

**COMPUGEN LTD.**  
**COMPENSATION COMMITTEE CHARTER**

**ADOPTED BY THE BOARD OF DIRECTORS ON JULY 31, 2018**

The Board of Directors (the “**Board**”) of Compugen Ltd. (the “**Company**”) has constituted and established a Compensation Committee (the “**Committee**”) with the authority, responsibility and specific duties described in this Compensation Committee Charter (this “**Charter**”). This Charter does not derogate from nor supersede, and instead will be read in conjunction with, the terms set forth in the Compensation Policy for the Company’s Office Holders, as defined under the Israeli Companies Law, 5759-1999 and the regulations promulgated thereunder (the “**Compensation Policy**” and “**Companies Law**,” respectively). If any term of this Charter contradicts the requirements under the Companies Law relating to the Compensation Policy, or the Compensation Policy itself, then the terms of the Companies Law and the Compensation Policy will prevail.

**I. Purpose**

The purpose of the Committee is to fulfill the legal role and duties as ascribed to a compensation committee under the applicable rules of the Nasdaq Stock Market (“**Nasdaq Rules**”), the Companies Law or otherwise pursuant to the Board’s authorization, including to:

A. assist the Board in fulfilling its responsibilities relating to compensation of the Company’s directors, Chief Executive Officer (“**CEO**”) and other Office Holders (as defined in the Companies Law) and Executive Officers pursuant to the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the Nasdaq Rules; and

B. assist the Board in administering the Company’s equity incentive plans.

The purpose and further provisions specified in this Charter are meant to serve as guidelines, are subject to applicable law, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary or advisable from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the Articles of Association of the Company or applicable law, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal securities law for directors of a corporation.

**II. Membership**

A. The Committee’s membership shall satisfy the following requirements:

1. The Committee shall be comprised of not less than three (3) members of the Board.
2. The members of the Committee shall be independent (an “**Independent Director**”) (or be subject to an applicable exception) as determined in accordance with applicable law in the U.S., including Rule 10C-1 of the Exchange Act and the Nasdaq Rules.
3. To the extent Article IX below shall not apply, each “external director” appointed under the Companies Law (an “**External Director**”) shall be a member of the Committee. A majority of the members of the Committee shall be External Directors, or, if so permitted pursuant to the Companies Law, “unaffiliated directors” as defined in the Companies Law (“**Unaffiliated Directors**”).

B. Notwithstanding the foregoing, to the extent Article IX below shall not apply, , the Chairman of the Board or any director who (a) is employed by the Company or by the Controlling Shareholder (as such term is defined under the Companies Law) or by a corporation under the Controlling Shareholder’s control, (b) otherwise regularly provides services to the Company or to a Controlling Shareholder or to a corporation under the Controlling Shareholder’s control, or (c) is a director whose main source of income is the Controlling Shareholder; may not serve on the Committee.

C. The Committee shall designate from among its members one (1) of the External Directors, or to the extent Article IX below applies, one (1) of the Independent Directors, as the Committee’s chairperson (“**Chairperson**”).

D. To the extent Article IX below shall not apply, an External Director may not receive directly or indirectly from the Company any compensatory fee except as provided in the regulations promulgated under the Companies Law pertaining to External Directors' compensation. In addition, any member of the Committee who is not an External Director must be a director whose total compensation does not exceed the amounts being paid by the Company to each External Director.

### **III. Meetings and Authority**

A. The Committee shall meet as circumstances require and in accordance with applicable law. Unless otherwise prescribed in this Charter, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Compensation Committee with any necessary changes.

B. The Committee may ask members of management or others to attend meetings and provide pertinent information, as necessary. Notwithstanding the foregoing, to the extent Article IX below shall not apply, (i) any person who is, pursuant to the Companies Law, forbidden from serving as a member of the Committee, shall not be present at any meeting of the Committee (during its discussions or its decision making), unless the Chairperson has determined that such person is required for the presentation of a certain topic to the Committee, *provided, however*, that an employee of the Company, who is not a Controlling Shareholder or Relative thereof (as such term is defined under the Companies Law), is permitted, if the Committee so requests, to be present for the discussions, but not the decision making, that take place at a meeting, and *provided, further*, that the Company's legal counsel and the Company's secretary, who are not Controlling Shareholders or Relatives thereof, are permitted, if the Committee so requests, to be present at a meeting (during discussions and/or decision making), and (ii) the CEO shall also not be present during voting or deliberations on his or her compensation.

C. Subject to applicable law, the Committee may delegate its authority to subcommittees established from time to time by the Committee. Such subcommittees shall consist of one (1) or more members of the Committee or the Board and shall report to the Committee.

### **IV. Retention of Outside Advisers**

A. The Committee shall have the power, without Board approval and at the Company's expense (which shall be funded appropriately by the Company), to retain, oversee the work of, and subsequently terminate independent, outside legal counsel, compensation consultants and other experts and consultants to assist the Committee in connection with its responsibilities, and shall have the sole and direct authority to approve such advisers' reasonable compensation and other retention terms.

B. The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence from the Company's management, including the following:

1. The provision of other services to the Company by the firm that employs the compensation consultant, legal counsel or other adviser;
2. The amount of fees received from the Company by the firm that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser (to the extent that such information is reasonably available);
3. The policies and procedures of the firm that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
5. Any ordinary shares of the Company owned by the compensation consultant, legal counsel or other adviser; and
6. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the firm employing the adviser with an executive officer of the Company.

C. None of the above independence criteria shall: (a) require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, independent legal counsel or

other adviser to the Committee; or (b) affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of the duties of the Committee.

D. Furthermore, none of the above criteria need be considered by the Committee in retaining an adviser who only provides (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees of the Company; or (ii) information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant. In addition, none of the above criteria needs to be considered by the Committee if it seeks advice from in-house legal counsel to the Company.

## **V. Duties and Responsibilities**

The Committee shall have the power and authority of the Board to perform the duties and to fulfill the responsibilities detailed below. The Committee's approval of any matter below shall not derogate from the requirements of the Companies Law pursuant to which approval of the Board and, in certain cases, the Company's shareholders is required for certain acts or transactions, and under such circumstances the Committee's approval shall constitute only a recommendation to any such body.

### **A. Compensation Philosophy, Practices and Policies**

1. The Compensation Committee shall provide its recommendations to the Board with respect to the compensation philosophies and practices in general and the Compensation Policy, in particular, and any renewals or extensions thereof. The Compensation Committee shall periodically review the Compensation Policy and its implementation and provide the Board with recommendations with respect to any amendments or updates thereto, but at least once every three years, to ensure it provides appropriate motivation for company performance and increased shareholder value and that it meets the requirements of applicable law.
2. The Compensation Committee shall review and resolve whether or not to approve arrangements with respect to the terms of service and employment of Office Holders, Controlling Shareholders (if any) or Relatives thereof (as such terms are defined in the Companies Law) that require approval of the Compensation Committee pursuant to the Companies Law. Without derogating from the generality of the foregoing, the Compensation Committee shall: review and approve any arrangement with respect to the terms of service and employment of directors. The Compensation Committee may, if it deems appropriate, survey the executive compensation practices of comparable companies.
3. The Compensation Committee shall review and resolve whether or not to exempt a transaction with a candidate for chief executive officer from shareholder approval, in accordance with the Companies Law.
4. The Compensation Committee shall otherwise assist the Board in fulfilling its responsibilities relating to the compensation of all Office Holders.
5. The Compensation Committee's approval of any compensation arrangement referred to above shall not derogate from the requirements of the Companies Law, pursuant to which approval of the Board, the Company's Audit Committee or shareholders is required for certain transactions, and under such circumstances the Compensation Committee's approval shall constitute a recommendation to any such organ.

### **B. Compensation Plans**

1. The Compensation Committee shall review and provide its recommendations to the Board regarding the adoption, amendment or termination of compensation plans and arrangements of the Company (and, to the extent appropriate, the subsidiaries of the Company), including, without limitation, the incentive compensation (bonus plans) and equity-based plans.
2. The Compensation Committee shall oversee the administration of such compensation plans and shall review, approve and provide its recommendations to the Board (if required) with respect to the grant of cash and equity-based compensation pursuant to such plans. All such recommendations and approvals shall be consistent with the Company's incentive plans and in accordance with guidelines provided by the Board.

C. Oversee compliance with the compensation reporting requirements of the U.S. Securities and Exchange Commission (the “*SEC*”) to the extent applicable or to the extent the Committee determines that disclosures are desirable even if not required.

D. Review and discuss with management, if appropriate, any conflicts of interest raised by the work of a compensation consultant or advisor retained by the Committee or management and how such conflict is being addressed, and prepare or review any disclosure in the Company’s filings required in accordance with applicable SEC rules and regulations.

E. Perform such other activities and functions as are required by the Committee in accordance with any applicable law, stock exchange rules or provisions of the Company’s charter documents, or as are otherwise necessary and advisable, in its or the Board’s discretion, for the efficient discharge of its duties.

**VI. Reporting**

The Committee will apprise the Board regularly of its decisions and recommendations and of significant developments in the course of performing the above responsibilities and duties.

**VII. Review**

The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval. In addition, the Committee shall annually review its own performance under this Charter and applicable laws and regulations.

**VIII. Minutes**

The Committee will maintain written minutes of its meetings in accordance with applicable law.

**IX. Companies Regulations (Alleviations for Companies if their Securities are Registered on a Stock Exchange outside of Israel), 5760-2000**

To the extent (i) there is no Controlling Shareholder of the Company; and (ii) the Company complies with the rules and regulations of the SEC and the Nasdaq Rules in connection with appointment of Independent Directors and composition of the Committee as applicable to companies incorporated in any state of the United States of America, the Company shall be exempt from the provisions of Sections 118A (except for the provision regarding the applicability of Article H), 219(c), 239(a), 243 and 249 of the Companies Law, *provided however*, that if at the time of appointment of a director, all members of the Board are of the same gender, then a director of the opposite gender shall be appointed.

**X. Interpretation; Definitions**

A. To the extent any of the provisions included herein is a description or summary of any applicable law or is intended to recite the provisions of any applicable law, then in the event of any inconsistency, contradiction or any other conflict between the provisions herein and the provisions of such applicable law, the provisions of such applicable law shall prevail and supersede and shall be deemed to constitute an integral part of this Charter. In the event that any such provision of applicable law is amended to include any relief or exclusion, then, such relief and exclusions shall be deemed to constitute an integral part of this Charter, whether or not such conflict, inconsistency or contradiction arises.

B. Any references to any law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); any reference to “law” shall include any supranational, national, federal, state, local, or foreign statute or law and all rules and regulations promulgated thereunder (including, any rules, regulations or forms prescribed by any governmental authority or securities exchange commission or authority); and any reference to “law” shall be read subject to the Company’s Articles of Association, as amended from time to time.

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