shall have:

- a. sufficient resources to execute the Company's internal audit plan;
- b. access to information that is important for the performance of the tasks and duties allocated to the Audit Committee; and
- c. direct access to the External Auditor.

8.7 For as long as the Company has no internal audit department, the Board of Directors shall assess at least annually whether adequate alternative measures have been taken, also taking into account the recommendation by the Audit Committee, and it shall consider whether it is necessary to establish such an internal audit department.

EXTERNAL AUDITOR

Article 9

9.1 The Executive Directors shall ensure that the External Auditor shall receive all information that is necessary for the performance of its tasks in a timely fashion and that the External Auditor shall have the opportunity to respond to such information.

9.2 The Executive Directors shall review and discuss the External Auditor's draft audit plan with the External Auditor.

9.3 The Executive Directors shall allow the Non-Executive Directors to examine the most important points of discussion arising between the External Auditor and the Executive

Directors, if any, based on the External Auditor's draft management letter or its draft audit report.

- 9.4** The Board of Directors shall nominate the External Auditor to the General Meeting for appointment on the basis of a recommendation by the Audit Committee. The main conclusions regarding such nomination and the outcome of the selection process of the External Auditor shall be communicated to the General Meeting.
- 9.5** The External Auditor's engagement to audit the Company's financial statements shall be subject to the approval of the group of Non-Executive Directors on the basis of a recommendation by the Audit Committee.

CONFLICT OF INTERESTS

Article 10

- 10.1** A Director shall promptly report any actual or potential Conflict of Interests in a transaction that is of material significance to the Company and/or such Director to the other Directors, providing all relevant information relating to such transaction, including the involvement of any Family Member.
- 10.2** The determination whether a Director has a Conflict of Interests shall primarily be the responsibility of that Director. However, in case of debate, that determination shall be made by the Board of Directors without the Director concerned being present.
- 10.3** A Director shall not participate in the deliberations and decision-making of the Board of Directors on a matter in relation to which he has a Conflict of Interests. If, as a result thereof, no resolution can be passed by the Board of Directors, the resolution may nevertheless be passed by the Board of Directors as if none of the Directors has a Conflict of Interests.
- 10.4** Transactions in respect of which a Director has a Conflict of Interests shall be agreed on arms' length terms. Any such transactions where the Conflict of Interests is of material significance to the Company and/or to the Director concerned shall be subject to the approval of the Board of Directors.
- 10.5** In order to avoid potential Conflicts of Interests, or the appearance thereof, Directors shall not:
- a.** enter into competition with the Company;
 - b.** demand or accept substantial gifts from the Company for themselves or for their respective Family Members;
 - c.** provide unjustified advantages to third parties to the detriment of the Company;
 - d.** take advantage of business opportunities to which the Company would be entitled for themselves or for their respective Family Members.

- 10.6** The Company shall not grant its Directors personal loans, guarantees or similar financing arrangements.

TRANSACTIONS WITH SHAREHOLDERS

Article 11

Transactions between the Company and a shareholder holding ten percent or more of the Company's issued share capital shall be agreed on arms' length terms. Any such transactions which are of material significance to the Company and/or to the shareholder concerned shall be subject to the approval of the Board of Directors.

OWNERSHIP OF AND TRADING IN FINANCIAL INSTRUMENTS

Article 12

- 12.1** The Directors shall be subject to the Company's policy on the ownership of and trading in ordinary shares in the Company's capital and/or derivative financial instruments.
- 12.2** In addition, each Director shall practice great reticence:
- a.** when trading in shares or other financial instruments issued by another listed company, if this could reasonably create the appearance of such Director violating applicable insider trading and/or market manipulation prohibitions; and
 - b.** when trading in shares or other financial instruments issued by another listed company which is a direct competitor of the Company.
- 12.3** Any ordinary shares in the Company's capital held by a Non-Executive Director are expected to be long-term investments.

COMMITTEES

Article 13

- 13.1** The Board of Directors has established the Audit Committee, the Compensation Committee, the Nomination and Corporate Governance Committee and the Research and Development Committee and may establish such other Committees as deemed to be necessary or appropriate by the Board of Directors.
- 13.2** Each Committee is subject to the general rules of this Article 13 and its respective Committee Charter.
- 13.3** Article 6 applies mutatis mutandis to the decision-making of a Committee, provided that:
- a.** references to the Chairman should be interpreted as being references to the chairman of the relevant Committee; and

- b.** the Committee Charter of the relevant Committee may deviate from Article 6.
- 13.4** The Board of Directors shall regularly review and discuss the reports received from the respective Committees.
- 13.5** If and when the Board of Directors establishes an executive committee, the Executive Directors shall ensure that their expertise and responsibilities are safeguarded and that the Non-Executive Directors are informed adequately of the performance by the executive committee of the tasks and duties allocated to it.

AMENDMENTS AND DEVIATIONS

Article 14

Pursuant to a resolution to that effect, the Board of Directors may amend or supplement these rules and allow temporary deviations from these rules.

GOVERNING LAW AND JURISDICTION

Article 15

These rules shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute arising in connection with these rules shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam.