

SYNERGY PHARMACEUTICALS INC. COMPLIANCE COMMITTEE CHARTER

This Compliance Committee Charter (the “Charter”) was adopted by the Board of Directors (the “Board”) of Synergy Pharmaceuticals Inc. (the “Company”) on June 7, 2016.

This Charter creates the Compliance Committee (the “Committee”) of the Board, and in so doing, provides the Committee with its purpose and mandate. By this Charter, the Committee is intended to function as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws and regulations, as well as the Company’s Certificate of Incorporation and Bylaws, this Charter is not intended to establish by its own force any legally binding obligations.

PURPOSE

The Board Compliance Committee (the “Committee”) shall:

1. Promote a Company-wide culture of Compliance, through oversight of and coordination with all levels of Company management on the development and implementation of a robust and effective compliance program (the “Compliance Program”); and
2. Assist the Board in its review and oversight of all matters related to Compliance. For purposes of this Charter, the term “Compliance” shall encompass compliance with: (i) all applicable federal and state laws, regulations and requirements, including but not limited to, federal health care program requirements; (ii) industry best practices; and (iv) applicable local laws where the Company does business, including both domestic and foreign laws addressing bribery and corruption.

The Committee has a broad mandate to accomplish its Purpose and may take any action permitted by law and the Company’s Certificate of Incorporation and Bylaws consistent with this mandate, including but not limited to, the actions set forth in this Charter.

The Committee may retain outside advisors at the Company’s expense. The Committee also may require Company management to conduct Compliance audits or investigations and direct whether the Committee should be the direct recipient of the findings of any such audits or investigations. The Committee shall determine the distribution of such results and the remediation, if any, that is to be effected in response to those results.

COMMITTEE MEMBERSHIP

Annually, the Board shall appoint the Committee members and designate a Chair of the Committee, taking into consideration the relevant expertise of each member. The Committee shall consist of at least three (3) members of the Board, all of whom shall be independent, when possible, and none of whom shall be employed by the company. At least one (1) member of the Committee shall also serve on the Board Audit Committee.

COMMITTEE RESPONSIBILITIES

1. In promoting a Company-wide culture of Compliance, the Committee shall, through oversight and coordination with Company management, ensure that the Company's Compliance Program includes and effectively implements the following components of an effective, robust Compliance Program:
 - Designation of a Compliance Officer who reports directly to the Chief Executive Officer and this Committee and is subject to Board oversight;
 - Creation of a Compliance Committee, consisting of the Compliance Officer and other members of senior management, to support the Compliance Officer in the implementation and operation of the Company's Compliance Program;
 - Regular screening all employees, and all relevant third parties engaged by the Company, to ensure that no employee is hired, or relevant third party retained, who has been excluded, debarred, suspended or otherwise rendered ineligible to participate in federal health care programs;
 - A written Code of Conduct, policies and procedures that effectively address the Company's Compliance obligations. Such code, policies and procedures shall make compliance with those documents an element in the performance evaluations of all employees;
 - Regular Compliance education, training and communications to ensure that all officers, directors, employees and relevant agents of the Company are aware of and understand their Compliance obligations, as established in the Company's Code of Conduct, policies and procedures and otherwise;
 - A Compliance hotline, and other lines of communication to the Compliance Officer, that enables all officers, directors, employees, relevant agents of the Company and the public to submit Compliance questions and report Compliance concerns or suspected Compliance issues or violations;
 - Periodic Compliance risk assessments of relevant functional areas of the Company, and regular auditing and monitoring of those functional areas and activities of the Company that are relevant to the Compliance Program;
 - Development and publication within the Company of disciplinary guidelines for the enforcement of the Company's Compliance standards; and

- Disciplinary procedures for the prompt response to detected instances of non-compliance and the implementation of appropriate corrective action, including the adoption of preventative measures and, where appropriate, the reporting of non-compliant activities to the relevant government authorities.
2. In reviewing and overseeing Company matters related to Compliance, the Committee shall ascertain, monitor, evaluate and apply to the Company, as appropriate, the following Compliance developments:
- a. Internal Compliance Developments
- Significant potential compliance risks, issues or developments, or patterns of non-Compliance, identified at or within the Company;
 - The results of any compliance audits, reviews or investigations conducted by or of the Company, or by the Committee;
 - The Company’s responses to any instances of significant non-compliance; and
 - Any other issues or concerns that could expose the Company to significant compliance risk.
- b. External Compliance Developments
- Third-party allegations, claims or litigation against the Company;
 - Government requests for information from, subpoenas to, or other communications with, the Company; and
 - Government investigations of, or agreements with, the Company.
- c. Industry Developments
- OIG Corporate Integrity Agreements (“CIAs”), Compliance Guidance or Advisory Opinions;
 - FDA Warning Letters and Notice of Violation Letters;
 - New laws or regulations applicable to Compliance; and
 - New PhRMA, or other industry, guidance.

COMMITTEE MEETINGS

1. The Committee shall meet at least quarterly each year, and at such other times as it deems necessary to fulfill its responsibilities. In addition, the Committee shall meet and coordinate with the full Board or other Board committees, where appropriate, regarding matters that pertain to the Committee’s responsibilities. The Committee shall maintain minutes or other records of Committee meetings and activities.

2. At each regularly scheduled Committee meeting, the Committee shall meet in executive session with the Compliance Officer, at which session no other officer or employee of the Company may be present.
3. The Company's President and Chief Executive Officer, and its General Counsel, may attend and participate in the Committee's meetings but shall have no vote on Committee matters.
4. The Committee shall report to the Board at the first Board meeting following each Committee meeting, addressing any discussions, findings, recommendations or other matters the Committee deems appropriate or the Board requests.
5. A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee and such action shall be taken by a majority of the quorum.

ANNUAL STANDING AGENDA

Annually, the Committee shall adopt an Annual Standing Agenda governing its meetings and setting forth the activities the Committee will undertake in order to carry out its responsibilities. Standing items on the Committee's Annual Standing Agenda shall include:

1. Yearly review and approval of an Annual Compliance Work Plan prepared by the Company's Compliance Officer. The Annual Compliance Work Plan shall describe the actions planned by the Company during the upcoming year for the further implementation or enhancement of its Compliance Program. As part of its review of the Annual Compliance Work Plan, the Committee shall assess whether the Compliance Program has adequate resources to perform in the intended robust and effective manner.
2. Quarterly review of the Company's progress in implementing the Annual Compliance Work Plan.
3. Quarterly review of internal, external and industry Compliance developments.
4. Annual assessment of the ability of the Company's Compliance Program to meet its Compliance obligations.
5. Annual assessment of the Committee's effectiveness and performance.

COMMITTEE REPORTS

In addition to its routine, quarterly reports, the Committee shall report at least annually to the Board on its:

1. Review and approval of an Annual Compliance Work Plan.

2. Assessment of the ability of the Company's Compliance Program to meet its Compliance obligations.
3. Assessment of the Committee's effectiveness and performance.