

XOMA Corporation

COMPENSATION COMMITTEE CHARTER¹

Purpose

The Compensation Committee, in its capacity as a committee of the Board of Directors (the “Board”) of XOMA Corporation (the “Company”), has overall responsibility for approving and evaluating compensation plans, policies and programs of the Company’s employees.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with applicable rules and regulations.

Committee Membership

The members of the Compensation Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. The Compensation Committee shall consist of no fewer than two members. The members of the Compensation Committee shall meet (i) the independence requirements of the Securities and Exchange Commission (the “SEC”) and the Nasdaq Stock Market (“Nasdaq”), (ii) any other qualifications determined by the Board from time to time, (iii) unless otherwise approved by the Board, the “non-employee director” standard within the meaning of Rule 16b-3 promulgated under the Exchange Act and (iv) any other requirements imposed by applicable law.

Compensation Committee members may be replaced by the Board at any time and from time to time. The Compensation Committee’s chairperson shall be designated by the Board, or if it does not do so, the Compensation Committee members shall elect a chairperson by vote of a majority of the full Compensation Committee. Resignation or removal of a Compensation Committee member from the Board for any reason will automatically constitute resignation or removal from the Compensation Committee.

Committee Authority and Responsibilities

1. The Compensation Committee shall review and approve the overall compensation structure, strategy and policies of the Company to determine that it establishes appropriate incentives for NEOs (including filled and open positions) and employees at all levels, including:
 - developing and maintaining the compensation strategy to attract and retain executive officers and senior management, as appropriate;
 - the review and approval of corporate performance goals and objectives relevant to compensation;
 - evaluating and approving the compensation plans and programs advisable for the Company, as well as evaluating and approving the modification or termination of existing plans and programs;
 - establishing policies with respect to equity compensation arrangements;

- reviewing compensation practices and trends to assess the adequacy and competitiveness of the Company's executive compensation programs among comparable companies in the Company's industry; however, the Compensation Committee shall exercise independent judgment in determining the appropriate levels and types of compensation to be paid;
- reviewing and approving the terms of any employment agreements, severance arrangements, change-of-control protections and any other compensatory arrangements (including, without limitation, perquisites and any other form of compensation) for the Company's executive officers and, as appropriate, other senior management;
- approving any loans by the Company to the Company's executive officers and, as appropriate, other senior management; and
- reviewing and approving any compensation arrangement for any executive officer involving any subsidiary, special purpose or similar entity, with consideration of the potential for conflicts of interest in such arrangements and whether the arrangement has the potential to benefit the Company.

All incentives, while industry-dependent and different for varied categories of executives and employees, should further the Company's long-term strategic plan and should be consistent with the culture of the Company and the overall goal of enhancing enduring shareholder value.

2. a) The Compensation Committee shall annually review and recommend to the Board, for the Chief Executive Officer ("CEO"), (a) the annual base salary level, (b) the annual incentive award, (c) long-term incentive award, and (d) any changes to employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits. The CEO may not be present during the voting or deliberations regarding CEO compensation
 - b) The Compensation Committee shall annually review corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, as well as other pre-determined criteria and recommend to the Board the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider these factors as well as awards given to CEOs in past years and relative shareholder return.
3. The Compensation Committee shall annually review and approve all compensation of the NEOs, including (a) annual base salary level, (b) annual incentive award, (c) the long-term incentive award and (d) any changes to employment agreements, severance arrangements, and change in control agreements/provision, in each case as, when and if appropriate, and (e) any special or supplemental benefits.
4. The Compensation Committee shall have the authority to engage compensation consultants, independent or outside counsel, accountants or other advisors, in each case only after taking into consideration the factors specified in Nasdaq Listing Rule 5605(d)(3) or any successor provision and as it determines to be necessary or appropriate. In particular, the Compensation Committee shall have the sole authority to retain and

terminate any compensation consultant to be used to assist in the evaluation of the NEOs' compensation and shall have sole authority to approve the consultant's fees and other retention terms.

5. The Compensation Committee may form and delegate authority to subcommittees when appropriate.
6. The Compensation Committee, on behalf of the Board of Directors, may authorize, pursuant to Section 157 of the Delaware General Corporation Law and to the extent permitted by law, one or more officers of the Company to designate employees of the Company as recipients of certain equity awards; provided, however, that each such officer may not grant an equity award to himself or herself.
7. The Compensation Committee shall review the Company's practices and policies of employee compensation to determine whether such compensation policies and practices are reasonably likely to have a material adverse effect on the Company.
8. The Compensation Committee shall review and consider the results of any advisory vote on executive compensation.
9. The Compensation Committee shall make regular reports to the Board.
10. The Compensation Committee shall review and reassess the adequacy of this Charter from time to time and recommend any proposed changes to the Board for approval.
11. The Compensation Committee shall have full power and authority to adopt, amend and terminate the Company's stock option plans, stock appreciation rights plans, pension and profit-sharing plans, incentive plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and sub-plans thereof and similar programs. The Compensation Committee shall have full power and authority to administer these plans, establish guidelines, interpret plan documents, select participants, approve grants and awards, approve modifications to awards, and exercise such other power and authority as may be permitted or required under such plans.
12. The Compensation Committee shall perform such other functions and have such other powers as may be necessary or appropriate in the discharge of any of the foregoing
13. Notwithstanding the foregoing, the Board shall retain the right to act on all such matters without limiting the Compensation Committee's authority, subject to compliance with applicable laws and regulations.

^{i 1} Most recently reviewed and approved by the Compensation Committee and the Board on October 23, 2019 and October 24, 2019, respectively.