

POLYPID LTD.
COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER
EFFECTIVE , 2020

The Board of Directors (the “**Board**”) of PolyPid Ltd. (the “**Company**”) has constituted and established a Compensation, Nominating and Corporate Governance Committee (the “**Committee**”) with the authority, responsibility and specific duties described in this Compensation, Nominating and Corporate Governance 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 Companies Law (as defined below)) (the “**Compensation Policy**”) to be recommended to the Board by the Committee, and adopted by the Board and the Company’s shareholders in accordance with the requirements set forth in the Israeli Companies Law, 5759-1999 and the regulations promulgated thereunder (the “**Companies Law**”). 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 purposes of the Committee are 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 and Executive Officers pursuant to the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the Nasdaq Stock Market Listing Rules (the “**Nasdaq Rules**”);
- B. assist the Board in administering the Company’s equity incentive plans;
- C. produce appropriate reports on executive compensation for public disclosure including, to the extent required, under applicable securities laws, the rules and regulations promulgated by the U.S. Securities and Exchange Commission (the “**SEC**”) and the Companies Law, or as otherwise deemed advisable by the Board; and
- D. oversee the Company’s corporate governance functions on behalf of the Board, make recommendations to the Board regarding corporate governance issues, identify and evaluate candidates to serve as directors of the Company [consistent with the criteria approved by the Board and review and evaluate the performance of the Board], serve as a focal point for communication between director candidates, non-committee directors and the Company’s management, select or recommend to the Board for selection candidates to the Board, and make other recommendations to the Board regarding affairs relating to the directors of the Company.

The purposes 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 have three (3) or more members.
 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, 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, any director employed by or otherwise providing services to the Company or to a Controlling Shareholder (as such term is defined under the Companies Law) or any entity controlled by a Controlling Shareholder of the Company may not serve on the Committee. To the extent Article IX below shall not apply, 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.

C. Subject to applicable law, (i) the members of the Committee shall be selected, or recommended for the Board’s selection by Independent Directors constituting a majority of the Board’s Independent Directors in a vote in which only Independent Directors participate, (ii) the Committee’s members shall be appointed by and serve at the discretion of the Board, (iii) members shall serve until their successors are duly designated and qualified, (iv) any member of the Committee may be removed at any time, with or without cause, by a resolution of the Board, and (v) any vacancy on the Committee occurring for any cause whatsoever (or without cause) may be filled by a resolution of the Board, following recommendation by Independent Directors constituting a majority of the Board’s Independent Directors in a vote in which only Independent Directors participate.

D. The Board shall designate 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**”).

E. The Chairperson shall be designated by the Board, following recommendation by Independent Directors constituting a majority of the Board’s Independent Directors in a vote in which only Independent Directors participate. To the extent applicable the Chairperson shall be an External Director.

F. To the extent Article IX below shall not apply, a member of the Committee 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.

III. Meetings and Authority

A. The Committee shall meet as circumstances require. The Chairperson will preside at each meeting of the Committee and, in consultation with the other members of the Committee then present, shall determine the length of such meeting and the agenda of items to

be addressed at such meeting. The presence (in person or via telephone or other means of communication) of a majority of the members of the Committee shall constitute a quorum for the transaction of business at a meeting of the Committee, and the act of a majority of those present at any meeting at which there is a quorum and who are entitled to vote on the matter shall be the act of the Committee, *provided, however*, to the extent Article IX below shall not apply, that at least one (1) of those present shall be an External Director.

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 during 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' 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 person that employs the compensation consultant, legal counsel or other adviser;
2. The amount of fees received from the Company by the person 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;
3. The policies and procedures of the person 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 person 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. Recommending to the Board the initial Compensation Policy of the Company (if not previously adopted by the Board) and subsequently reviewing from time to time and recommending to the Board for determination the overall compensation policies of the Company with respect to the CEO and other Office Holders, with a view to rewarding management appropriately for its contributions to the Company's growth and profitability, and aligning the Company's compensation policies with its objectives and shareholders' interests, in each case taking into account the Compensation Policy.

B. Recommending whether a Compensation Policy should continue in effect, if the then-current policy has a term of greater than five (5) years from the date of consummation of the Company's initial public offering, or otherwise three (3) years (approval of either a new Compensation Policy or the continuation of an existing Compensation Policy must in any case occur after five (5) years from the date of consummation of the Company's initial public offering, or otherwise every three (3) years).

C. Recommending to the Board periodic updates to the Compensation Policy.

D. Assessing implementation of the Compensation Policy.

E. Reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and other Office Holders, consistent with the then-effective Compensation Policy, evaluating the performance of the CEO and other Office Holders in light of such goals and objectives, and determining the compensation of the CEO and other Office Holders based on such evaluation.

F. Reviewing and, subject to applicable law, recommending for Board approval, the grant of options, restricted shares, restricted share units, share appreciation rights and other equity-based grants (each, an “*Award*”) consistent with the Company’s incentive compensation plan or plans then in effect (collectively, the “*Plans*”) and compensation strategy, and, subject to applicable law, administering the Plans. The Committee may make recommendations to the Board with respect to incentive compensation plans, including reservation of shares for issuance thereunder.

G. Oversee compliance with the compensation reporting requirements of the U.S. SEC to the extent applicable or to the extent the Committee determines that disclosures are desirable even if not required.

H. Review and periodically evaluate and make recommendations to the Board regarding the compensation and benefits for the Company’s non-employee directors, taking into account the Compensation Policy.

I. Determine whether to recommend that the Board adopt a share ownership policy for directors and executive officers.

J. 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.

K. Review the policy statements of the Company to determine adherence to the Company’s Corporate Code of Ethics and Conduct, bring to the attention of the Board current and emerging corporate governance trends that may affect the business operations, performance, governance functions or public image of the Company and develop with management a process for systematic review of important corporate governance issues and trends in corporate governance practices that could potentially impact the Company and enhance the effectiveness of the Committee.

L. Identify and evaluate candidates to serve on the Company’s Board consistent with the criteria approved by the Board, including consideration of any potential conflicts of interest as well as applicable independence and other requirements.

M. Review, evaluate and consider the recommendations for nomination of incumbent directors for re-election to the Board, as well as monitor the size of the Board.

N. Recommend to the Board for selection candidates to the Board and consider recommendations for Board nominees and proposals submitted by the Company’s shareholders.

O. Periodically review the performance of the Board, including Board committees, and management, and make recommendations to the Board and management, as applicable, for areas of improvement as it deems appropriate.

P. Consider and assess the independence of directors, including consideration of any independence requirements imposed by any stock exchange on which any of the Company's shares are then listed.

Q. Oversee the Board's committee structure and operations, including authority to delegate to subcommittees and committee reporting to the Board.

R. After due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of any stock exchange on which any of the Company's shares are then listed, the rules and regulations of the SEC and applicable law, recommend to the entire Board annually the chairpersonship and membership of each committee.

S. Institute such plan or program as it may deem appropriate for the continuing professional education of directors.

T. Periodically review with the CEO the plans for succession for the Company's Office Holders, as it sees fit, and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions.

U. Periodically review the processes and procedures used by the Company to provide information to the Board and its committees and make recommendations to the Board and management for improvement as appropriate. The Committee should consider, among other factors, the reporting channels through which the Board and its committees receive information and the level of access to outside advisors where necessary or appropriate, as well as the procedures for providing accurate, relevant and appropriately detailed information to the Board and its committees on a timely basis.

V. Perform such other activities and functions as are required by 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.

VIII. Minutes

The Committee will maintain written minutes of its meetings.

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 elected to follows 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

provisions of Sections 118A, 219(c), 239(a), 243 and 249 of the Companies Law shall not apply.

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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Adopted/last amended: _____, 2018