

# SUN BIOPHARMA, INC.

## COMPENSATION COMMITTEE CHARTER

Adopted: September 4, 2015

### I. APPOINTMENT

The Board of Directors (the “*Board*”) shall appoint a Compensation Committee (the “*Committee*”) comprised of three (3) members, each of whom is (i) independent as set forth under the rules and regulations of the Securities Exchange Commission and (ii) a non-employee director under the rules and regulations of the Internal Revenue Code. One member shall be designated as Chair. Committee members shall serve until their successors are elected, or their prior resignation, removal or death.

### II. MISSION

The Committee shall provide assistance to the Company’s directors in fulfilling their responsibility to shareholders to ensure that the Company’s executive officers are compensated within the Company’s compensation philosophy and objectives.

The Committee shall assist the Company in managing executive compensation that:

- A. supports the Company’s overall business strategy and objectives;
- B. attracts, retains and motivates the best executives in the Company’s industry;
- C. promotes the Company’s pay-for-performance philosophy; and
- D. ensures that the Company’s compensation programs and practices are of the highest quality and designed with full consideration of all accounting, tax, securities law, and other regulatory requirements.

### III. POWERS

The Committee shall:

- A. review and approve all compensation arrangements for all executive officers of the Company;
- B. administer or supervise the administration of the Company’s employee benefit plans; and
- C. perform such other duties as shall from time to time be prescribed by the Board.

### IV. MEETINGS

The Committee shall meet at least annually in accordance with the attached agenda and at such other times as determined by the Chairman of the Committee. Two (2) members of the Committee shall constitute a quorum for the transaction of business. The Committee shall take action by majority vote. The chief executive officer may not be present during voting or deliberations regarding their compensation.

## V. DUTIES AND RESPONSIBILITIES

### A. Annually

1. Review and approve annual base salary and incentive compensation levels, employment agreements, and benefits of the chief executive officer and other key executives.
2. Review and assess performance target goals established before the plan year and determine if goals were achieved at the end of the plan year.
3. Review and make recommendations to the Board for adoptions or modification of profit sharing and stock plans, executive bonus plans, benefits, and similar areas of executive compensation.
4. Act as the administrative committee for purposes of any restricted stock agreement, stock option agreement and any other incentive or purchase agreements plans as they shall be established by the Company.
5. In coordination with the Audit Committee, review and approve in advance the contents of the Company's SEC reports, proxy statements, financial statements and footnotes, and other regulatory filings and public disclosures relating to compensation matters, including but not limited to any Compensation Committee Report and Compensation Discussion and Analysis required to be included in the Company's annual proxy statements.

### B. Periodically

1. Consider and approve grants of incentive stock options, nonqualified stock options, restricted stock or any combination to any employee.
2. In its sole discretion, select and retain compensation consultants, legal counsel or other adviser, as necessary, to advise the Committee on compensation issues requiring outside expertise. The Committee may retain such persons only after taking into consideration all relevant factors as set forth in applicable SEC regulations and the rules of any exchange on which the Company's securities are listed.
3. Review the Company's management succession plan to ensure that key management positions have adequate replacement backup.
4. Keep abreast of current developments in executive compensation.
5. Review the expense reimbursement requests of the Chief Executive Officer on a periodic basis which responsibility shall be delegated to the Chairman of the Committee.
6. Consult with the Company's Audit Committee and/or its independent auditors regarding an annual review of the expense accounts of executives.

7. Consult with the Company's Audit Committee and/or its independent auditors for the purpose of reviewing any calculations required under any incentive compensation plan of the Company.

## **VI. REPORTING**

The Committee will prepare and, through its Chairman, submit periodic reports of the Committee's work and findings to the Board. Said report will contain recommendations for appropriate Board actions.

## **VII. COMPANY AND MANAGEMENT SUPPORT**

To assist the Committee in fulfilling its duties, management will provide the Committee with information and reports as needed and requested. The Committee shall have access to the Company's general counsel, and the ability to retain outside legal counsel or other experts at its discretion if it deems such action to be necessary. The Company will provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, independent legal counsel or any other adviser.

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# **SUN BIOPHARMA, INC.**

## **CORE AGENDA FOR COMPENSATION COMMITTEE**

1. Review and approve annual base salary and incentive compensation levels for executive officers.
2. Review and approve employment agreements for executive officers.
3. Review and approve benefits of the Chief Executive Officer and other key executives.
4. Review and assess performance target goals established before the plan year and determine if goals were achieved at the end of the plan year.
5. Review and recommend to the Board of Directors for approval profit sharing and stock plans, executive bonus plans, benefits, and similar areas of executive compensation.
6. Consider and approve grants of incentive stock options, nonqualified stock options, restricted stock or any combination to any employee or officer of the Company.
7. Review and approve any Report of the Compensation Committee or Compensation Discussion and Analysis required to be included in the Annual Proxy Statement.