

## **EUPRAXIA PHARMACEUTICALS INC.**

### **COMPENSATION COMMITTEE CHARTER**

**Effective Date: March 2, 2021**

#### **1. Purpose and Scope**

The Compensation Committee (the “**Committee**”) of Eupraxia Pharmaceuticals Inc. (the “**Company**”) is a committee of the Board of Directors (the “**Board**”). As delegated by the Board, the Committee shall attend to the responsibilities set out in this Charter.

#### **2. Membership**

##### ***Number of Members***

The Committee shall be composed of three or more members of the Board.

##### ***Independence of Members***

Each member of the Committee shall be independent within the meaning of the provisions of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as may be amended or replaced from time to time.

##### ***Term of Members***

The members of the Committee shall be appointed annually by the Board, provided that if the composition of the Committee is not so determined, each director who was then serving as a member of the Committee shall continue as a member of the Committee until their successor is appointed. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

##### ***Committee Chair***

At the time of the annual appointment of the members of the Committee, the Board may appoint a Chair of the Committee (the “**Committee Chair**”). If a Committee Chair is not appointed by the Board, the members of the Committee shall designate a Committee Chair by majority vote of the full Committee membership, provided that if the designation of the Committee Chair is not made, then the director who was then serving as Committee Chair shall continue as Committee Chair until their successor is appointed. Notwithstanding any of the foregoing, the Committee Chair must be a member of the Committee.

In the absence of the Committee Chair at a meeting of the Committee, the members of the Committee present may appoint a chair from their number for such meeting.

#### **3. Meetings**

##### ***Frequency of Meetings***

The Committee shall meet as often as the Committee considers appropriate to fulfill its responsibilities and in any event, no less than once per fiscal year.

### **Quorum**

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

### **Calling of Meetings**

The Committee Chair, any member of the Committee, the Chair of the Board, the Lead Director (if any) or the Chief Executive Officer may call a meeting of the Committee by notifying the Company's Corporate Secretary who will notify the members of the Committee.

### **Minutes; Reporting to the Board**

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board, with such redaction as the Committee considers appropriate in the case of circulation to directors who are executives of the Company. However, the Committee Chair may report orally to the Board on any matter in their view requiring the immediate attention of the Board.

### **Attendance of Non-Members**

The Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities, provided that the Chief Executive Officer and other executives may not be present during any voting or deliberations on compensation of the Chief Executive Officer or such other executives, respectively.

### **Meetings Without Management**

As part of each meeting of the Committee, the Committee shall hold an *in camera* session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

### **Access to Management and Books and Records**

The Committee have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Company's management and employees and the books and records of the Company.

## **4. Responsibilities**

The Committee shall have the responsibilities set out below as well as any other responsibilities that are specifically delegated to the Committee by the Board which the Board is authorized to delegate by applicable laws and regulations.

In addition to these responsibilities, the Committee shall perform the functions and responsibilities required of a compensation committee by the Company's governing corporate statute, applicable Canadian securities laws, any exchange upon which securities of the Company are listed, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time or as the Board otherwise deems necessary or appropriate.

## **Compensation Matters**

To fulfil its responsibilities with respect to compensation matters, the Committee shall:

- (a) periodically review and advise the Board (supported in the discretion of the Committee, by internal or external experts) on (i) current trends in industry-wide compensation practices in the Company's industry and such jurisdictions as a material portion of its business is conducted, and (ii) how the Company's compensation programs and practices compare to those of comparable companies in the industry, and in discharging this responsibility, the Committee shall take into account factors it deems appropriate from time to time, including the Company's business strategy and whether the effects of the compensation program create risks that are reasonably likely to have a material adverse effect on the Company and its business;
- (b) review and make recommendations to the Board with respect to organizational goals and objectives relevant to Chief Executive Officer compensation;
- (c) evaluate the Chief Executive Officer's performance in light of those organizational goals and objectives, and make recommendations to the Board with respect to the Chief Executive Officer's compensation level based on this evaluation;
- (d) review and recommend for Board approval, the appointment and other terms of employment (including any severance arrangements or plans and any benefits to be provided in connection with a change in control) for the Chief Executive Officer, including the adoption, amendment and termination of such agreements, arrangements or plans;
- (e) review the recommendations to the Committee of the Chief Executive Officer respecting the appointment of the Chief Financial Officer, all senior management reporting directly to the Chief Executive Officer and all other officers appointed by the Board (collectively "**Senior Management**") and, if advisable, after consideration of the objectives of the Diversity Policy of the Company, make recommendations to the Board with respect to any such appointment;
- (f) review the recommendations to the Committee of the Chief Executive Officer respecting the compensation and other terms of employment (including any severance arrangements or plans and any benefits to be provided in connection with a change in control) of members of Senior Management and, if advisable, make recommendations to the Board with respect to such compensation and other terms of any employment agreements and any severance arrangements or plans;
- (g) periodically review and make recommendations to the Board with respect to succession planning matters concerning the Chief Executive Officer and members of Senior Management, as well as general executive development programs, after consideration of the objectives of the Diversity Policy of the Company;
- (h) review and recommend for Board approval, the remuneration (fees and/or retainer) to be paid, and the benefits to be provided, to members of the Board and each of its committees;

- (i) review and approve any compensation disclosure of the Company before it is publicly disclosed, including disclosure of the process undertaken by the Committee in respect of compensation matters;
- (j) review and recommend for Board approval the adoption or amendment of equity-based compensation plans of the Company and make recommendations to the Board with respect to any grants under equity-based compensation plans of the Company;
- (k) oversee the administration of any equity-based compensation and pension and benefit plans of the Company;
- (l) periodically review policies in the area of management perquisites;
- (m) review on a periodic basis the operation of the Company's executive compensation programs to determine whether they are properly coordinated and administered;
- (n) at least annually and if applicable, review compliance by the executive officers and directors of the Company with the Company's share ownership guidelines, and recommend for approval by the Board any changes to the Company's share ownership guidelines determined to be appropriate; and
- (o) consider the potential risks associated with the adoption of the Company's compensation policies and practices and the adoption of particular organizational and individual objectives under such policies and practices.

## **5. Outside Advisors**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and shall have the authority to seek, retain and terminate external legal counsel, consultants, accountants or other advisors from a source independent of management, with notice to either the Chair of the Board or Lead Director (if applicable) or the Chief Executive Officer of the Company, as deemed appropriate by the Committee, to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors. The Company shall provide appropriate funding, as determined by the Committee, for the services of these advisors.

## **6. No Rights Created**

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles, it is not intended to establish any legally binding obligations.

## **7. Charter Review**

The Committee shall review and update this Charter annually and, in conjunction with the review and recommendations of the Nominating and Corporate Governance Committee regarding same, present the updated Charter to the Board for approval.