

## **SEATTLE GENETICS, INC.**

### **Charter of the Audit Committee of the Board of Directors**

#### **Purpose**

The purpose of the Audit Committee established by this charter will be to make such examinations as are necessary to monitor the corporate financial reporting and the internal and external audits of Seattle Genetics, Inc. (the “Company”), to provide to the Board of Directors (the “Board”) on a regular basis the results of its examinations and recommendations derived therefrom, to oversee the effectiveness of the Company’s internal control over financial reporting, to appoint, approve the compensation of (at the Company’s expense) and oversee the Company’s independent registered public accounting firm or firms engaged as the Company’s outside auditors for the purposes of preparing or issuing an audit report or performing audit services (the “Independent Auditors”), to supervise the finance function of the Company (which will include, among other matters, the Company’s investment activities) to engage and approve the compensation of (at the Company’s expense) independent counsel and other advisors as it deems necessary to carry out its duties, to the extent permitted under applicable laws, rules and regulations, and the Company’s bylaws and Certificate of Incorporation, delegate to one or more members of the Audit Committee the authority to grant pre-approvals of audit services and non-audit services as set forth herein, and to provide the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters which require Board attention. The Audit Committee shall have the authority to (i) request that any of the Company’s personnel, counsel, accountants (including the Independent Auditors) or financial advisors, or any other consultant or advisor to the Company attend any meeting of the Audit Committee or meet with any member of the Audit Committee or any of its special, outside legal, accounting or other, advisors or consultants and (ii) pay, at the expense of the Company, ordinary administrative expenses that, as determined by the Audit Committee, are necessary or appropriate in carrying out its duties.

The Audit Committee will undertake those specific duties and responsibilities listed below, and such other duties as the Board from time to time may prescribe; provided, however, the Audit Committee is not responsible for planning or conducting audits or determining whether the Company’s financial statements are complete and accurate, conform to generally accepted accounting principles (“GAAP”) or otherwise comply with applicable laws. The approval of this Charter by the Board shall be construed as a delegation of authority to the Audit Committee with respect to the responsibilities set forth herein.

## **Charter Review**

The Audit Committee will review and reassess the adequacy of this charter at least once per year and, if appropriate, recommend changes to the Board. Additionally, to the extent and in the manner that the Company is legally required to do by the rules of the Securities and Exchange Commission (the “SEC”), this charter (as then constituted) shall be publicly filed and/or made available or disseminated to the Company’s stockholders.

## **Membership**

The Audit Committee must be comprised of at least three members of the Board. Such members will be elected and serve at the pleasure of the Board. Each member of the Audit Committee shall meet the independence standards and have financial expertise as required by the Rules of The NASDAQ Stock Market (“NASDAQ”), the Securities Exchange Act of 1934 and the rules promulgated thereunder (collectively, the “Exchange Act”), the Sarbanes-Oxley Act of 2002 and all other applicable rules and regulations. At least one member of the Audit Committee must satisfy the applicable NASDAQ financial sophistication requirements as in effect from time to time.

## **Meetings**

The Audit Committee will meet with the Chief Financial Officer and/or the President and Chief Executive Officer and Independent Auditors of the Company at least quarterly to review the financial affairs of the Company. The Company’s General Counsel and/or outside legal counsel will also attend these quarterly meetings to provide guidance on compliance with applicable laws and regulations. A portion of each quarterly meeting will be conducted outside the presence of management to allow the Audit Committee direct access to the Independent Auditors. The Audit Committee shall also hold such special meetings as its members deem appropriate and may also contact the Company’s Independent Auditors at such other times as its members deem appropriate to review the Independent Auditors’ examination and management report.

## **Responsibilities**

To fulfill its responsibilities and duties, the Audit Committee shall:

1. Evaluate the performance of the Independent Auditors, assess their qualifications, determine whether to retain, or to terminate, the engagement of the existing Independent Auditors, appoint and engage a different independent registered public accounting firm (which retention shall be subject only to ratification by the Company’s stockholders if the Audit Committee or the Board elects to submit such retention for ratification by the Company’s stockholders), and approve the compensation of (at the Company’s expense) and oversee the Independent Auditors.
2. Prior to initial engagement of any prospective Independent Auditors and annually with regard to reappointment of the current Independent Auditors, review the

written disclosures by the Independent Auditors of all relationships between the Independent Auditors, or their affiliates, and the Company, or persons in financial oversight roles at the Company, that may reasonably be thought to bear on independence, including a letter from the Independent Auditors affirming their independence, and discuss with the Independent Auditors the potential effects of such relationships on the independence of the Independent Auditors, consistent with Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence* (“Rule 3526”), of the Public Company Accounting Oversight Board (United States) (the “PCAOB”), including any successor rule adopted by the PCAOB, and assess and otherwise take appropriate action to oversee the independence of the Independent Auditors.

3. Review the plan for and the scope of the audit at least annually, and the scope of permitted non-audit services as circumstances require.
4. Confirm that the proposed audit engagement team for the Independent Auditors complies with the applicable auditor rotation rules.
5. Pre-approve all audit services and permitted non-audit services to be provided by the Independent Auditors as required by the Exchange Act and the Auditing Standards of the PCAOB, which approval may be pursuant to pre-approval policies and procedures established by the Audit Committee consistent with applicable laws and rules, including the delegation of pre-approval authority to one or more Audit Committee members so long as any such pre-approval decisions are presented to the full Audit Committee at the next scheduled meeting.
6. Inquire of the Chief Financial Officer, Controller and other appropriate financial management of the Company and the Independent Auditors about significant risks or exposures and assess the steps management has taken to minimize such risk to the Company.
7. Review with the Chief Financial Officer, Controller and other appropriate financial management of the Company any significant changes to GAAP, SEC and other accounting policies or standards that will impact or could impact the financial reports under review.
8. Review with the Chief Financial Officer, Controller and other appropriate financial management of the Company and the Independent Auditors at the completion of the annual audit:
  - a. The Company’s annual financial statements and related footnotes proposed to be included in the Company’s Annual Report on Form 10-K to be filed with the Securities and Exchange Commission (the “Form 10-K”), and recommend whether such financial statements should be so included;
  - b. The Independent Auditors’ audit of the financial statements;
  - c. Any significant changes required in the Independent Auditors’ audit plan;
  - d. Any difficulties or disputes with management encountered during the course of the audit;

- e. Other matters related to the conduct of the audit which are to be communicated to the Audit Committee under generally accepted auditing standards, including the matters required to be discussed with the Independent Auditors by Statement on Auditing Standards No. 114, *The Auditor's Communication with Those Charged with Governance*, as adopted by the PCAOB in Rule 3200T (including any successor rule adopted by the PCAOB).
- 9. Review the report from the Independent Auditors as required by Section 10A of the Exchange Act.
- 10. Review with the Chief Financial Officer, Controller and other appropriate financial management of the Company and the Independent Auditors at least annually the Company's application of critical accounting policies and its consistency from period to period, and the compatibility of these accounting policies with generally accepted accounting principles, and (where appropriate) the Company's provisions for future occurrences which may have a material impact on the financial statements of the Company.
- 11. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Independent Auditors and the Chief Financial Officer, Controller and other appropriate financial management of the Company. Review with the Independent Auditors and the Chief Financial Officer, Controller and other appropriate financial management of the Company, at appropriate intervals, the extent to which any changes or improvements in accounting or financial practices, as approved by the Audit Committee, have been implemented.
- 12. Review and discuss with the Chief Financial Officer, Controller and other appropriate financial management of the Company all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- 13. Review with the Chief Financial Officer, Controller and other appropriate financial management of the Company and the Independent Auditors the scope, adequacy and effectiveness of the Company's internal control over financial reporting, including actions taken by the Company in response to any identified significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting and the adequacy of disclosures about changes in internal control over financial reporting. Review and discuss with the Chief Financial Officer, Controller and other appropriate financial management of the Company and the Independent Auditors management's annual assessment of internal control over financial reporting, including management's report and the Independent Auditors' audit of the Company's internal control over financial reporting and attestation report, prior to the filing of the Form 10-K.
- 14. Review the Company's compliance with the Foreign Corrupt Practices Act.

15. Review the Company's compliance with SEC requirements for disclosure of Independent Auditors' services and Audit Committee members and activities.
16. Review the Company's investment policy and evaluate the Company's adherence to such policy with regard to investment of the Company's assets.
17. Review, oversee and approve all related party transactions (i.e., those transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404).
18. Review the periodic SEC reports of the Company with the Chief Financial Officer, Controller and other appropriate financial management of the Company and the Independent Auditors prior to filing of the reports with the SEC, including the contents of any officer certifications contained therein, and any other matters required to be communicated to the Audit Committee by the Independent Auditors under standards of the PCAOB.
19. Periodically discuss with the Independent Auditors, without management being present: (i) their judgments about the quality, appropriateness, and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting; and (ii) the completeness and accuracy of the Company's financial statements.
20. Review and discuss with the Chief Financial Officer, Controller and other appropriate financial management of the Company the Company's earnings press releases or other public disclosures or releases (including the use of "pro forma" or "adjusted" non-GAAP information)
21. Establish and approve procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
22. Establish and approve procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
23. Investigate any matter brought to the attention of the Audit Committee within the scope of its duties if, in the judgment of the Audit Committee, such investigation is necessary or appropriate.
24. Perform such other functions and have such powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

Finally, the Audit Committee shall ensure that the Company's Independent Auditors understand both (i) their ultimate accountability to the Board and the Audit Committee, as representatives of the Company's stockholders, and (ii) the Audit Committee's ultimate authority and responsibility to select, retain, evaluate, approve the compensation for and, where appropriate, replace the Company's Independent Auditors.

## **Reports**

The Audit Committee will to the extent deemed appropriate record its summaries of recommendations in written form that will be incorporated as a part of the minutes of the Audit Committee and/or Board. To the extent required, the Audit Committee will also prepare and sign a Report of the Audit Committee for inclusion in the Company's proxy statement for its Annual Meeting of Stockholders.

\*Adopted by the Board of Directors on March 9, 2001.

\*\*Amended and Restated by the Board of Directors on January 31, 2003.

\*\*\*Amended and Restated by the Board of Directors on March 2, 2004.

\*\*\*\*Amended and Restated by the Board of Directors on February 11, 2005.

\*\*\*\*\*Amended and Restated by the Board of Directors on September 11, 2009.