

# COMPENSATION COMMITTEE CHARTER

OF

## PROTALIX BIOTHERAPEUTICS, INC.

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### **Authority and Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Protalix BioTherapeutics, Inc. (the “Company”) to: (a) assist the Board in discharging its responsibilities relating to compensation of the Company’s directors and executive officers; and (b) to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations. The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. All powers of the Committee are subject to the restrictions designated in the Company’s bylaws and by applicable law.

### **Committee Composition and Membership**

Committee members (“Members”) shall be appointed by the Board, based on the recommendation of the Nominating Committee, at the annual meeting of the Board and shall serve until their successors shall be duly designated and qualified. Committee members may be removed, with or without cause, at any time by a majority vote of the Board. Any vacancy of the Committee may be filled by a majority vote of the Board.

The Committee shall consist of no fewer than three (3) members. Each member of the Committee shall meet: the definition of “independent director” as set forth in Section 121A of the Company Guide of the American Stock Exchange; the definition of a “Non-employee Director” under Rule 16b-3(b) under the Securities Exchange Act of 1934, as amended; the requirements of Section 162(m) of the Internal Revenue Code for “outside directors”; and any other applicable regulatory requirements.

### **Meetings**

The Committee shall conduct its business in accordance with this Charter, the Company’s Bylaws and any direction by the Board. The Committee chairperson shall be designated by the Board, or, if it does not do so, the Committee members shall elect a chairperson by a vote of the majority of the full Committee.

The Committee shall meet at least three times a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. A majority of the Members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of

which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

The Committee chairperson will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting. The chairperson of the Committee (or other member designated by the chairperson or the Committee in the Chairperson's absence) shall regularly report to the full Board on its proceedings and any actions that the Committee takes. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board. Copies of the minutes of each meeting and any action taken by unanimous consent will be furnished to the Board.

As necessary or appropriate, the Committee may also request any director, officer or employee of the Company, or the Company's outside counsel, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Further, the Committee may request any such director, officer, employee, outside counsel to provide any pertinent information to the committee or to any other person or entity designated by the Committee. The CEO may not attend any meeting where the CEO's performance or compensation are discussed.

### **Duties and Responsibilities**

The Committee shall:

Annually review and approve the Company's corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of such goals and objectives and, either as a Committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years. The Committee shall be guided by and seek to promote, the best interest of the Company and its stockholders.

Annually review and make recommendations to the Board with respect to non-CEO executive officer compensation and incentive-compensation plans and equity based-plans that are subject to Board approval. The Committee shall attempt to ensure that the Company's compensation program is effective in attracting and retaining key employees, reinforces business strategies and objectives for enhanced stockholder value and is administered in a fair and equitable manner consistent with established policies and guidelines.

Review and recommend to the Board compensation of directors, as well as directors' and officers' indemnification and insurance matters.

Monitor the administration of the Company's incentive-compensation plans and equity based-plans as in effect and as adopted from time to time by the Board; provided, that the Board shall retain the authority to interpret such plans.

Review and approve any new equity compensation plan. Review and approve any material amendments or modifications to an existing or new plan, subject always to applicable shareholder approval requirements.

Approve any stock option award or any other type of award as may be required for complying with any tax, securities or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Committee or Board.

Ensure appropriate overall corporate performance measures and goals are set and determine the extent that established goals have been achieved and any related compensation earned.

Annually review and approve for each of the Company's officers: (i) annual base salary levels; (ii) annual incentive compensation levels; (iii) long-term incentive compensation levels; (iv) employment agreements, severance agreements and change of control agreements/provisions, in each case as, when and if appropriate; and (v) any supplemental or special benefits.

Review and approve any employment contracts, severance arrangements, change of control arrangements or similar arrangements between the Company and any executive officer of the Company.

Perform such other functions and have such other powers consistent with this Charter, the Company's bylaws and governing law as the Committee or the Board may deem appropriate.

Produce an annual report of the Compensation Committee or Executive Compensation for inclusion in the Company's annual proxy statement or annual report or Form 10-K in accordance with the applicable rules and regulations of the Securities and Exchange Commission.

Prepare and issue the evaluation required under "Performance Evaluation" below.

### **Performance Evaluation**

The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee shall also perform an annual evaluation of its own performance, which shall compare the performance of the Committee with the requirements of this charter. In conducting this review, the Committee shall address all matters that it considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board; the manner in which they were discussed or debated; and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

### **Committee Resources**

The Committee shall be empowered to engage and compensate independent legal, accounting and other advisors, as it determines necessary to carry out its duties. The Committee shall have the sole authority to retain and terminate any consultant that it uses to assist in the Committee's evaluation of director, CEO or executive officer compensation and shall have the sole authority to approve that consultant's fees and other retention terms. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of: (a) compensation to any advisor employed by the Committee; and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may form and delegate authority to subcommittees when appropriate.