

## **INCYTE CORPORATION AUDIT AND FINANCE COMMITTEE CHARTER**

### **Purpose**

The purpose of the Audit and Finance Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Incyte Corporation (the “Corporation”) in fulfilling its oversight responsibilities relating to the Corporation’s (1) financial statements and auditing, accounting and related reporting processes, (2) independent auditor’s qualifications, independence and performance, (3) internal audit function’s performance, (4) systems of internal controls regarding finance, accounting, financial reporting, and business practices and conduct established by management and the Board, (5) compliance with legal and regulatory requirements, (6) finance-related matters, including financing and tax strategies, capital allocation and capital structure, and (7) enterprise risk assessment and management practices.

### **Membership and Procedures**

***Membership and Appointment.*** The Committee shall consist of at least three members of the Board, with the exact number being determined by the Board. The members of the Committee (i) shall be appointed from time to time by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board, (ii) shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal and (iii) may be removed by the Board in its discretion. The Board shall designate one member as chairperson of the Committee. If a chairperson is not designated by the Board, the members of the Committee may designate a chairperson by majority vote of the Committee membership.

***Independence and Qualifications.*** Each member of the Committee shall meet the independence and experience requirements of The Nasdaq Stock Market (“Nasdaq”) and the applicable requirements for audit committee service imposed by the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder, as determined by the Board.

At least one member of the Committee shall be an “audit committee financial expert” in accordance with the rules of the Securities and Exchange Commission (the “SEC”) and Nasdaq, and at least one member (who may also serve as the audit committee financial expert) shall have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. All other Committee members shall be able to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement and cash flow statement, as required by Nasdaq. No Committee member shall have participated in the preparation of the Corporation’s or any of its subsidiaries’ financial statements at any time during the past three years.

***Delegation.*** The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion. Any such subcommittee shall keep regular minutes of its meetings and report the actions of such subcommittee to the full Committee when required.

***Authority to Retain Advisors and Resources.*** The Committee shall have the sole authority to retain at the Corporation's expense special legal, accounting or other consultants to advise the Committee and to authorize or conduct investigations into any matters within the scope of its responsibilities. The Committee shall have sole authority to approve related fees and retention terms. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee, for any expense related to any external advisers and for the ordinary administrative expenses of the Committee. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee, and shall have full access to all books, records, facilities and personnel of the Corporation in connection with the discharge of its responsibilities.

***Evaluation and Board Reports.*** The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board. The Committee shall make regular reports to the Board.

## **Meetings**

The Committee shall meet with such frequency and at such intervals as it determines necessary to carry out its duties and responsibilities. The Committee shall meet separately and periodically with management, internal audit and the independent auditor. Minutes of Committee meetings and actions taken without a meeting shall be kept in accordance with the Corporation's bylaws.

## **Duties and Responsibilities**

The following shall be the common recurring activities and responsibilities of the Committee in carrying out its oversight responsibilities. These activities and responsibilities are set forth below as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances or as additional duties shall be delegated by the Board:

- Review the Corporation's audited annual financial statements and quarterly financial statements with management and the independent auditors, as well as the Corporation's disclosures under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Corporation's reports filed with the SEC and, with respect to the annual financial statements, the appropriateness and quality of accounting and auditing principles and practices as well as the effectiveness of internal control over financial reporting.
- Review and discuss with management and the independent auditors the Corporation's earnings press releases before they are issued and discuss with management the nature of any additional financial information or earnings guidance to be provided publicly and/or to ratings agencies.
- Review with management and the independent auditors the matters required to be discussed by the Public Company Accounting Oversight Board (the "PCAOB") Auditing Standard No. 1301 and any modification or amendment thereto or replacement thereof relating to the conduct of the audit, other significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial

statements, and any other matters communicated to the Committee by the independent auditors.

- Review with management and such outside professionals as the Committee considers appropriate important trends and developments in financial reporting practices and requirements and their effect on the Corporation's financial statements.
- Based on its review and discussions with management and the independent auditors, recommend to the Board whether the audited financial statements should be included in the Corporation's Annual Report on Form 10-K.
- Prepare the report of the Audit Committee required by the rules of the SEC to be included in the Corporation's annual proxy statement.
- Review major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditors or management.
- Review and discuss with management and the independent auditors the adequacy and effectiveness of the Corporation's internal control over financial reporting (including any significant deficiencies, material weaknesses or significant changes in internal controls reported to the Committee by management, internal auditors, external Sarbanes Oxley consultants or the independent auditors) and the effectiveness of the Corporation's disclosure controls and procedures.
- Review and discuss with management and the independent auditors (i) any material financial or non-financial arrangements that do not appear on the Corporation's financial statements, (ii) any transactions or courses of dealing with parties related to the Corporation that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, and that are relevant to an understanding of the Corporation's financial statements, (iii) material financial risks that are designated as such by management or the independent auditors and (iv) other relationships of the Corporation with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses.
- Establish and periodically review procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters; and the confidential, anonymous submission by the Corporation's employees of concerns regarding accounting or auditing matters.
- Be directly responsible for the appointment, removal, compensation, retention and oversight of the work of the independent auditors and any other independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation (including the resolution of disagreements between the Corporation's management and the independent auditors regarding financial reporting). Any such independent auditor shall report directly to the Committee.
- Review and evaluate the lead audit partner of the independent auditor and assure the regular rotation of the lead audit partner, the concurring partner and other audit partners engaged

in the annual audit, to the extent required by law.

- Have the sole authority to review in advance, and grant any appropriate pre-approvals of all auditing services to be provided by the independent auditors and all permitted non-audit services (including the fees and other terms of engagement), and, if desired, establish policies and procedures for review and pre-approval by the Committee (or a sub-committee of one or more members of the Committee) of such services.
- Obtain and review annually, prior to the completion of the annual audit, a report from the independent auditor describing (i) all critical accounting policies and practices to be reflected in the annual audit, (ii) all alternative treatments of financial information within generally accepted accounting principles (“GAAP”) for policies and procedures related to material items that have been discussed with management, including (a) ramifications of the use of such alternative disclosures and treatments and (b) the treatment preferred by the independent auditor, and (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences. Review any reports on such topics or similar topics prepared by management. Discuss with the independent auditor any material issues raised in such reports.
- Obtain, review and discuss with the independent auditors at least annually a report by the independent auditors describing (i) the independent auditors’ internal quality-control procedures, (ii) any material issues raised by the most recent internal quality control review or peer review of the independent auditors, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the independent auditors, and the steps taken to deal with those issues.
- Review and discuss with the independent auditor any critical audit matter (“CAM”) addressed in the audit of the Corporation’s financial statements and the relevant financial statement accounts and disclosures that relate to each CAM.
- Review and discuss with the Independent Auditor the matters required to be discussed by the applicable requirements of the PCAOB and the SEC, including, but not limited to, review of the external audit plan and revisions thereto.
- Review and discuss with the independent auditors, on an annual basis, a report by the independent auditors describing all relationships the independent auditors have with the Corporation in order to evaluate the independent auditors’ continued objectivity and independence, and receive from the independent auditors on an annual basis a written statement (consistent with applicable requirements of the PCAOB regarding the independent accountant’s communications with audit committees concerning independence) regarding the auditors’ independence.
- Meet with the independent auditors prior to the audit for each fiscal year to review the planning, staffing and scope of the audit.
- Oversee the Corporation’s internal audit function and approve key internal audit matters, including the internal audit charter, audit plan and budget and resource plan, and meet with the Corporation’s internal auditors on at least an annual basis to review the internal audit

procedures being undertaken and the results of those procedures.

- Approve decisions regarding the appointment and removal of the lead executive for the Corporation's internal audit function.
- Conduct a periodic performance evaluation of the Committee and its members.
- Perform such other duties and responsibilities as reasonably determined by the Committee to be consistent with its mandate (under this Charter, the Corporation's bylaws, governing law, the rules and regulations of Nasdaq, the federal securities laws and such other requirements applicable to the Corporation) or as further delegated to the Committee by the Board.

#### ***Compliance and Risk Management***

- Review the results of management's efforts to monitor compliance with the Corporation's programs and policies designed to promote adherence to applicable laws and regulations, including anti-bribery and corruption laws, as well as to its Code of Business Conduct and Ethics, Senior Financial Officers' Code of Ethics and underlying policies.
- Receive a report from the Corporation's Chief Compliance Officer at least twice per year.
- Review and discuss with management the Corporation's enterprise risk assessment and management practices, including with respect to financial, operating and cybersecurity and other information technology risks.

#### ***Finance***

- Review and make recommendations as needed to the Board concerning the Corporation's financing policies and practices, capital allocation strategies and capital structure.
- Review and discuss with management the Corporation's policies involving the use of derivative instruments.
- Review and discuss with management the Corporation's tax structure and strategies and other material tax matters and, as appropriate, make recommendations to the Board concerning significant changes to the Corporation's tax structure.
- Review and discuss with management and approve the Corporation's investment policy.

#### **Clarification of Audit and Finance Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, the Committee's role is one of oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditors. It is also management's responsibility to develop, implement and monitor the Corporation's programs and policies designed to promote compliance with applicable laws and regulations and Corporation policies.