

**Regulations of the  
Audit Committee of**

**Pharming Group N.V.**

## **INTRODUCTION**

The Board of Supervisory Directors of Pharming Group N.V. appointed an Audit Committee, such in accordance with Article 7 of the Regulations of the Board of Supervisory Directors.

Capitalized terms used herein have the meaning set forth in the List of Definitions as attached to the Regulations of the Board of Supervisory Directors.

## **CHAPTER I. ROLE AND RESPONSIBILITIES**

### **Article 1. General Role and Responsibilities**

- 1.1 The BOSD appointed an Audit Committee to assist the BOSD, in any event, in supervising the activities of the BOM with respect to:
- a) the operation of the internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the operation of codes of conduct;
  - b) the provision of financial information by the Company (such as choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the annual accounts, forecasts and work of external auditors);
  - c) compliance with recommendations and observations of the External Auditor;
  - d) the policy of the Company on tax planning;
  - e) relations with the External Auditor, including, in particular, his independence, remuneration and any non-audit services for the Company;
  - f) the financing of the Company;
  - g) the applications of information and communication technology (ICT).
- 1.2 The Audit Committee shall have delegated authority on behalf of the BOSD only on (i) issues as specified in these Regulations or (ii) on other issues as the BOSD may specifically decide from time to time. Any use by the Audit Committee of the aforementioned delegated authority shall be conveyed to the BOSD and shall, where specifically provided in these Regulations, need the unanimous approval of the BOSD.
- 1.3 The Audit Committee shall present all material findings and recommendations to the BOSD for consideration.
- 1.4 Every member of the BOSD shall have access to all books and records of the Audit Committee.

### **Article 2. Specific Role and Responsibilities**

- 2.1 The Audit Committee shall determine how the External Auditor should be involved in the content and publication of financial reports other than the Annual Accounts.
- 2.2 The Audit Committee shall ensure that the External Auditor may be questioned by the General Meeting of Shareholders in relation to his statement on the fairness of the Annual Accounts. The External Auditor shall therefore be requested to attend and address this meeting.

- 2.3 The Audit Committee shall report its dealings with the External Auditor to the BOSD in a way consistent with Article 10.5 of the Regulations of the BOSD.
- 2.4 The Audit Committee shall thoroughly assess the functioning of the External Auditor every four years in a way consistent with Article 10.6 of the Regulations of the BOSD.
- 2.5 The report of the External Auditor pursuant to section 2:393, subsection 4 of the Dutch Civil Code shall contain the matters which the External Auditor wishes to bring to the attention of the BOM and the BOSD in relation to its audit of the Annual Accounts and the related audits. Examples of these matters are listed in Annex A.

### **Article 3. Restriction of the Role of the Audit Committee**

- 3.1 The Audit Committee has no duty to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.

## **CHAPTER II. COMPOSITION AUDIT COMMITTEE.**

### **Article 4. Composition Audit Committee and Size.**

- 4.1 The Audit Committee shall consist of two or more members. A maximum of one member of the Audit Committee need not to be independent within the meaning of Article 4.1 of the Regulations of the BOSD.
- 4.2 The BOSD shall appoint the members of the Audit Committee. The BOSD may substitute the members of the Audit Committee at any time.
- 4.3 At least one member of the Audit Committee shall be a financial expert within the meaning of Article 3.4 of the Regulations of the BOSD.
- 4.4 The chairperson of the Audit Committee shall be designated by the BOSD.
- 4.5 Generally the term of office of a member of the Audit Committee will not be set in advance. It will, inter alia, depend on the composition of the BOSD as a whole and other committees of the BOSD from time to time.
- 4.6 The Group Controller shall act as the secretary to the Audit Committee.
- 4.7 No member of the Audit Committee may receive, directly or indirectly, any compensation from the Company other than remuneration paid to members of the BOSD for service on the BOSD or a committee thereof.
- 4.8 The composition of the Audit Committee shall be mentioned in the Annual BOSD Report and on the Company's website.

- 4.9 The chairperson of the Audit Committee (or one of the other Audit Committee members) shall be available to answer questions about the Audit Committee's activities at the annual General Meeting of Shareholders.

### **CHAPTER III. MEETINGS OF THE AUDIT COMMITTEE**

#### **Article 5. Meetings of the Audit Committee**

- 5.1 The Audit Committee shall hold at least four meetings per year and whenever one or more of its members have requested a meeting. The meetings shall generally be held at the office of the Company, but may also take place elsewhere.
- 5.2 The Audit Committee shall decide whether and, if so, when the chairperson of the Board of Management (chief executive officer), the chief financial officer and the External Auditor, should attend its meetings.
- 5.3 When the need arises, the External Auditor may request the chairperson of the Audit Committee to be allowed to attend the meeting of the Audit Committee.
- 5.4 The convocation notices for meetings of the Audit Committee shall be distributed in writing, together with the agenda and other documents for the meeting, at least five days before the meeting. In urgent cases, the chairperson may determine that the meeting shall be convened upon shorter notice.
- 5.5 The Group Controller shall take minutes of the meeting. The minutes shall be adopted in the next meeting of the Audit Committee, and shall be signed by the chairperson and the Company Secretary. A copy of the minutes will be sent to the BOSD.
- 5.6 If and when required, the chairperson of the Audit Committee shall provide further information to the BOSD during its meetings on the results of the Audit Committee's discussions.
- 5.7 The number of meetings of the Audit Committee and the main items discussed shall be mentioned in the Annual BOSD Report.

### **CHAPTER IV. OTHER PROVISIONS**

#### **Article 6. Amendment**

- 6.1 The BOSD may amend these Regulations and/or revoke any powers granted by it to the Audit Committee.

#### **Article 7. Website**

- 7.1 These Regulations shall be posted on the Company's website.

## ANNEX A

### LIST OF EXAMPLES OF MATTERS THAT COULD BE INCLUDED IN EXTERNAL AUDITOR'S REPORT

**A. with regard to the audit:**

- information about matters of importance to the assessment of the independence of the External Auditor;
- information about the course of events during the audit and cooperation with internal auditors and/or any other external auditors, matters for discussion with the Board of Management, a list of corrections that have not been made, etc.

**B. with regard to the financial figures:**

- analyses of changes in shareholders' equity and results, which do not appear in the information to be published, and which, in the view of the External Auditor, contribute to an understanding of the financial position and results of the Company;
- comments regarding the processing of one-off items, the effects of estimates and the manner in which they have been arrived at, the choice of accounting policies, when other choices were possible, and special effects of such policies;
- comments on the quality of forecasts and budgets.

**C. with regard to the operation of the internal risk management and control systems (including the reliability and continuity of automated data processing) and the quality of the internal provision of information:**

- points for improvement, gaps and quality assessments;
- comments about threats and risks to the Company and the manner in which they should be reported in the particulars to be published;
- compliance with the Articles of Association, instructions, regulations, loan covenants, requirements of external supervisors, etc.