



XOMA CORPORATION

AUDIT COMMITTEE CHARTER

- 1. Designation of Committee.** The Audit Committee (the "Audit Committee" or the "Committee") of the Board of Directors of XOMA Corporation (the "Company") has heretofore been designated by the Board of Directors. The Committee shall continue to function in accordance with the prior determinations of the Board of Directors, the Company's By-Laws and this Charter, as adopted at the meetings of the Board of Directors and the Audit Committee held on February 14, 2018 and March 2, 2018, respectively, and amended on May 3, 2019.
- 2. Policy confirmation.** The operation and function of the Committee is based on the recognition that the independent registered public accountant for the Company is ultimately accountable to the stockholders of the Company, to the Board of Directors, and to the Audit Committee of the Company, and that the Audit Committee and Board of Directors, as the stockholders' representatives, have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent registered public accountant (or to nominate the independent registered public accountant to be proposed for shareholder approval in any proxy statement).
- 3. Independence confirmation.** The Audit Committee is responsible for ensuring that the independent registered public accountant submits on a periodic (but at least annual) basis to the Audit Committee a formal written statement affirming their independence and delineating all relationships between the independent registered public accountant and the Company, or persons in financial oversight roles at the Company, that may reasonably be thought to bear on independence and the number of previous consecutive fiscal years in which each of the audit partners responsible for the audit of the Company have performed audit services for the Company. The Audit Committee is responsible for actively engaging in a dialogue with the independent registered public accountant with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accountant and for recommending that the Board of Directors take appropriate action to ensure the independence of the independent registered public accountant.
- 4. Membership.** The Audit Committee shall consist of not less than three (3) members of the Board of Directors. The Audit Committee shall satisfy the independence and financial literacy requirements of the Nasdaq Stock Market ("Nasdaq") applicable to Audit Committee members as in effect from time to time, when and as required by Nasdaq. At least one member shall satisfy the applicable Nasdaq financial sophistication requirements as in effect from time to time. The members of the Audit Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The chairperson of the Committee shall be appointed by the Board.

5. **Purposes.** The purposes of the Audit Committee are:

- (a) to oversee the accounting and financial reporting policies and practices of the Company, the effectiveness of the Company's internal control over financial reporting and, as appropriate, the internal controls of certain service providers;
- (b) to oversee the quality and objectivity of the financial statements of the Company and the independent audit thereof; and
- (c) to act as a liaison between the Company's independent registered public accountant and the Board of Directors.

In general, the function of the Audit Committee is oversight; it is management's responsibility to maintain appropriate systems for accounting and internal control, and the independent registered public accountant's responsibility to plan and carry out a proper audit.

6. **Duties and powers.** To carry out its purposes, the Audit Committee shall have the following duties and powers:

- (a) to be directly responsible for the selection, appointment, retention, compensation, oversight and termination of independent registered public accountant and, in connection therewith, to evaluate the independence of the independent registered public accountant, including whether the independent registered public accountant provides any consulting services to the Company, and to receive the independent registered public accountant's specific representations as to their independence;
- (b) to meet with the independent registered public accountant of the Company, including private meetings, as necessary (i) to review the arrangements for and scope of the annual audit, quarterly reports, and any special audits; (ii) to discuss any matters of concern relating to the financial statements of the Company, including any adjustments to such statements recommended by the independent registered public accountant, or other results of said audit(s); (iii) to review with the independent registered public accountant the financial personnel, policies, procedures and internal accounting controls of the Company, and management's responses thereto; (iv) to review the form of opinion the independent registered public accountant proposes to render to the Board of Directors and stockholders; (v) to receive the independent registered public accountant reports concerning critical accounting policies, alternative treatments of financial information within GAAP and other material written communications with management; (vi) to discuss with management and the Company's Corporate Compliance function management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any material weaknesses or significant deficiencies identified and to review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accountants' report on the effectiveness of internal control over financial reporting; and (vii) to discuss

such other matters that the independent registered public accountant believe merit discussion;

- (c) to discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act, including the evaluation of the effectiveness of disclosure controls by the Chief Executive Officer and Chief Financial Officer;
- (d) to consider the effect upon the Company of any changes in accounting principles or practices proposed by management or the independent registered public accountant, and to discuss with management and the independent registered public accountant all critical accounting policies as disclosed in the Company's public filings with the SEC;
- (e) to determine and approve engagements of the independent registered public accountant, prior to commencement of such engagements (unless in compliance with exceptions available under applicable laws and rules related to immaterial aggregate amounts of services), to perform any proposed permissible non-audit services, including the scope of the service and the compensation to be paid therefor, at the Company's expense, which approval may be pursuant to preapproval policies and procedures established by the Committee consistent with applicable laws and rules, including the delegation of preapproval authority to one or more Audit Committee members so long as any such preapproval decisions are presented to the full Audit Committee at the next scheduled meeting;
- (f) to review and pre-approve all related-party transactions, as defined by applicable rules and regulations;
- (g) to disclose (i) in the Company's proxy statement whether the Audit Committee members are independent, as such qualification is interpreted by the Board of Directors in its business judgment and (ii) in the Company's periodic reports the Committee's approval of any non-audit services;
- (h) to review and discuss with management and, as appropriate, the independent registered public accountant, (i) the Company's guidelines and policies with respect to risk assessment and risk management, including significant risks or exposures and the steps management has taken to minimize such risks to the Company, and (ii) the adequacy and effectiveness of the Company's information security policies and practices and the internal controls regarding information security, including those concerning data privacy, cybersecurity and backup of information systems;
- (i) as requested by management, to review reports received from regulators and other legal and regulatory matters that may have a material effect on the financial statements or related Company compliance procedures;
- (j) as requested by the management or as required by the SEC or the Nasdaq, to review and discuss the quarterly financial statements, including Management's Discussion and Analysis of Financial Condition and Results

of Operations, with management and the independent registered public accountant prior to the filing of the Company's Quarterly Report on Form 10-Q (or prior to the press release of results, if possible). Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent registered public accountant under the standards of the Public Company Accounting Oversight Board (PCAOB) (United States). The chairman of the Audit Committee, if any, may represent the entire committee for purposes of this review;

- (k) to provide a report in the Company's proxy statement disclosing whether the Audit Committee has (i) reviewed and discussed the audited financial statements with management; (ii) discussed the matters required to be discussed by the PCAOB Auditing Standard No. 1301, Communications with Audit Committees, (including any successor rule adopted by the PCAOB) with the independent registered public accountant; (iii) reviewed the written disclosure described in Paragraph 3 of this Charter; and (iv) recommended to the Board of Directors the inclusion of the audited financial statements in the Company's annual report on Form 10-K;
- (l) to review management's disclosures to the Audit Committee pursuant to Rules 13a-14 and 15d-14 under the United States Securities Exchange Act of 1934, as amended;
- (m) to investigate improprieties or suspected improprieties in Company operations, and to establish procedures for the retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters;
- (n) to serve as a compliance contact to which directors, officers, employees and others covered by the Company's Code of Ethics may report any violation thereof related to the Company's financial practices and dealings. The Chairman of the Audit Committee, if any, may represent the entire Committee for this purpose;
- (o) to report its activities and submit the minutes of all meetings to the Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate;
- (p) to oversee and, if deemed appropriate, adopt policies regarding how the Company may employ individuals who are employed or were formerly employed by the Company's independent registered public accountant and engaged on the Company's account;
- (q) to monitor the rotation of the partners of the independent registered public accountant on the Company's audit engagement team as required by applicable laws and rules and to consider periodically and, if deemed appropriate, adopt a policy regarding rotation of auditing firms;

- (r) to review with management and the independent registered public accountant, to the extent appropriate, earnings press releases, as well as the substance of financial information and earnings guidance provided to analysts and ratings agencies (including, without limitation, reviewing any pro forma or non-GAAP information), which discussions may be general discussions of the type of information to be disclosed or the type of presentation to be made. The Chairman of the Audit Committee may represent the entire Committee for purposes of this discussion;
- (s) to evaluate the cooperation received by the independent registered public accountant during their audit examination, including any significant difficulties encountered during the audit or any restrictions on the scope of their activities or access to required records, data and information and, whether or not resolved, significant disagreements with management and management's response, if any;
- (t) to oversee the investigation of any matter brought to the attention of the Committee within the scope of its duties, with full access to all books, records, facilities and personnel of the Company, if, in the judgment of the Committee, such investigation is necessary or appropriate; and
- (u) to perform such other functions and to have such powers as may be necessary or appropriate in the discharge of any of the foregoing.

7. Meetings and communications. The Audit Committee shall meet on a regular basis and is empowered to hold special meetings as circumstances require. In addition, the chairman of the Audit Committee, if any, or other designated member of the Audit Committee shall make suitable provision for ongoing communication between the independent registered public accountant and himself or herself concerning matters arising between such meetings of the Audit Committee, including without limitation, consideration of changes in accounting policies or practices, unusual events which may require independent registered public accountant comment or disclosure, or preparation and publication of interim financial statements by the Company.

8. Authority. The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain special counsel and other experts or consultants at the expense of the Company.

9. Annual Charter review. The Audit Committee shall review this Charter at least annually and recommend any changes to be made to the Board of Directors.