



## **Corporate Governance Guidelines**

## **CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “**Board**”) of **Seattle Genetics, Inc.** (the “**Company**”) has adopted the following Corporate Governance Guidelines (the “**Guidelines**”) to assist the Board in exercising its responsibilities. These Guidelines reflect the Board’s commitment to building long-term stockholder value with an emphasis on corporate governance. These Guidelines are not intended to change any Federal or state law or regulation applicable to the Company, including the Delaware General Corporation Law, the Certificate of Incorporation or Bylaws of the Company or any rule or regulation of any stock exchange. The Board reserves the right to modify these Guidelines from time to time as it deems necessary or advisable.

### **BOARD COMPOSITION**

#### **1. Selection of Chair of the Board and Chief Executive Officer**

The Board is free to choose its Chair in any manner that is in the best interests of the Company at the time. The roles of the Chief Executive Officer and Chair of the Board may be separate. When the Chair of the Board also serves as the Chief Executive Officer or as another executive officer of the Company, the Board may designate an independent director who acts as a Lead Independent Director. If the Chair of the Board position is held by an independent director, then the Board shall not designate a Lead Independent Director.

#### **2. Size of the Board**

The Board shall review its own size from time to time and determine the size that is most effective toward future operations.

#### **3. Selection of New Directors**

The Nominating and Corporate Governance Committee is responsible for identifying, screening and nominating candidates for Board membership. When considering its nominations, the Nominating and Corporate Governance Committee shall also consider the advice and recommendations of its Chief Executive Officer and the stockholders of the Company.

#### **4. Board Membership Criteria**

The Nominating and Corporate Governance Committee is responsible for assessing the appropriate balance of experience, skills and characteristics required of the Board.

Nominees for director shall be selected on the basis of depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company’s business environment, the willingness of the candidate to devote adequate time to Board duties, the interplay of the candidate’s experience and skills with those of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board.

No director may serve on more than a total of six (6) boards of directors of public companies (including service on the Company's Board) unless approved in advance by the Company's Board.

## **5. Percentage of Independent Directors on Board**

Independent directors shall constitute at least a majority of the Board, and all the members of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall be independent.

## **6. Board Definition of Director Independence.**

Independent director means a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship, which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board is responsible for determining that no such relationships exist. In addition, the following persons shall not be considered independent:

- A director who is, or during the past three years was, employed by the Company or by any parent or subsidiary of the Company;
- A director who accepts or who has an immediate family member who accepts any payments from the Company or any "parent or subsidiary" (entities that are consolidated with the Company's financial statements) of the Company in excess of \$60,000 during the current fiscal year or any of the past three fiscal years, other than compensation for Board service, payments arising solely from investments in the Company's securities, compensation paid to an immediate family member who is an employee of the Company or a parent or subsidiary of the Company (but not if such person is an executive officer of the Company or any parent or subsidiary of the Company), benefits under a tax-qualified retirement plan, or non-discretionary compensation (provided, however, that Audit Committee members are subject to heightened requirements as set forth hereinafter);
- A director who is an immediate family member of an individual who is, or during the past three years was, employed by the Company or by any parent or subsidiary of the Company as an executive officer;
- A director who is or who has an immediate family member who is a partner in, or a controlling stockholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the company's securities) that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, in the current fiscal year or any of the past three fiscal years;

- A director of the Company who is employed or who has an immediate family member who is as an executive officer of another entity where any of the executive officers of the Company serve on the compensation committee of such other entity, or if such relationship existed during the past three years; or
- A director who is or was or who has an immediate family member who is or was a partner or employee of the Company's outside auditor, and worked on the Company's audit, during the past three years.

## **7. Lead Independent Director**

If the Board designates a Lead Independent Director, such person shall be responsible for coordinating the activities of the independent directors. The specific responsibilities of the Lead Independent Director shall include the following:

- Providing leadership to the Board complementary to the Chair of the Board;
- Working with the Chair of the Board and Corporate Secretary to set the agenda for Board meetings;
- Chairing regular meetings of independent directors without management present; and
- Chairing Board meetings if the Chair of the Board is not in attendance.

## **8. Directors Who Change Their Present Job Responsibility or Join New Boards**

Non-employee directors who retire from their executive positions at outside companies, change the position they held when they became a member of the Company's Board or join the board of directors of a private or public company should notify the Nominating and Corporate Governance Committee of such changes. Upon being notified of any such changes in position, the Nominating and Corporate Governance Committee will review the appropriateness of continued Board membership under the circumstances and the affected director will be expected to act in accordance with the Nominating and Corporate Governance Committee's recommendation.

## **9. Term Limits**

The Board has not established term limits for Board members. In connection with each director nomination recommendation, the Nominating and Corporate Governance Committee will consider the issue of continuing director tenure and take appropriate steps to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon such director's performance as evaluated by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will conduct a suitability review near the end of each director's three-year term.

## **10. Board Compensation and Stock Ownership Guidelines**

The Company's executive officers shall not receive additional compensation for their service as directors. Compensation for non-employee directors should be in form and amount customary for corporations of similar size and in similar lines of business as the Company. Such compensation should encourage increased ownership of the Company's stock and allow the Company to recruit and retain qualified directors with the background and skills necessary for membership on the Company's Board. The principles for setting the form and amount of such compensation shall be reviewed at least annually by the Board or a committee thereof composed of independent directors.

In order to align the interests of the Company's directors and its CEO with the Company's stockholders, the Board believes that such individuals should have a significant financial stake in the Company. Accordingly, all directors of the Board should not later than the later of (i) December 31, 2009 or (ii) December 31<sup>st</sup> of the year during which an individual achieves his or her fifth (5<sup>th</sup>) anniversary as a director of the Company's Board or in the case of the CEO, not later than the later of (i) December 31, 2012 or (ii) December 31<sup>st</sup> of the year during which such individual achieves his or her fifth (5<sup>th</sup>) anniversary as CEO of the Company, own a number of shares of the Company's common stock with a value not less than three times (3x) the annual cash retainer paid by the Company to such director for his or her service as a Board member only and not for service on any applicable committees or in the case of the CEO, not less than three times (3x) the annual base salary of the CEO. Such determination shall be made initially on December 31<sup>st</sup> of the year first applicable to each director and the CEO as set forth above and then annually on December 31<sup>st</sup> of each year thereafter. The price per share used to determine compliance with these minimum ownership levels as of December 31<sup>st</sup> shall be the volume-weighted average price of the Company's common stock for the twenty (20) day period ending on the date of the Company's most recent annual stockholder meeting. For purposes of determining such minimum ownership levels, the Board will include the Company's common stock from all sources, including personal, familial and trust holdings, restricted stock, convertible-to-common stock and exercised stock options and any such stock held by a partnership, limited liability company or corporation of which a director is a partner or corporate officer. At its discretion, the Board may evaluate whether these ownership guidelines should be waived in the case of any individual, who, because of his or her personal circumstances, would incur a hardship by complying with these ownership guidelines.

## **11. Director Resignation Policy**

It is the Company's policy that any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall submit his or her offer of resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation. The Board will then act on the Nominating and Corporate Governance Committee's recommendation. Promptly following the Board's decision, the Company will disclose that decision and an explanation of such decision in a filing with the Securities and Exchange Commission or a press release.

## **FUNCTIONING OF THE BOARD**

### **12. Frequency of Meetings**

There will be at least four (4) regularly scheduled meetings of the Board each year. At least one of these meetings will include budgeting and long-term strategic planning.

Each director is expected to attend no fewer than seventy five percent (75%) of the total of all Board meetings and meetings of committees on which he or she serves.

Unless required by illness or other extenuating circumstances, each director is expected to participate at regular Board meetings in person.

### **13. Regularly Scheduled Executive Sessions**

The Board will schedule regular executive sessions in which the non-management directors will meet without management participation.

### **14. Selection of Agenda Items for Board Meetings; Meeting Materials**

In advance of each Board meeting, an agenda for such meeting will be sent to each director together with written materials pertaining to the matters to be presented for Board discussion at such meeting. In addition, before each regularly scheduled Board meeting, draft minutes of the most recent Board meeting will be sent to each director. Also, at such regularly scheduled Board meetings where quarterly financial performance of the Company is to be discussed, summary financial information needed to understand the performance of the Company will be sent to each director. Written materials should be designed to provide a foundation for the Board's discussion of key issues and allow the Board to make the most efficient use of its meeting time. Each director is expected to review and understand the materials provided in advance of meetings and any other materials provided to the Board from time to time. Each Board member shall be free to suggest additional agenda items for a Board meeting or to raise at any Board meeting subjects that are not specifically on the agenda for consideration at subsequent meetings.

### **15. Board Evaluation**

The Board shall conduct an annual evaluation of the performance of the Board, including individual members of the Board. The Nominating and Corporate Governance Committee is responsible for establishing the evaluation criteria and overseeing the evaluations.

## **16. Board Contact with Senior Management**

Board members shall have direct access to management. Board members shall use sound business judgment to ensure that such contact does not distract management from performing its duties.

Furthermore, the Board encourages the Chief Executive Officer, from time to time, to bring managers into Board meetings who: (a) can provide additional insight concerning the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that the Chief Executive Officer believes should be given exposure to the Board.

## **17. Board Access to Independent Advisors**

The Board has authority to retain and terminate such independent consultants, counselors or advisors to the Board as it shall deem necessary or appropriate, at the expense of the Company, including determining the fees and other terms of such retentions or terminations.

## **COMMITTEE MATTERS**

### **18. Number and Names of Board Committees**

The Company shall have standing committees as it determines, but shall at all times have at least three (3): the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The duties of these committees shall be set forth in their charters or in a resolution of the Board or the Bylaws of the Company. The Board may consider or form a new committee or disband a current committee depending on circumstances and good business practices.

### **19. Independence of Board Committees**

All standing Board committees shall be chaired by independent directors. The Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee shall be composed entirely of independent directors. In addition, the Audit Committee shall be composed of independent directors that possess such accounting and financial expertise as the principal stock exchange or quotation service on which the Company's shares are listed or quoted shall require.

### **20. Assignment and Rotation of Committee Members**

The Nominating and Corporate Governance Committee shall be responsible, after consultation with the Chief Executive Officer and the Chair of the Board if other than the Chief Executive Officer, otherwise the Lead Director, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating and Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the Chairs and members to the committees on an annual basis.

The Nominating and Corporate Governance Committee shall review committee assignments from time to time and shall consider the rotation of Chairs and members with a view toward balancing the benefits derived from the diversity of experience and viewpoints of the various directors.

## **21. Codes of Ethics and Conduct.**

The Nominating and Corporate Governance Committee shall cause to be prepared and recommend to the Board the adoption of appropriate codes of ethics and/or conduct and review and recommend changes from time to time.

## **SUCCESSION AND LEADERSHIP DEVELOPMENT**

### **22. Succession Planning**

The Board or a committee thereof shall prepare and distribute to the Board on a regular basis as necessary and appropriate a report on succession planning for the Chief Executive Officer of the Company. This report shall include a short-term succession plan that delineates a temporary delegation of authority to certain officers of the Company if the Chief Executive Officer should unexpectedly become unable to perform his or her duties. The short-term succession plan shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary. In the event of retirement of the Chief Executive Officer, the Board or a committee thereof composed of independent directors shall nominate and evaluate potential successors.

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