



GALMED PHARMACEUTICALS LTD.

REMUNERATION COMMITTEE CHARTER

I. Mission Statement

The purposes of the Remuneration Committee (the “**Remuneration Committee**”) of the Board of Directors (the “**Board**”) of Galmed Pharmaceuticals Ltd. (the “**Company**”) are to:

- A. provide recommendations to the Board in connection with the compensation policy of the Company with respect to the ‘terms of service and employment’ for its ‘officers’ (as such terms are defined below) (the “**Compensation Policy**”), and any renewals or extensions thereof;
- B. periodically review the implementation of the Compensation Policy and provide the Board with recommendations with respect to any amendments or updates thereto;
- C. review and resolve whether or not to approve arrangements with respect to the terms of service and employment of officers, including officers who are controlling shareholders (if any) or such controlling shareholders’ relatives, that require approval of the Remuneration Committee pursuant to the Israeli Companies Law, 1999 (the “**Companies Law**”);
- D. 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;
- E. take any other action, make any other determination and exercise any other authority which, pursuant to the Companies Law or any other applicable law, may be taken, made or exercised by a properly constituted compensation committee;
- F. oversee the administration of the various compensation plans and arrangements, in particular the incentive compensation, deferred compensation and equity-based plans of the Company (and, to the extent appropriate, the subsidiaries of the Company) and
- G. assist the Board in fulfilling its responsibilities relating to the compensation of directors, the Chief Executive Officer and other officers of the Company.

II. Definitions

For purposes of this Remuneration Committee Charter, the terms set forth below shall have the following meanings:

- (i) “**terms of service and employment**” shall have the meaning ascribed to such term in the Companies Law, as shall be in effect from time to time, as well as any grant, payment, remuneration, compensation, or other benefit provided in connection with change-in control.
- (ii) “**officers**” shall have the meaning ascribed to the term ‘office holders’ in the Companies Law, as shall be in effect from time to time.

III. Membership

The Remuneration Committee shall consist of at least three directors, the exact number to be determined from time to time by the Board. All of the ‘external directors’ of the Company (as such term is defined in the Companies Law) must serve as members of the Remuneration Committee.

The Remuneration Committee’s composition shall meet the independence requirements for compensation committees imposed by the listing standards of The NASDAQ Capital Market (“**Nasdaq**”) and the composition requirements of the Companies Law, as in effect from time to time.

The members of the Remuneration Committee shall be appointed by the Board from among its members (other than the Company’s external directors, who must serve on the Remuneration Committee by virtue of being external directors) and shall serve until such member’s successor is duly appointed and qualified or until such member’s resignation or removal by a majority vote of the Board or until such time as such member ceases to serve as a director for any other reason.

IV. Authority and Responsibilities

The Remuneration Committee shall have the following specific authorities and responsibilities (in addition to any others that the Board may from time to time delegate to the Remuneration Committee):

A. Compensation Philosophy, Practices and Policies

- i. The Remuneration Committee shall provide its recommendations to the Board with respect to the compensation philosophies, practices and policies applicable to the Company's officers and with respect to the Compensation Policy and any renewals or extensions thereof.
- ii. The Remuneration Committee shall periodically review the Compensation Policy and its implementation and provide the Board with recommendations with respect to any amendments or updates thereto, to ensure it provides appropriate motivation for company performance and increased shareholder value and that it meets the requirements of applicable law.
- iii. The Remuneration Committee shall review shareholder proposals relating to executive compensation matters and recommend to the Board the Company's response to such matters.

B. Compensation Plans

- i. The Remuneration Committee shall review and provide its recommendations to the Board regarding the adoption, amendment or termination of compensation plans and arrangements, and in particular the incentive compensation, deferred compensation and equity-based plans, of the Company (and, to the extent appropriate, the subsidiaries of the Company).
- ii. The Remuneration Committee shall oversee the administration of the compensation plans and arrangements, and in particular the incentive compensation, deferred compensation and equity-based plans, of the Company (and, to the extent appropriate, the subsidiaries of the Company), and shall review, approve and provide its recommendations to the Board with respect to the grant of equity awards pursuant to such plans.

C. Executive Performance and Compensation

- i. The Remuneration Committee shall:
 - (a) review and approve the Company's goals and objectives relevant to the compensation of its officers who are not directors ("Executive Officers");
 - (b) evaluate each Executive Officer's performance in light of such goals and objectives; and
 - (c) review and approve any arrangement with respect to the terms of service and employment of each Executive Officer, based, among others, on such evaluation.
- ii. The Remuneration Committee may, if it deems appropriate, survey the executive compensation practices of comparable companies.

D. Director Compensation

The Remuneration Committee shall review and approve any arrangement with respect to the terms of service and employment of directors.

E. Regulatory Compliance

The Compensation Committee shall oversee regulatory compliance with respect to compensation matters. From time to time at the Board's request, the Remuneration Committee shall also review and discuss with management Company disclosures regarding compensation matters, and, to the extent applicable, make recommendations to the Board as to the inclusion of compensation-related materials in any applicable Company disclosure.

F. Evaluation

The Remuneration Committee shall review its own performance and reassess the adequacy of this Charter at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full Board for review, discussion and approval.

G. Retention of Consultants and Advisors; Investigations

- i. The Remuneration Committee shall have the sole authority, without having to seek Board or any other approval, to obtain, at the expense of the Company, advice and assistance from internal or external legal, accounting or other advisors (including compensation consultants) as it determines advisable in its sole discretion, and to terminate such advisors. The Remuneration Committee shall have sole authority to approve related fees and retention terms. Before selecting such outside advisors, the Remuneration Committee shall take into consideration those independence factors designated in the Nasdaq listing standards as in effect from time to time.
- ii. The Remuneration Committee shall have the authority to conduct or authorize investigations into or studies of any matters within the Remuneration Committee's scope of responsibilities.

V. Structure and Operations

The Remuneration Committee shall designate one of the external directors to act as its chairperson. The Remuneration Committee shall meet, in person or telephonically, as often and at such times and places, as determined by the Remuneration Committee chairperson, with further actions to be taken by unanimous written consent when deemed necessary or desirable by the Remuneration Committee or its chairperson. The chairperson, with input from the other members of the Remuneration Committee and, where appropriate, management, shall set the agendas for Remuneration Committee meetings.

The Remuneration Committee may request that any directors, officers or other employees of the Company, or any other persons whose advice and counsel are sought by the Remuneration Committee, attend any meeting of the Remuneration Committee to provide such pertinent information as the Remuneration Committee requests. The Remuneration Committee may exclude from its meetings any persons it deems appropriate.

Persons who are not authorized to attend meetings of the Remuneration Committee or to be present during its deliberations and/or when resolutions are adopted will be excluded from meetings or parts thereof of the Remuneration Committee unless and to the extent determined otherwise by the chairperson of the Remuneration Committee in accordance with the Companies Law.

Subject to applicable law the Remuneration Committee may form and delegate authority to subcommittees.

The Remuneration Committee shall maintain minutes or other records of its meetings and shall give regular reports to the Board on these meetings and such other matters as required by the Companies Law, this Charter or as the Board shall from to time specify. Reports to the Board may take the form of oral reports by the chairperson of the Remuneration Committee or any other member of the Remuneration Committee designated by the Remuneration Committee to give such report.

Except as expressly provided in this Charter, the Company's Articles of Association or as required by law, regulation or Nasdaq listing standards, the Remuneration Committee shall set its own rules of procedure.

The Board may approve, by a majority vote, amendments to this Charter.

Last amended on February 26, 2014