

**FORTY SEVEN, INC.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**APPROVED BY THE BOARD OF DIRECTORS  
MARCH 22, 2019**

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**PURPOSE AND POLICY**

The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Forty Seven, Inc. (“*Forty Seven*”) is to:

- help the Board oversee Forty Seven’s corporate accounting and financial reporting processes, systems of internal control, and financial-statement audits;
- manage the selection, engagement terms, fees, qualifications, independence, and performance of the registered public accounting firms engaged as Forty Seven’s independent outside auditors for the purpose of preparing or issuing an audit report or performing audit services (the “*Auditors*”);
- review any reports or disclosures required by applicable rules and regulations of the Securities and Exchange Commission (the “*SEC*”) and the stock exchange that lists Forty Seven’s stock;
- oversee the organization and performance of Forty Seven’s internal audit function, to the extent established;
- oversee the Company’s risk assessment and management practices and policies; and
- provide regular reports and information to the Board with respect to material issues.

The Committee will maintain and foster an open avenue of communication with Forty Seven’s management, any internal audit and Auditors. It will also be responsible for any additional duties and responsibilities that the Board mandates.

**COMPOSITION**

The members of the Committee, including the Chairperson, will be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee will be filled by the Board. Resignation or removal of a Committee member from the Board for any reason will automatically constitute resignation or removal from the Committee. The Committee will consist of at least three members of the Board.

- each member of the Committee will satisfy:
  - the independence and financial-literacy requirements imposed by the SEC and the stock exchange that lists Forty Seven’s stock;
  - the requirement of being able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement;
  - any other qualifications determined by the Board;
  - any other requirements imposed by applicable law; and

- at least one member of the Committee will satisfy the applicable financial-sophistication requirements and any other requirement for accounting or related financial management expertise as determined by the Board and required by the SEC and the stock exchange that lists Forty Seven's stock.

## **AUTHORITY**

The Committee will have access to all books, records, facilities and Forty Seven personnel as deemed necessary or appropriate by any member of the Committee. If the Committee concludes that it must retain legal, accounting, or other outside advisors, it may do so and determine compensation for those advisors at the expense of Forty Seven. The Committee may also pay any ordinary administrative expenses it deems appropriate in carrying out its duties at the expense of Forty Seven.

The Committee may form and delegate authority to one or more subcommittees to the extent allowed under applicable law. By delegating an issue to a subcommittee, the Committee does not surrender any authority over that issue. Although the Committee may act on any issue that has been delegated to a subcommittee, doing so will not limit or restrict future action by the subcommittee on any matters delegated to it. Any action or decision of a subcommittee, including the preapproval of audit or nonaudit services, will be presented to the full Committee at its next scheduled meeting. By approving this Charter, the Board delegates authority to the Committee with respect to these responsibilities.

## **RESPONSIBILITIES**

The Committee will oversee Forty Seven's financial-reporting process on behalf of the Board. The Auditors and any other registered public accounting firm engaged for the financial reporting process will report directly to the Committee and be accountable to it. The Committee's responsibilities are a guide and should remain flexible to account for changing circumstances and needs. The Committee may supplement its duties as appropriate and establish policies and procedures consistent with applicable rules and regulations. The Committee shall have the following responsibilities:

### ***Auditor Management:***

**1. Hiring and Selecting Auditors.** The Committee will evaluate, determine whether to retain, which retention shall be subject only to ratification by the Company's stockholders (if the Committee or the Board elects to submit such retention for ratification by the stockholders), and determine the fees of any Auditors. In addition, the Committee may replace any existing Auditors with a different public accounting firm.

**2. Approving Audit and Non-Audit Engagements.** The Committee will review audit plans, the adequacy of staffing and the fees to be paid to Auditors. The Committee will oversee the rotation of the Auditors' partners on Forty Seven's audit engagement team as required by applicable rules and regulations. The Committee will approve all audit and non-audit related services that the Auditors provide to Forty Seven before the engagement begins, unless applicable rules and regulations allow otherwise. The Committee may establish pre-approval policies and procedures or delegate pre-approval authority to one or more Committee members as permitted by applicable rules and regulations.

**3. Auditor Independence.** At least annually, the Committee will assess the qualifications, performance, and independence of the Auditors, or in the case of prospective Auditors, before they are engaged. That assessment will include reviewing written disclosures from any Auditors regarding any relationships they have that may affect independence, as defined by applicable rules and regulations. The Committee will review a written statement from any Auditors affirming their independence, and assess, consider, and discuss with them any potential relationships concerning their objectivity and independence.

**4. Auditor Communications.** At least annually, the Committee will discuss with the Auditors the matters required to be discussed by Auditing Standard No.1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (United States) (“*PCAOB*”) (including any successor rule adopted by the PCAOB).

**5. Former Employees of Auditors.** The Committee will oversee the policies and procedures as required by applicable rules and regulations governing how Forty Seven may employ individuals who are or once were employed by the Auditors.

***Financial Review and Disclosure:***

**6. Annual Audit Results.** The Committee will review with Forty Seven management and the Auditors the results of the annual audit, including:

- the Auditors’ assessment of the quality of Forty Seven’s accounting principles and practices;
- the Auditors’ views about qualitative aspects of Forty Seven’s significant accounting practices, the reasonableness of significant judgments, and estimates (including material changes in estimates and analyses of the effects of alternative generally accepted accounting principles (“*GAAP*”) methods on the financial statements);
- all known and likely misstatements identified during the audit (other than those the Auditors believe to be trivial);
- the adequacy of the disclosures in the financial statements; and
- any other matters that the Auditors must communicate to the Committee under applicable accounting or auditing standards.

**7. Audited Financial Statement Review; Quarterly and Annual Reports.** The Committee will review the annual audited financial statements and quarterly financial statements with Forty Seven management and the Auditors. After the Public Effective Date, the Committee will be responsible for recommending to the Board whether the proposed annual audited financial statements should be included in Forty Seven’s Annual Report on Form 10-K.

**8. Management’s Discussion and Analysis.** The Committee will review with management and the Auditors, as appropriate, Forty Seven’s disclosures contained under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in its periodic reports to be filed with the SEC.

**9. Earnings Announcements.** The Committee will review and discuss with Forty Seven management and the Auditors, as appropriate, any earnings press releases and other financial information regarding Forty Seven’s results of operations.

**10. Proxy Report.** After the Public Effective Date, the Committee will oversee the preparation of any Audit Committee report required by applicable rules and regulations to be included in Forty Seven’s annual proxy statement.

**11. Accounting Principles and Policies.** The Committee will review and discuss with Forty Seven management and the Auditors significant issues regarding accounting principles and financial-statement presentation, including:

- critical accounting policies and practices;
- alternative accounting policies available under GAAP;
- the potential impact on Forty Seven's financial statements of alternative treatments; and
- any other significant reporting issues and judgments, significant regulatory, legal, and accounting initiatives, or developments that may have a material impact on Forty Seven's financial statements, compliance programs, and policies.

The Committee will review with the Auditors and Forty Seven management, if appropriate, any written communication, such as any management letter or internal-control letter, and monitor management's response to such communications.

**12. Management Cooperation with Audit.** The Committee will evaluate Forty Seven management's cooperation with the Auditors during their audit examination, including any significant difficulties or disagreements encountered during the audit, if any. The Committee will resolve any conflicts or disagreements regarding financial reporting.

***Internal Control and Procedures:***

- **Risk Assessment and Management.** The Committee will review and discuss with Forty Seven management and the Auditors Forty Seven's processes and policies on risk identification, management and assessment in all areas of the Company's business, including financial and accounting. Areas of focus shall include the Company's policies and other matters relating to the Company's investments, cash management and foreign exchange management, major financial risk exposures, the adequacy and effectiveness of the Company's information security policies and practices and the internal controls regarding information security, and the steps taken by management to monitor and mitigate or otherwise control these exposures and to identify future risks. The Committee will provide regular reports to the Board about such risk assessment, material issues affecting the quality or integrity of Forty Seven's financial statements, compliance with legal or regulatory requirements and other matters as the Committee deems appropriate

- **Internal Auditors.** To the extent an internal audit team is established, he Committee will (i) review the audit plan of Forty Seven's internal audit team and discuss with that team the adequacy and effectiveness of Forty Seven's scope, staffing, and general audit approach, and (ii) will review any significant reports prepared by Forty Seven's internal auditors, as well as management's response. To the extent established, the head of the internal auditors will also report to and be evaluated by the Committee.

- **Internal Control over Financial Reporting; Disclosure Controls.** The Committee will confer with Forty Seven management and the Auditors concerning the scope, design, adequacy and effectiveness of internal control over financial reporting and confer with management regarding Forty Seven's disclosure controls and procedures. The Committee will review reports on significant findings and recommendations with respect to internal controls over financial reporting, together with management responses and any special audit steps adopted in light of any material control deficiencies.

- **Correspondence with Regulators.** The Committee will consider and review with Forty Seven management, the Auditors, and outside advisors or accountants at least annually

any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding Forty Seven's financial statements or accounting policies.

- **Complaint Procedures.** The Committee is responsible for overseeing procedures for receiving, retaining, and investigating:

- complaints received by Forty Seven regarding accounting, internal accounting controls, or auditing matters and the confidential; and
- confidential and anonymous submissions by employees concerning questionable accounting or auditing matters.

- **Ethical Compliance.** The Committee will review the results of management's efforts to monitor compliance with Forty Seven's programs and policies adhering to applicable laws and rules, including Forty Seven's Code of Conduct.

- **Related Party Transactions.** The Committee will review and approve, in accordance with Forty Seven's policies, any related party transaction as defined by applicable rules and regulations.

**13. Insurance Coverage.** The Committee shall review and establish appropriate insurance coverage for the Company's directors and officers.

#### *Other Matters.*

- **Committee Self-Assessment.** The Committee will annually evaluate its performance and the adequacy of this Charter.

- **Other Legal and Finance Matters.** The Committee will review with Forty Seven management legal and regulatory compliance and any actual, pending, or threatened legal or financial matters that could significantly affect Forty Seven's business or financial statements or as otherwise deemed appropriate by the Committee.

- **General Authority.** The Committee will perform such other functions and have such other powers as may be necessary or appropriate in complying with the policies of this Charter.

The Committee's responsibility is one of oversight. The members of the Committee are not Forty Seven employees, and they do not perform management's or any Auditors' functions. The Committee relies on the expertise and knowledge of management, any internal auditors, and any Auditors in carrying out its oversight responsibilities. Forty Seven management is responsible for preparing accurate and complete financial statements in accordance with GAAP, crafting periodic reports, and establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The Auditors will audit Forty Seven's annual consolidated financial statements and the effectiveness of Forty Seven's internal control over financial reporting and review Forty Seven's quarterly financial statements. It is not the Committee's responsibility to prepare or certify Forty Seven's financial statements, guarantee the audits or reports of the Auditors, certify as to whether any Auditors are

“independent” under applicable rules, or ensure that the financial statements or periodic reports are complete and accurate, conform to GAAP, or otherwise comply with applicable laws and Forty Seven’s policies.

#### **MEETINGS AND MINUTES**

The Committee will meet whenever its members deem a meeting necessary or appropriate. Following the Public Effective Date, the Committee will meet at least quarterly, but may meet more frequently if its members deem doing so necessary or appropriate. The Committee will determine where and when to meet and provide this schedule in advance to the Board.

Unless otherwise directed by the Committee, each regularly scheduled meeting will conclude with an executive session that excludes members of management. As part of its responsibility to foster open communication, the Committee will meet periodically with management, personnel in charge of the internal-audit function, and the Auditors in separate executive sessions. From time to time, or when requested by the Board, the chairperson of the Committee will report to the Board.

The Committee will maintain written minutes of its meeting and regularly report to the Board on its actions and recommendations. The Committee may act by unanimous written consent; when it does so, those actions will be filed in the minute book.