

APPENDIX 4 – TERMS OF REFERENCE OF THE AUDIT COMMITTEE

OXURION NV

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INTRODUCTION

These terms of reference are part of the CG Charter of the Company.

The meaning of a number of terms, whether or not capitalised, used but not defined in these terms of reference is given in the list of terms included in clause 1 of the CG Charter.

1. COMPOSITION

- 1.1 The members of the Audit Committee are appointed and may at any time be dismissed by the Board.
- 1.2 The Audit Committee is composed of at least three directors. All members of the Audit Committee are non-executive directors. At least one member of the Audit Committee is an independent director.
- 1.3 The Audit Committee is chaired by one of the members of the Audit Committee.
- 1.4 The committee members as a whole shall have competence relevant to the sector in which the Company is operating. At least one of the members of the Audit Committee has sufficient accounting and auditing expertise. This expertise in accounting and auditing implies a degree of higher studies in economics or finance or relevant professional experience in those matters.
- 1.5 The Secretary of the Company acts as the secretary of the Audit Committee. The Secretary of the Company can delegate some or all of his or her duties under these terms of reference to a substitute appointed by him or her in consultation with the chairperson of the Audit Committee.

2. POWERS

2.1 Role of the Audit Committee

The Audit Committee assists the Board in fulfilling its monitoring responsibilities in respect of the financial reporting process, the effectiveness of the internal control and risk management systems, the internal audit and the statutory auditor's work and independence.

2.2 Duties of the Audit Committee

The duties of the Audit Committee include in particular the following activities:

- (a) Monitoring the financial reporting process:

The Audit Committee monitors the integrity of the financial information provided by the Company: the Audit Committee ensures that the financial reporting provides a true, honest and clear picture of the situation and the prospects of the Company. For this monitoring, the Audit Committee in particular reviews the relevance and consistency of the accounting standards.

The Audit Committee assesses the accuracy, completeness and consistency of the financial information.

This duty also covers the review of periodic financial information before this information is made public, the relevance and consistency of the accounting principles used, the impact of new accounting rules, the adequacy of the accounting estimates and the work of the external auditor.

The Audit Committee discusses significant financial reporting issues both with the Executive Team and with the external auditor.

The Audit Committee should inform the Board of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit Committee was in that process.

Schedule 1 contains guidelines for the monitoring of the financial reporting by the Audit Committee.

- (b) Monitoring the effectiveness of the Company's internal control and risk management systems:

At least once a year, the Audit Committee reviews the internal control and risk management systems set up by the Executive Team. It ensures that the main risks are properly identified, managed and disclosed in accordance with the framework approved by the Board.

This also includes review and approval of the statements on internal control and risk management included in the CG statement as well as review of the specific arrangements in place which the staff of the Company may use, in confidence, to raise concerns about possible improprieties in financial reporting or other matters (e.g., the Company's integrity hotline). The Audit Committee ensures that this arrangement is brought to the notice of all staff members of the Company and its Subsidiaries. If deemed necessary, the Audit Committee makes arrangements for independent investigation and appropriate follow-up of these matters in proportion to their alleged gravity.

- (c) Monitoring the internal audit and its effectiveness:

The Audit Committee annually reviews the need for or the preservation of the internal audit function and advise the Board on the Audit Committee's annual assessment of such need.

If an independent audit function has been set up, the Audit Committee ensures that the available resources and skills are adapted to the Company's nature, size and complexity.

The Audit Committee assesses the work programme of the internal auditor (if such exists) having regard to the complementary role of the internal and external audit functions. The Audit Committee is provided with internal audit reports or a periodic summary of such reports. It reviews the effectiveness of the internal audit function (if any).

The Audit Committee makes recommendations to the Board on the selection; the (re)appointment and removal of the internal auditor (if such exists), as well as on the budget allocated to internal audit and monitors management's responsiveness to the Audit Committee's findings and recommendations.

The chairperson of the Audit Committee is available at all times to the internal auditor (if such exists) and the external auditor to discuss issues relating to the Company's internal audit.

Schedule 2 contains a guideline for the evaluation by the Audit Committee of the effectiveness of the internal audit function, of the internal controls, of the risk management systems and of the systems for guaranteed compliance.

- (d) Monitoring the statutory audit of the annual accounts, including any follow-up on any questions and recommendations made by the external auditor:

Without prejudice to the legal provisions which require that the external auditor provides reports or warnings to the administrative bodies of the Company, the external auditor must report to the Audit Committee on the key matters arising from the statutory audit of the financial statements, and in particular on material weaknesses in internal control in relation to the financial reporting process.

The Audit Committee monitors the external auditor's work programme and review the effectiveness of the external audit process and the responsiveness of the management to the recommendations made by the external auditor in his or her management letter.

The Audit Committee determines the manner in which the external auditor is involved in the content and the publication of financial information on the Company other than the financial statements.

Schedule 3 contains a guideline for the monitoring by the Audit Committee of the relationships between the Company and the external auditor and of the external auditor's independence.

- (e) Reviewing and monitoring of the independence of the external auditor, in particular regarding the provision of additional services to the Company.

The Audit Committee makes a proposal to the Board on the selection, the appointment and the reappointment of the external auditor as well as on the terms for his or her engagement. On this basis, the Board submits a proposal to the shareholders for approval. The Board's proposal on the appointment of the external auditor must be included on the agenda of the general shareholders' meeting. The same applies for the renewal of this appointment.

The Audit Committee investigates the issues giving rise to the resignation of the external auditor and may make recommendations as to any required action.

The external auditor must:

- annually confirm, in writing, to the Audit Committee his or her independence from the Company;
- annually inform the Audit Committee about the additional services provided to the Company;
- examine with the Audit Committee the risks relating to his or her independence and the safety measures taken to decrease these risks as documented by him or her.

The Audit Committee monitors the independence of the external auditor. The external auditor must therefore provide the Audit Committee with a report containing a description of all relationships between the external auditor and the Company and its group.

The Audit Committee assesses the efficiency of the external audit in general, taking into account the relevant regulatory and professional standards.

The Audit Committee monitors the nature and extent of all additional services which have been provided by the external auditor.

3. OPERATION

3.1 Meetings

- (a) The Audit Committee meets at least four times a year and whenever a meeting is deemed necessary and appropriate for its proper functioning. It regularly (and at least every two to three years) reviews its terms of reference and its own effectiveness and recommend any necessary changes to the Board.
- (b) In principle, meetings of the Audit Committee are convened by the secretary of the Audit Committee in consultation with the chairperson of the Audit Committee. Each member of the Audit Committee can convene an Audit Committee meeting. Except where urgent issues have arisen (as determined by the chairperson of the Audit Committee), the agenda of the meeting is sent to all Audit Committee members at least five working days prior to the meeting. Every agenda item is accompanied by as much written information as possible and relevant documents must be appended.
- (c) If all members are present, the Audit Committee can deliberate validly and compliance with the formalities for convening the meeting need not be verified. The quorum is two members attending the meeting in person or by telephone conference. Decisions are taken by a majority of the votes cast by the members of the Committee.
- (d) The chairperson of the Board has a permanent invitation to attend the meetings of any Audit Committee of which the chairperson of the Board is not a member. The Committee may invite other persons to attend its meetings
- (e) Matters relating to the audit plan and any issues arising from the audit process should be discussed specifically with the external auditor and internal auditor (if such exists) at least once a year.
- (f) At least twice a year, the Audit Committee meets the external auditor and the internal auditor (if such exists) to discuss matters relating to its terms of reference, issues falling within the powers of the Committee and any issues arising from the audit process.
- (g) The external auditor may request the chairperson of the Audit Committee to be authorized to attend a meeting of the Audit Committee.
- (h) The Audit Committee is automatically entitled to receive all information required for the performance of its duties from the Board, the Executive Team and the Company staff. Each member of the Audit Committee has access to the books, data and offices of the Company and may have conversations with executives and employees of the Company if this might be useful for the proper performance of its duties.
- (i) The Audit Committee should decide whether, and if so when, the CEO, the CFO (or senior employees responsible for finance, accounting, and treasury matters), the internal auditor (if such exists) and external auditor should attend its meetings. The Audit Committee is entitled to meet with any relevant person without any member of the Executive Team being present.

- (j) In addition to maintaining an effective working relationship with executive management, the internal auditor (if such exists) and the external auditor must be guaranteed free access to the Board. To this effect, the Audit Committee acts as the principal point of contact for the external auditor and the internal auditor (if such exists). The external auditor and the internal auditor (if such exists) have direct and unrestricted access to the chairperson of the Audit Committee and to the chairperson of the Board.
- (k) The Audit Committee may seek external professional advice, at the Company's expense, about issues that fall within its powers, after informing the chairperson of the Board
- (l) Any member of the Audit Committee informs the Audit Committee of:
 - any personal financial interest (except in his capacity as shareholder) in any matter on which the Audit Committee decides; or
 - any possible conflict of interests which may arise as a consequence of any other mandates he or she holds.

3.2 Reporting to the Board

- (a) The Audit Committee regularly reports to the Board, at least when the Board is making the financial statements and concise financial statements, that are to be published. The Audit Committee shall also regularly report to the Board on the exercise of its duties identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- (b) The secretary of the Audit Committee or any other person designated by the chairperson of the meeting draws up a report of the findings and recommendations of the meeting of the Audit Committee. He or she provides all members of the Board with the report as soon as possible after the meeting.
- (c) The Audit Committee reports to the Board annually or, if necessary, more frequently on the developments in the relationship with the external auditor, and in particular on the viewpoint of the Audit Committee on the external auditor's independence.
- (d) If requested, the chairperson of the Audit Committee provides more detailed information on the results of the discussions of the Audit Committee during the meetings of the Board.
- (e) The chairperson of the Audit Committee, or any other member of the Audit Committee, is available during the annual general meeting to answer questions about the activities of the Audit Committee.
- (f) Each member of the Board should be given unlimited access to all data of the Audit Committee and may exercise this right following consultation with the chairperson of the Audit Committee and the Secretary of the Company.



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4. MISCELLANEOUS

- 4.1 The Audit Committee annually checks and reviews the adequacy of these terms of reference and of its own effectiveness, reports on the results of this review to the Board and recommends any necessary changes.
- 4.2 The Board may modify these terms of reference at all times and revoke the powers granted to the Audit Committee.
- 4.3 These terms of reference and the composition of the Audit Committee are posted on the website of the Company.

SCHEDULE 1

GUIDELINE FOR THE MONITORING OF FINANCIAL REPORTING

- (1) Discuss with the Board and the external auditor and review financial annual reports audited by the external auditor, including statements made in management interviews, analyses etc.;
- (2) Discuss with the Board and the external auditor and review the interim financial reporting before it is published, including the results of a review by the external auditor of the interim financial reporting;
- (3) Discuss with the Board and the external auditor significant items in the financial reporting and remarks with regard to the financial statements of the Company, including the quality of the income, major differences between forecasted and actual performance, major changes in the selection or application by the Company of accounting principles, matters relating to the adequacy of the internal control systems of the Company and special actions taken in view of inadequacies of the control;
- (4) Review and discuss reports of the external auditor regarding:
 - (a) all key elements of the accounting policy and the methods used;
 - (b) any deviating treatment of financial information within the scope of the generally accepted accounting principles which were discussed with the Board or one of its members, the consequences of the use of such deviating disclosures or treatments, and the treatment desired by the external auditor; and
 - (c) other important written communication between the external auditor and the Board or one of its members, for instance management letters.
- (5) Discuss with the Board (i) press releases by the Company about its income, including the use of information which does not correspond to the generally accepted accounting principles and (ii) plans and policy of the Company relating to comments given on financial information and income by analysts and rating agencies;
- (6) Discuss with the Board and the external auditor the consequences of initiatives in the field of legislation and regulations as well as of any "off-balance-sheet"-structures for the financial reporting of the Company;
- (7) Discuss with the Board the main financial risks to which the Company is exposed and the actions taken by the Board to monitor and control the risks, including the risk assessment and control policy.

SCHEDULE 2

GUIDELINE FOR THE EVALUATION OF THE EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION, OF THE INTERNAL CONTROL, OF THE RISK MANAGEMENT SYSTEMS AND OF THE SYSTEMS FOR GUARANTEED COMPLIANCE

- (1) Retrieve documents, reports and other relevant information on the internal audit process, the internal control, the risk management systems and the systems for guaranteed compliance;
- (2) Discuss with the employees of the Company responsible for the internal audit and the internal control, in order to obtain additional information and clarification, and record their responsibility for problems, defects or errors in the internal audit and the internal control;
- (3) Discuss with the executive management responsible for the risk management systems in order to obtain additional information and clarification, and record their responsibility for problems, defects or errors in the risk management systems;
- (4) Discuss with the compliance officer (i) the Rules for prevention of market abuse, (ii) the flaws in the Rules, (iii) possible violations of the Rules;
- (5) Obtain reports from the Board, the head of the internal audit function of the Company and the external auditor confirming that the Company and its Subsidiaries comply with the existing legislation and regulations and with the Company's terms of reference;
- (6) Discuss with the Board and the external auditor any correspondence with legislative and government institutions as well as published reports mentioning significant matters relating to the financial notices of the Company or its accounting policy;
- (7) Discuss with the relevant members of the legal department of the Company any legal matters which may have a significant influence on the financial notices of the Company with regard to compliance with legislation and regulations;
- (8) Discuss with the Board the results of the investigation of the effectiveness of the internal audit function, of the internal control, of the risk management systems and of the systems for guaranteed compliance, and suggest improvements to the Board;
- (9) Provide advice to the Board about the policy and procedures of the Company for compliance with the applicable legislation and regulations.
- (10) Review the appointment and replacement of the head of the internal audit function;
- (11) Review the main reports to the Board drawn up by the internal audit function, and the response of the Board;
- (12) Discuss with the external auditor and the Board the responsibilities of the internal audit function, the budget and the employees involved, as well as any suggested changes in the planned scope of the internal audit

SCHEDULE 3

GUIDELINE FOR THE MONITORING OF THE RELATIONSHIPS BETWEEN THE COMPANY AND THE EXTERNAL AUDITOR AND OF THE EXTERNAL AUDITOR'S INDEPENDENCE

- (1) Review and evaluate the external auditor and the main partner in the audit team of the external auditor;
- (2) Obtain and review a report of the external auditor (at least three times a year) relating to (i) the internal quality control procedures applied by the external auditor, (ii) significant matters pointed out following the last review of the internal quality control procedures carried out by the office of the external auditor or as a result of a comparison with other auditors or following an investigation carried out by the government or any professional association during the past few months on account of one or several audits performed by the office (iii) the corrective actions that have been taken, and (iv) all relationships between the external auditor and the Company;
- (3) Assess the qualifications, the operation and the independence of the external auditor, evaluate whether the external auditor's quality controls are adequate and whether the provision of permissible non-audit services is compatible with the guarantees concerning the independence of the external auditor, taking into account the viewpoint of the Board and the internal audit function;
- (4) Ensure the periodic rotation of the main (or co-ordinating) partner, who is the first person responsible for the audits, and of the partner responsible for the review of the audits as well as of the other partners in the office of the external auditor, with a view to ensuring the independence of the external auditor;
- (5) Review and annually discuss the internal guidelines and the independence (as laid down in the laws or regulations and in the policy of the Company with regard to the independence of the external auditor) of the control process with the external auditor, the internal audit function and the Board; and
- (6) Discuss in advance with the external auditor the planning and scope of and the employees to be entrusted with the audit.