

# **KITOV PHARMACEUTICALS HOLDINGS LTD.**

## **COMPENSATION COMMITTEE CHARTER**

### **I. General Statement of Purpose**

The purpose of the Compensation Committee of the Board of Directors (the “Committee”) of Kitov Pharmaceuticals Holdings Ltd. (the “Company”) is, subject to applicable law, to oversee the management of the Company’s office holder compensation and other human resources related issues and to otherwise carry out its responsibilities, and to assist the Board in carrying out its responsibilities, relating to these issues.

### **II. Duties and Responsibilities**

The Committee has the following roles and responsibilities:

- Assist the board of directors of the Company (the “Board”) in discharging its responsibilities relating (i) to the compensation of the Company’s directors, chief executive officer and other executive officers, and (ii) to the overall Company’s compensation programs.
- Recommend to the Board for its approval a compensation policy, in accordance with the requirements of the Israeli Companies Law, 5759-1999 (the “Companies Law”) and any other compensation policies, incentive-based compensation plans and equity-based incentive compensation plans (collectively, the “Compensation Plans and Policies”).
- Oversee the development and implementation of the Compensation Plans and Policies that are appropriate for the Company in light of all relevant circumstances and recommend to the Board any amendments or modifications to the Compensation Plans and Policies that the Committee deems appropriate, including the extension of Compensation Plans and Policies as required by the Companies Law.
- Determine whether to approve transactions concerning the terms of engagement and employment of the Company’s chief executive officer, other executive officers and directors that require Committee approval under the Companies Law or the Compensation Plans and Policies.
- Take any further actions as the Committee is required or allowed to under the Companies Law or the Compensation Plans and Policies.
- If required by law, approve and recommend for approval by the Board, grants and awards under the Company’s equity-based incentive compensation plans.
- Review the adequacy of this Compensation Committee Charter (the “Charter”) on an annual basis, and recommend to the Board any amendments or modifications to the Charter that the Committee deems appropriate.
- To review and make recommendations on such other compensation related topics from time to time as determined by the Board.

In carrying out its responsibilities, the Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and any Advisers (as defined below) with whom the Committee may consult.

The Committee may perform such other functions as may be requested by the Board from time to time.

### **III. Composition of the Committee**

The number of individuals serving on the Committee shall be fixed by the Board from time to time and shall be in accordance with the requirements of applicable law. The Company has presently adopted the corporate governance structure set forth in Regulation 5D of the Israeli Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000 (the “Relief Regulations”), pursuant to which, a public company with securities listed on certain foreign exchanges, including NASDAQ, that satisfies the applicable foreign country laws and regulations that apply to companies organized in that country relating to the appointment of independent directors and composition of audit and compensation committees and have no controlling shareholder, are exempt from the Companies Law requirements in connection with external directors, as well as the audit committee and compensation committee composition requirements set forth in the Companies Law. In accordance with such corporate governance structure set forth in Regulation 5D of the Relief Regulations, for so long as the Company does not have a controlling shareholder as defined in the Companies Law, the Company shall comply with the NASDAQ Listing Rules in connection with the number of independent directors on the Board, and the composition of each of the Audit Committee and the Compensation Committee, in lieu of such requirements set forth under the Companies Law.

As such, the Committee shall consist of no fewer than two member (2) members, each of whom shall satisfy the independence standards established pursuant to Listing Rule 5605(a)(2) of The NASDAQ Stock Market Rules (also taking into consideration the tests set forth in Listing Rule 5605(d)(2)(A) of The NASDAQ Stock Market Rules). In addition, in affirmatively determining the independence of any director who will serve on the Committee, the Board shall consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company. Notwithstanding the above, if the Committee is comprised of at least three members, one director who does not meet the requirements of Listing Rule 5605(d)(2)(A) and is not currently an Executive Officer or employee or a Family Member of an Executive Officer, may be appointed to the Committee if the Board, under exceptional and limited circumstances, determines that such individual's membership on the Committee is required by the best interests of the Company and its shareholders. Should the Company rely on this exception it shall (i) disclose either on or through the Company's website or in the proxy statement for the next annual meeting subsequent to such determination (or, if the Company does not file a proxy, in its Form 20-F), the nature of the relationship and the reasons for the determination, and (ii) provide any disclosure required by Instruction 1 to Item 407(a) of Regulation S-K regarding its reliance on this exception. A member appointed to the Committee under this exception may not serve longer than two years.

Should the Company no longer operate pursuant to the corporate governance structure set forth in Regulation 5D of the Relief Regulations, whether by reason of ineligibility or due to Board resolution, and the Company appoints external directors to the Board, in accordance with the provisions of the Companies Law, then all of the Company's external directors shall be appointed to the Committee and shall constitute a majority of its members. Without derogating from the generality of the preceding sentence, under such corporate governance structure, the following persons shall not be appointed to the Committee: (i) the Chairman of the Board, (ii) any director employed by the Company or by the controlling shareholder of the Company or by a company under the control of the controlling shareholder, (iii) a director

who provides services (other than as a director and member of any committee of the Board of the Company), on an ongoing basis, to the Company, the controlling shareholder of the Company or to a company under the control of the controlling shareholder, (iv) a director whose main source of income comes from the controlling shareholder; and (v) the controlling shareholder or his relative.

The members of the Committee shall be appointed by the Board and may be replaced or removed, other than the external directors (if any), by the Board at any time with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from this Committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Committee shall designate one member of the Committee to serve as Chairman of the Committee, and if the Company has not adopted Regulation 5D of the Relief Regulations, such chairman must be an external director. All rights available to members of the Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Committee or any subcommittee thereof.

#### **IV. Compensation**

Should the Company no longer operate pursuant to the corporate governance structure set forth in Regulation 5D of the Relief Regulations, whether by reason of ineligibility or due to Board resolution, and the Company appoints external directors to the Board, in accordance with the provisions of the Companies Law, no member of the Committee may 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.

#### **V. Meetings of the Committee**

The Committee shall meet as necessary in person or by teleconference (using telephone or other communications equipment) by means of which all persons participating in the meeting can hear each other. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of members present at such meeting. Subject to the restrictions of the Compensation Plans and Policies, the Committee may act by unanimous written consent in lieu of a meeting. The Committee shall maintain written minutes, which minutes shall be maintained with the books and records of the Company. Committee's actions, conclusions or recommendations shall be reported to the Board on an ongoing basis. The matters concerning such actions, conclusions or recommendations which are subject to the approval of the Board will be brought to the attention of the directors a reasonable period of time prior to the discussion of such matters at the meeting of the Board.

The Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Committee or meet with any members of, or Advisers to, the Committee; provided, however, that should the Company no longer operate pursuant to the corporate governance structure set forth in Regulation 5D of the Relief Regulations, whether by reason of ineligibility or due to Board resolution, a person who is not eligible to be appointed as a member of the Committee shall not attend meetings of the Committee, unless the Chairman of the Committee deems such person is required in order to present a certain issue or if such person qualifies under one of the exemptions of the Companies Law.

The chief executive officer of the Company may not be present during voting or deliberations on his or her compensation.

## **VI. Independent Experts and Advisors**

The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsels (other than the Company's in-house legal counsel, if any) and other advisers (collectively, "Advisers"). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Adviser retained by it, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Adviser retained by the Committee. In determining whether to retain any person to serve as an Adviser, the Committee shall take into consideration the following factors: (i) the provision of other services to the Company by the person that employs the Adviser; (ii) the amount of fees received from the Company by the person that employs the Adviser, as a percentage of the total revenue of the person that employs the Adviser; (iii) the policies and procedures of the person that employs the Adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Adviser with a member of the Committee; (v) any share capital of the Company owned by the Adviser; and (vi) any business or personal relationship of the Adviser or the person employing the Adviser with officers, directors or executives of the Company. The above authorities so granted to the Committee shall, upon approval of this Charter by the Board, be deemed to have been approved by the Board pursuant to the provisions of Section 266(a) of the Companies Law, with respect to Board approval of professional advisory expenses for a director on account of the Company.

Nothing in this section of the Charter shall be construed to require the Committee to implement or act consistently with the advice or recommendations of the Advisers, or to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties. The Committee shall conduct the independence assessment outlined in this section of the Charter with respect to any Adviser. However, after considering the six independence factors outlined above, the Committee may select, or receive advice from, any Adviser, including ones that are not independent. In addition, notwithstanding the above, the Committee shall not be required to take into considerations the independence factors set forth above prior to retaining Advisers that act in a role limited to the following activities: (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of officers, executives or directors of the Company, and that is available generally to all salaried employees; and/or (ii) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the Adviser, and about which the Adviser does not provide advice.

## **VII. Review of Charter**

Any member of the Committee may submit proposed Charter amendments to the Board. The Board shall circulate any proposed Charter amendment to members of the Committee immediately upon receipt. By a majority vote, the Board may approve amendments to this Charter. The Committee will review and reassess the adequacy of this Charter as necessary, and at least on an annual basis, and recommend to the Board any amendments or modifications to the Charter that the Committee deems appropriate.

*As adopted by the Board of Directors on January 22, 2017*