

ARGEN-X N.V.

AUDIT COMMITTEE – TERMS OF REFERENCE

1. BACKGROUND

1.1 These terms of reference of the Audit Committee (the *Terms of Reference*) have been established by the non-executive directors of the board of directors (the *Non-Executive Directors*) of arGEN-X N.V. (the *Company*) pursuant to article 4 paragraph 2 of the board rules of the Company (the *Board Rules*) on 9 July 2014.

1.2 The board of directors of the Company (the *Board*) has delegated to the Audit Committee responsibility for overseeing the financial reporting and internal controls of the Company and its subsidiaries (collectively, the *Group*), and for maintaining an appropriate relationship with the external auditor of the Group.

2. DUTIES OF THE AUDIT COMMITTEE

The Audit Committee shall carry out, and be responsible for supervising and advising the Board with respect to, the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

Financial Reporting

2.1 The Audit Committee shall monitor and discuss the integrity of all financial statements of the Company, interim management statements, preliminary results' announcements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain before submission to the Board. The Audit Committee shall also review summary financial statements, significant financial returns to regulators and any significant financial information contained in other documents.

2.2 The Audit Committee shall assist, supervise, review, advise and challenge the Board where necessary with regard to:

- (a) the consistency of, and any changes to, accounting and treasury policies on a year on year basis, across the Company and the Group;
- (b) the provision of financial information by the Company, including:
 - (i) choice, application and assessment of accounting policies;

- (ii) application and assessment of the effects of new rules;
 - (iii) information about the handling of estimated items in the financial statements;
 - (iv) forecasts; and
 - (v) work of internal and external auditors;
- (c) the check if the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views and complying with the recommendations and observations of the internal and external auditors;
- (d) the policy of the Company on tax planning;
- (e) the financing of the Company;
- (f) the methods used to account for significant or unusual transactions where different approaches are possible;
- (g) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- (h) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

2.3 The Audit Committee shall assess the effectiveness of the Company's financial reporting procedures, which ensure that all major financial information is known to the Board, to assure the timeliness, completeness and correctness of the external financial reporting.

2.4 The Audit Committee shall supervise compliance of the Board with the applicable internal procedures, which are required for the preparation and publication of the annual report, the financial statements, the quarterly and/or half-yearly figures and ad hoc financial information.

2.5 The Audit Committee will request that the external auditor shall include in his report the matters which the external auditor wishes to bring to the attention of the Board in relation to his audit of the annual accounts and the related audits.

Internal Controls and Risk Management Systems

2.6 The Audit Committee shall be responsible for the review, supervision and advice of the Board with respect to the Group's internal financial controls, the Group's internal controls and risk management systems, including its operating and reporting activities, and the statements to be made in the annual report concerning internal controls and risk management systems, and in particular shall review:

- (a) the policies and process for identifying, assessing and managing business risks of the Company and the Group, including periodic reports on internal control, risk management issues and the effectiveness of corrective action taken by management;
- (b) regular assurance reports from management, internal audit, external audit and others on matters related to risk and control;
- (c) the enforcement of relevant primary and secondary legislation; and
- (d) the operation of codes of conduct and the conditions and effectiveness of internal controls and risk management systems;

Whistleblowing and fraud

2.7 The Audit Committee shall:

- (a) review the Group's arrangements for its employees to raise concerns, in confidence, about possible improprieties in financial reporting or other matters. The objective shall be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow up action; and
- (b) review the Group's policies for preventing and detecting fraud, its code of corporate conduct/business ethics and its policies for ensuring that the Group complies with relevant regulatory and legal requirements.

Internal Audit

2.8 The Audit Committee shall:

- (a) monitor and review the role, functioning and effectiveness of the Group's internal audit function in the context of the Group's overall risk management system;
- (b) consider and approve the remit of the internal audit function, ensure it has adequate resources and appropriate access to information to enable it to

perform its function effectively and in accordance with the relevant professional standards, and that the function has adequate standing and is free from management or other restrictions;

- (c) ensure that the internal auditor has direct access to the chairperson of the Board and the Audit Committee;
- (d) review and assess the annual internal audit plan;
- (e) review promptly all reports on the Group from the internal auditors;
- (f) review and monitor management's responsiveness to and compliance with the findings and recommendations of the internal auditor;
- (g) co-ordinate the external and internal auditors; and
- (h) meet a representative of the internal audit function at least once a year, without management being present, to discuss their remit and any issues arising from the internal audit reviews carried out and give the head of the internal audit function a right of direct access to the Audit Committee.

2.9 The Audit Committee and the external auditor will be involved in drawing up the work schedule of the internal auditor. They will also take cognisance of the findings of the internal auditor. The internal auditor will have access to the external auditor and the chairperson of the Audit Committee.

2.10 If there is no internal audit function, the Audit Committee will review annually the need for an internal auditor. Based on this review, the Audit Committee will make a recommendation on this to the Board and such recommendation shall be included in the Board's annual report.

External Audit

2.11 The Audit Committee shall:

- (a) consider, supervise and make appropriate recommendations to the Board, to be put to the annual general meeting of shareholders, in relation to the appointment, re-appointment, remuneration, resignation or removal of the Group's external auditors and to investigate the issues leading to any such resignation and decide whether any action is required;
- (b) act as the principal contact for the external auditor if he discovers irregularities in the content of financial reporting;

- (c) determine how the external auditor should be involved in the content and publication of financial reports other than the financial statements;
- (d) supervise the Board and report to the Board annually, and earlier if required, on the relation with the external auditor, in particular on the Committee's views of the external auditor's independence (including the desirability of rotation of the responsible partners of the external auditor and of whether the external auditor who is charged with the audit should also carry out non-audit work for the Company) and remuneration;
- (e) oversee the relationship with the external auditor, including (but not limited to):
 - (i) at least once every four years conduct, together with the Board, a thorough assessment of the functioning of the external auditor in the different capacities in which he acts. The main conclusions of this assessment will be communicated to the general meeting of shareholders for the purposes of assessing the nomination for the appointment of the external auditor;
 - (ii) proposal and review of their remuneration, including fees for audit services, and that the level of fees is appropriate to enable an adequate audit to be conducted, and general approval of their terms of engagement;
 - (iii) assessing, reviewing and monitoring on an annual basis their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the external auditor as a whole;
 - (iv) assessing annually their qualifications, expertise, resources and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures, and monitoring the auditor's compliance with relevant ethical and professional guidance; and
 - (v) considering the risk of the withdrawal of the Company's present external auditor from the market;
- (f) meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Audit Committee shall meet the external auditors at least once a year without

management being present, to discuss their remit and any issues arising from the audit;

- (g) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (h) review the findings of the audit with the external auditor, including but not limited to:
 - (i) a discussion of any significant issues which arose during the audit;
 - (ii) any accounting and audit judgements;
 - (iii) the level of errors identified during the audit;
 - (iv) the basis for the going concern assumption; and
 - (v) their compliance with relevant financial reporting standards and relevant financial and governance reporting requirements;
- (i) discuss any difficulties, reservations or other matters arising from the external auditors' audits; and
- (j) review any representation letter(s) requested by the external auditors before they are signed by management and the management letter and management's response to the external auditor's findings and recommendations;

Other

2.12 The Audit Committee shall regularly review the applications of information and communication technology (*ICT*).

2.13 The Audit Committee shall review other disclosures and documents as determined by the Board.

3. COMPOSITION, EXPERTISE AND INDEPENDENCE

3.1 Members of the Audit Committee shall be appointed and dismissed by the Non-Executive Directors. The Audit Committee shall be comprised of at least three members. Only Non-Executive Directors shall qualify for membership of the Audit Committee. All members of the Audit Committee, with the exception of no more than one member, shall be independent Non-Executive Directors, within the meaning of the Dutch Corporate Governance Code. The Audit Committee may not

be chaired by the chairperson of the Board or by a former executive director of the Board.

3.2 At least one member of the Audit Committee shall be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

3.3 In the event that a member of the Audit Committee is or becomes aware of any circumstance which may reasonably impair or affect his independence or the perception of his independence, he shall inform the chairperson of the Audit Committee (or in the case of the chairperson, the other members of the Audit Committee) thereof promptly. The Audit Committee shall consult with the Board in order to determine whether there is sufficient cause for resignation from, or termination of, the member's membership on the Audit Committee.

3.4 Only members of the Audit Committee have the right to attend Audit Committee meetings. The Audit Committee shall have the right to decide whether, and, if so, when the Chief Executive Officer, Chief Financial Officer, external auditor and/or internal auditor, should attend its meetings. The Audit Committee may also invite other individuals to attend all or part of any Audit Committee meeting.

3.5 The Non-Executive Directors shall appoint one member of the Audit Committee to act as its chairperson who shall be an independent Non-Executive Director. In the absence of the chairperson of the Audit Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

4. QUORUM

4.1 The quorum necessary for the transaction of business shall be two members.

4.2 A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.

5. MEETING ADMINISTRATION

5.1 The Audit Committee shall meet as often as it deems necessary but in any case at least four times per year, held to coincide with key dates in the financial reporting and audit cycle, at such times and places as determined by the chairperson of the Audit Committee, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Audit

Committee or its chairperson. The Audit Committee shall approve the annual calendar of its meetings.

5.2 Meetings of the Audit Committee shall be called by the chairperson of the Audit Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.

5.3 Unless otherwise agreed by all Audit Committee members, notice of each meeting, confirming the venue, the time and date, any dial-in details and the agenda shall be forwarded to each member of the Audit Committee, any other person required to attend and all other Non-Executive Directors, as soon as practicable and in any event no later than five working days before the date of the meeting.

5.4 When the need arises, the external auditor may request the chairperson of the Audit Committee for leave to attend the meeting of the Audit Committee. The external auditor shall in any event attend the meeting of the Board, in which the report of the external auditor with respect to the audit of the financial statements shall be discussed, and the financial statements shall be adopted. The external auditor shall receive the financial information underlying the adoption of the quarterly and/or half-yearly figures and other interim financial reports and shall be given the opportunity to respond to all information.

5.5 Decisions must be taken by a simple majority of the members present or represented. In case of an equality of votes, the chairperson of the Audit Committee has the casting vote.

6. MINUTES

6.1 Minutes must be kept of the proceedings at the Audit Committee meetings. The minutes of Audit Committee meetings will state the time and place of the meeting, list the persons attending the meeting, state the existence of any conflict of interest, summarize matters discussed and important accounting and internal control matters questioned in the meeting. The minutes of Audit Committee meetings shall be signed by the chairperson of the Audit Committee or in his absence, those members of the Audit Committee attending the meeting.

6.2 Minutes of Audit Committee meetings shall be circulated promptly to all members of the Audit Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

7. SELF EVALUATION

The Audit Committee shall, at least once a year, review its own performance, composition and Terms of Reference and recommend any changes it considers necessary to the Board for approval.

8. REPORTING RESPONSIBILITIES

8.1 The chairperson of the Audit Committee shall report formally to the Board on the Audit Committee's deliberations, findings and proceedings after each meeting on all matters within its duties and responsibilities. Furthermore, the Audit Committee will report to the Board or separately to the Non-Executive Directors if and when so requested in individual cases by the chairperson of the Board or by two Non-Executive Directors.

8.2 The Audit Committee shall produce such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is desirable.

8.3 The Audit Committee shall compile a report to shareholders on its activities to be included in the Company's annual report, which shall include a statement about the Audit Committee's composition, activities, the number of meetings held and the main issues dealt with at these meetings.

8.4 The chairperson of the Audit Committee shall attend the annual general meeting of shareholders prepared to respond to any shareholder questions on the Audit Committee's activities.

9. OTHER MATTERS

The Audit Committee shall:

- (a) have access to sufficient resources in order to carry out its duties;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to all applicable laws and regulations, including (but not limited to) the provisions of the Dutch Civil Code, the Dutch Corporate Governance Code and the Dutch Financial Supervision Act (*Wet op het financieel toezicht*); and

- (d) oversee any investigation of activities which are within its Terms of Reference and act for internal purposes as a court of the last resort.

10. AUTHORITY

10.1 The Audit Committee is authorised by the Board to:

- (a) undertake any activity within its Terms of Reference;
- (b) seek any information that it requires from any Group employee in order to perform its duties;
- (c) obtain, at the Company's expense, outside legal or other professional advice on any matter within its Terms of Reference and to invite those persons to attend at meetings of the Audit Committee;
- (d) call any Group employee to be questioned at a meeting of the Audit Committee, as and when required; and
- (e) delegate any of its powers to one or more of its members, independent counsel and other advisors, as it deems necessary to carry out its duties.
