

PAINREFORM LTD.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Board of Directors (the “**Board**”) of PainReform Ltd. (the “**Company**”) has constituted and established a Compensation Committee (the “**Committee**”) with the authority, responsibility and specific duties as described in this Compensation 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 (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, if applicable, then the terms of the Companies Law and the Compensation Policy will prevail.

PURPOSES:

The purpose of the Committee shall be to assist the Board in fulfilling its responsibilities relating to and setting the compensation of the Company’s “Office Holders” (as defined under the Companies Law) and other executive officers. In addition, the Committee shall review and evaluate the compensation plans, policies and programs of the Company, and make recommendations to the Board and shareholders of the Company relating to compensation to be provided to the Office Holders, and, if applicable, other executive officers.

The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes, subject to the limitations of Section 112 of the Companies Law and any applicable law.

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 law for directors of a corporation.

MEMBERSHIP:

The Committee will be appointed by, and will serve at the discretion of the Board. The Committee shall consist of as many members as the Board shall determine, but in any event no fewer than three (3) members. All of the Company’s External Directors (who qualify as such as defined by the Companies Law) shall be members of the Committee and they shall constitute the Committee’s majority. All members of the Committee must also be Board members, whose remuneration is in accordance with Section 244 of the Companies Law and its applicable regulations. Neither the chairman of the Board nor any director who is otherwise employed by the Company, by a Controlling Shareholder (as defined by the Companies Law) or by a corporation controlled by a Controlling Shareholder, or any director who otherwise provides the Company, a Controlling

Shareholder or a corporation controlled by a Controlling Shareholder with services on a regular basis or whose main livelihood is dependent on a Controlling Shareholder, nor a Controlling Shareholder or any Relative (as defined by the Companies Law) thereof, shall be members of the Committee, all as more fully set forth in Sections 115 and 118A of the Companies Law.

The members of the Committee must meet the independence requirements of Nasdaq Listing Rule 5605(a)(2), as amended from time to time. In determining whether a director is eligible to serve on the Committee, the Board shall also consider (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director, and (ii) whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director's judgment as a member of the Committee. Compensatory fees shall not include: (A) fees received as a member of the Committee, the Board or any other Board committee; or (B) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).

The Board shall appoint the members of the Committee and elect the Chair of the Committee. The chairman of the Committee shall be an External Director, providing that no member shall hold such position for a period exceeding nine years.

To the extent that the Company chooses to follow Israeli Companies Regulations (Alleviations for companies whose securities are registered on a stock exchange outside of Israel), 5760-2000, according to which: (i) there is no Controlling Shareholder of the Company; and (ii) the Company elects to follow the rules and regulations of the SEC and the Nasdaq Rules in connection with appointment of Independent Directors and composition of the Committee and its Audit Committee, as applicable to companies incorporated in any state of the United States of America, the provisions of Sections 118A of the Companies Law shall not apply, (with respect to the composition of the Committee and the appointment of External Directors).

RESPONSIBILITIES:

The responsibilities of the Committee shall include the following:

1. Without derogating from the Committee's obligations under the Companies Law, the Committee shall annually review and recommend to the Board, for the chief executive officer ("CEO") and other executive officers of the Company, including Office Holders, (a) the annual base compensation as employee or other structure of engagement, (b) the annual incentive bonus, including the specific goals and amount, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements/provisions, and (e) any other benefits, compensation, compensation policies or arrangements. In reviewing and recommending such matters, the Committee shall consider such matters as it deems appropriate, including the Company's financial and operating performance, the alignment of the interests of the executive officers and the Company's shareholders, the performance of the Company's shares of common stock and the Company's

ability to attract and retain qualified individuals, in each case taking into account the Compensation Policy.

2. The Committee shall annually review and make recommendations to the Board regarding the compensation policy for officers of the Company as directed by the Board and based on relevant data and information provided to it, consistent with the then-effective Compensation Policy.
3. The Committee shall act as plan administrator of the Company's equity compensation plans (to the extent allowed by applicable law and the relevant plan) and any subsequent employee benefit plans adopted and approved by the Company's Board and shareholders, if appropriate. In its administration of the plans, the Committee may, pursuant to authority delegated by the Board, exercise all rights, authority and functions of the Board under all of the Company's equity compensation plans, including without limitation, the authority to interpret the terms thereof, to grant options thereunder and to make stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board, the Committee shall not be authorized to amend any such plan. The Committee shall also make recommendations to the Board with respect to amendments to the plans, including changes in the number of shares reserved for issuance thereunder.
4. The Committee may review and make recommendations to the Board regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company.
5. Recommending whether the Company's then-current Compensation Policy should continue in effect, if the then-current policy has a term of greater than three years (approval of either a new Compensation Policy or the continuation of an existing Compensation Policy must in any case occur every three years). In recommending such matters, the Committee shall consider and refer to the following criteria, in accordance with the Companies Law: (a) the Office Holder's education, skills, expertise, professional experience and achievements, (b) the Office Holder's position, responsibilities and his or her previous compensation arrangements, (c) the ratio between the Office Holder's office and employment terms and the salary of other Company employees and contractors, and in particular the ratio between the average salary and the median salary of such employees and the effect of differences between such on work relations in the Company ("contractors " and "salary"- as defined in the Companies Law), (d) if office and employment terms include variable components - the possibility of reducing such variable components at the discretion of the Board and the possibility of setting a limit to the realizable value of variable components of equity which are non-cash disposed, (e) if office and employment terms include a severance arrangement - the officer's term of office or employment, the office and employment terms during this period, the Company's performance during this period, the officer's contribution to achieve Company goals and for maximizing profits and circumstances of retirement.

6. Recommending to the Board periodic updates to the Compensation Policy.
7. Assessing implementation of the Compensation Policy.
8. The Committee shall approve¹ the employment terms and compensation of the Office Holders as required under the Companies Law and shall further approve any exemption from the need to obtain shareholders' approval with respect to employment terms and compensation of a prospective CEO, in accordance with the Companies Law.
9. The Committee may authorize the repurchase of shares or options from terminated employees or former directors or consultants subject to additional required Board approvals if any, and applicable law.
10. The Committee shall review any issues concerning the legal compliance and maintenance of the Company's employee benefit plans.
11. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Committee's approval of any matter above 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.

MEETINGS:

The Committee shall meet as often as necessary to carry out its responsibilities.

The Committee chairman shall preside at each meeting. In the event the Committee chairman is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting. Those who may not be members of the Committee shall not be present at Committee meetings during discussion and resolution-making, unless the Committee chairman has determined such individual is required for the presentation of a certain topic. However – (a) a Company employee who is not a controlling shareholder or its relative (as defined by the Companies Law) may be present at Committee meetings during discussion, if the Committee so requests, so long as the resolution be made in his absence; (b) without derogating from section (a) above, the legal counsel and Company's secretary who are not a Controlling Shareholder or its Relative (as defined by the Companies Law) may be present at Committee meetings during discussion and resolution-making, if the Committee so requests.

The chairman of the Committee shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and Company management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the

¹ Subject to additional required Board and/or shareholders approvals if any, and applicable law.

extent practicable, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

At least once a year the Committee will consider equity compensation plans, performance goals and incentive awards, and the overall coverage and composition of the compensation package to the Company's Office Holders and other executive officers.

A majority of the Committee members shall constitute a quorum. The action of a majority of those present at a meeting, at which a quorum is present, shall be the act of the Committee.

MINUTES:

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

REPORTS:

The Committee will provide written reports to the Board of the Company regarding recommendations of the Committee submitted to the Board for action.

Any decisions or recommendations made by the Committee and requiring the Board's approval shall be communicated to the members of the Board sufficiently in advance before the Board's meeting in order to permit meaningful review. In the event of any extraordinary and material findings within the scope of the Committee's duties, the chairman of the Committee shall without delay inform the chairman of the Board of such findings.

AUTHORITY:

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee. The Committee shall have sole authority to approve the payment of reasonable compensation to a compensation consultant, legal counsel or other adviser retained by the Committee, and other retention terms, and the Company shall provide for the funding for such compensation. Subject to the foregoing authority, the Committee may select, or receive advice from a compensation consultant, legal counsel or other adviser to the Committee (other than in-house legal counsel) only after taking into consideration the factors regarding independence assessments of compensation advisers specified in the Nasdaq Listing Rules, as amended from time to time, which factors are, as of the date of adoption of this charter, as follows:

- (a) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- (b) 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 revenues of the person that employs the compensation consultant, legal counsel or other adviser;

- (c) 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;
- (d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- (e) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; or
- (f) any business or personal relationship of the compensation consultant, legal counsel or other adviser or the person employing the adviser with an executive officer of Company;

provided, however, that the Committee need not conclude that the compensation consultant, legal counsel or other adviser is independent after considering such factors; and provided, further, that the Committee need not consider such factors if an adviser's role is limited to either (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 is available to all salaried employees of the Company and/or (ii) providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

The Committee may form and delegate authority to subcommittees when appropriate, subject to applicable law.

COMPENSATION:

Members of the Committee may receive compensation for their service as Committee members, subject to applicable law.