



Compensation, Nomination and Governance Committee Charter of NLS Pharmaceuticals Ltd

1. Adoption of Charter

This charter of the Compensation, Nomination and Governance Committee (the "**Charter**") was adopted by the board of directors (the "**Board of Directors**") of NLS Pharmaceuticals Ltd. (the "**Company**") on January 28, 2021, and entered into force upon the listing of the shares of the Company on the Nasdaq Capital Market. Terms not defined in this Charter shall have the meaning as used or defined in the Articles of Association and the Organizational Rules.

2. Establishment of Committee; Purpose

The Compensation, Nomination and Governance Committee (the "**Committee**") is established as a permanent committee of the Board of Directors. The Committee is elected annually by the shareholders of the Company from members of the Board of Directors.

The Committee assists the Board of Directors with the responsibilities relating to compensation of the Company's members of the Board of Directors as well as the chairperson, chief executive officer and other executive officers (collectively "**Executive Officers**") ("**Responsibilities Relating to Compensation**").

Furthermore, the purposes of the Committee are to (i) identify individuals qualified to become members of the Board of Directors, (ii) recommend to the Board of Directors nominees for election to the Board of Directors at the ordinary shareholders' meeting and when otherwise required, (iii) establish and periodically review the qualification criteria for the Board of Directors candidates with the goal of achieving a composition of the Board of Directors that collectively has the skills and experience needed to determine the strategy of the Company, (iv) take a leadership role in establishing and overseeing the governance policies of the Company and develop and recommend to the Board of Directors a set of corporate governance guidelines for the Company and (v) oversee the annual evaluation of the Board of Directors and each of its committees ("**Responsibilities Relating to Nomination and Corporate Governance**").

3. Composition of the Committee

The Committee shall be comprised of at least two members of the Board of Directors.

Based on the recommendations of the Board of Directors Committee members shall be elected annually at the ordinary shareholders' meeting for a term extending until completion of the next ordinary shareholders' meeting. Each member of the Committee shall be elected individually. The chairperson of the Committee shall be appointed by the Board of Directors. If there are vacancies on the Committee and the number of members falls below the minimum of two, the Board of Directors shall elect a member of the Board of Directors for the remaining term of office.

4. Committee Meetings and Procedures

The Committee meets (by person or by telephone) as often as required to fulfil its responsibilities set forth in this Charter, but at least once each fiscal year.

The chairperson of the Committee or his or her designee shall be responsible for scheduling and presiding over meetings. If neither the chairperson nor his or her designee is present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such a meeting.

The chairperson of the Committee shall approve the agenda of each meeting and arrange for the distribution of the agenda, together with supporting material, to the Committee members prior to each meeting. A majority of the members of the Committee present shall constitute a quorum. The vote of a majority of the members present at any meeting at which a quorum is present shall be the act of the Committee.

The Committee also may take action by unanimous written consent. The Committee may establish its own policies, procedures or rules to implement its duties or responsibilities and to conduct the business of the Committee. The chairperson or a majority of the members of the Committee may call a special meeting of the Committee.

5. Responsibilities Relating to Compensation

The Committee has the following Responsibilities Relating to Compensation, and such other duties as may be assigned to the Committee by the Board of Directors from time to time consistent with this Charter, the Company's Articles of Association and applicable law:

5.1. Compensation Guidelines

- The Committee shall prepare and recommend to the Board of Directors for approval remuneration principles for the Board of Directors, its committees and the Executive Officers (the "**Guidelines**"), and thereafter annually review such Guidelines and recommend changes, if any, for approval by the Board of Directors; and
- the Guidelines should provide an overall package for short- and long-term compensation, including variable compensation, that is designed to attract, motivate and retain persons with the necessary skills and character, is consistent with market conditions, and in the case of variable compensation, consistent with the Company's and individual's performance and recent compensation history, and aligns the interests of the members of the Board of Directors and the Executive Officers.

5.2. Compensation of the Board of Directors

The Committee shall:

- review and propose to the Board of Directors the resolution to be submitted to the ordinary shareholders' meeting for the maximum aggregate compensation of the Board of Directors, as required under applicable Swiss law; and
- subject to, and within the bounds of the maximum compensation approved by the ordinary shareholders' meeting, request approval by the Board of Directors of the individual remuneration packages to be paid to the members of the Board of Directors.

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5.3. Compensation of the Executive Officers

The Committee shall:

- review and propose to the Board of Directors the resolution to be submitted to the ordinary shareholders' meeting for the maximum aggregate compensation of the Executive Officers, as required under applicable Swiss law;
- evaluate annually the performance of the Executive Officers, and submit such evaluation for review and discussion by the Board of Directors, in each case in executive session without the presence of the Executive Officers;
- subject to, and within the bounds of the maximum compensation approved by the ordinary shareholders' meeting, request approval by the Board of Directors of the annual base salary, incentive compensation and equity compensation to be paid to the Executive Officers; and
- request approval by the Board of Directors regarding the determination of the compensation-related target for the Executive Officers.

5.4. Incentive Plan

The Committee shall:

- propose to the Board of Directors an incentive compensation plan providing for variable compensation of the members of the Board of Directors and the Executive Officers based on the achievement of the Company's corporate goals and in relation to the Executive Officers based on individuals' performance;
- develop and periodically review equity compensation plans and submit such plans and any changes to such plans to the Board of Directors for approval; and
- review and propose any employment contracts, severance contracts or other agreement that the Company intends to enter into with any present, future or former members of the Executive Officers; provided that the key terms of such contracts shall be within the bounds of the maximum compensation approved by the ordinary shareholders' meeting.

5.5. Corporate Goals

The Committee shall:

- review the annual corporate goals proposed by the chief executive officer, and recommend such goals as approved by the Committee for approval by the Board of Directors; and
- determine the level of achievement of the corporate goals as approved by the Board of Directors upon completion of each calendar year, and apply such achievement level to the determination of the variable compensation of the Executive Officers in accordance with the applicable incentive plan.

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5.6. Compensation Report

The Committee shall:

- support the Board of Directors in preparing the statutory Swiss compensation report, review the compensation report to be published together with the publication of the Company's statutory Swiss annual report and make respective proposals to the Board of Directors for the shareholders' meeting; and
- support the Board of Directors with respect to any other required public disclosures on compensation and benefits.

6. Responsibilities Relating to Nomination and Governance

The Committee has the following Responsibilities Relating to Nomination and Governance, and such other duties as may be assigned to the Committee by the Board of Directors from time to time consistent with this Charter, the Company's Articles of Association and applicable law:

6.1. Evaluation and Recommendation regarding the Structure

The Committee shall:

- evaluate the current composition, size, role and functions of the Board of Directors and its committees. It shall make recommendations to the Board of Directors for approval and with regard to the size and composition of the Board of Directors make recommendations to the Board of Directors for the submission to shareholders for approval; and
- determine director selection criteria and conduct searches for prospective directors whose skills and attributes reflect these criteria.

6.2. Evaluation and Recommendation of Board of Directors

The Committee shall:

- evaluate and recommend nominees for election to the Board of Directors by the shareholders. In recommending a director nominee (including the re-election of an incumbent director), the Committee shall (i) consider the nominee's reputation and affiliations, whether the nominee meets the standards and has the appropriate qualities and experience, the nominee's commitment to prepare for and regularly attend Board of Directors and committee meetings, the nominee's diversity of background and perspective (inclusive of race, gender and ethnicity), and other such factors as it deems appropriate, (ii) evaluate the nominee's independence and other qualifications if independence or other qualifications are necessary or desirable under the applicable laws, regulations and stock exchange listing standards to meet requirements for Board of Directors composition or to fill committees and (iii) consider the number of mandates held by the nominee for compliance with the Company's Articles of Association;
- evaluate and make recommendations to the Board of Directors of a nominee for election by the shareholders to serve as chairperson of the Board of Directors;

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- evaluate prior to each ordinary shareholders' meeting, and report to the Board of Directors on, the independence of director nominees and Board of Director members under applicable laws, regulation, and stock exchange listing standards, if required; and
- create and implement a process for the Board of Directors to annually evaluate its own performance.

The Committee may obtain eligibility or other information from a proposed director nominee or shareholder proposing a director nominee.

6.3. Evaluation and Recommendation of Committee Members

The Committee shall:

- evaluate and make recommendations to the Board of Directors concerning the appointment of directors to serve on each permanent committee and the selection of committee chairpersons, except that, as required by mandatory Swiss law, members of the this Committee shall be elected by the shareholders upon recommendation of the Board of Directors;
- evaluate prior to each ordinary shareholders' meeting, and report to the Board of Directors on, the financial literacy of the Audit Committee members and whether the Audit Committee members meet the financial knowledge and experience qualifications under the rule promulgated by the Nasdaq Stock Market, the Securities and Exchange Commission (the "**SEC**") or other governing body, as may be applicable to the Company, and as may be in effect from time to time and, to the extent required, whether at least one member of the Audit Committee is an "audit committee financial expert" in accordance with the rules and regulations of the SEC;
- evaluate prior to each ordinary shareholders' meeting, and report to the Board of Directors on, the independence of committee members (i.e. Audit Committee members) under applicable laws, regulation, and stock exchange listing standards; and
- create and implement a process for the committees to annually evaluate their own performance.

6.4. Corporate Governance

The Committee shall:

- oversee the Company's corporate governance practices, including reviewing and recommending to the Board of Directors for approval of any changes to the other documents and policies in the Company's corporate governance framework, including its Articles of Association and Organizational Rules;
- verify that the Board of Directors and each committee have annually evaluated their own performance;
- annually evaluate the Committees own performance and periodically evaluate the adequacy of this Charter; and
- report to the Board of Directors on the Committees actions (other than routine or administrative actions).

7. Adjustments

7.1. Articles of Association

The Committee shall:

- request approval by the Board of Directors regarding the adjustments to the Articles of Association to be further approved by the shareholders' meeting relating to remuneration; and
- request approval by the Board of Directors regarding the adjustments to the Articles of Association to be further approved by the shareholders' meeting relating to the structure as well as nomination of members of the Board of Directors and committees and the corporate governance.

7.2. Committee Charter

The Committee shall review this Charter annually and submit any recommended changes to the Board of Directors for approval.

8. Review

This Charter is subject to review and modification from time to time by the Board of Directors as the Board of Directors may deem appropriate and in the best interests of the Company and its shareholders, and as required by applicable laws and regulations.
