

## SKYE BIOSCIENCE, INC.

### COMPENSATION COMMITTEE CHARTER

#### 1. PURPOSE AND PRIMARY RESPONSIBILITY

1.1 This Charter sets out the Compensation Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "Board") of **Skye Bioscience, Inc.** (the "Company"), annual evaluation and compliance with this Charter.

1.2 The primary responsibility of the Compensation Committee is the oversight of, and the annual and ongoing review of, the Chief Executive Officer, the compensation of the senior management team, and the bonus programs in place for the balance of the staff. This includes oversight responsibility for ensuring the proper reporting and continuous disclosure in respect of same, and compliance with laws and regulations as well as stock exchange rules and policies in respect of same. The Compensation Committee shall also be responsible for the other matters as set out in this Charter and/or such other matters as may be directed by the Board from time to time. The Compensation Committee should exercise continuous oversight of developments in these areas.

#### 2. MEMBERSHIP

2.1 The Compensation Committee will consist of at least two members, as determined from time to time by the Board.

2.2 Each member of the Compensation Committee will be "independent" in accordance with the rules and regulations of the Securities and Exchange Commission (SEC) and the rules of the NASDAQ Stock Market, and will be a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934.

2.3 The members of the Compensation Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Compensation Committee) by the Board. A Compensation Committee member may be removed or replaced at any time at the discretion of the Board. If the member is filling an Independent Director position, he or she will cease to be a member of the Compensation Committee on ceasing to be an Independent Director.

2.4 The Chair of the Compensation Committee will be appointed by the Board. The Corporate Secretary of the Board will serve as the secretary of the Compensation Committee if requested by the Committee.

#### 3. AUTHORITY

3.1 In addition to all authority required to carry out the duties and responsibilities included in this Charter, the Compensation Committee has specific authority to:

(a) in its sole discretion, engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Compensation Committee will report directly to the Compensation Committee;

(b) communicate directly with management; and

(c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

#### **4. DUTIES AND RESPONSIBILITIES**

4.1 The duties and responsibilities of the Compensation Committee will include:

(a) reviewing and approving the Company's general compensation strategy;

(b) establishing annual and long-term performance goals for the Company's senior management;

(c) reviewing, on an annual basis shortly following the completion of the fiscal year, the performance of the Chief Executive Officer (the "CEO"), other Executive Officers (as defined in Rule 5605(a)(1) of the Nasdaq Listing Rules), and such other senior officers as the Board may request a review of from time to time; the Compensation Committee will also determine the bonus entitlement for such officer or officers payable in respect of that fiscal year, if any, and recommend same to the Board for approval;

(d) determining, on an annual basis in advance of the start of the fiscal year and in sufficient time to be reflected in the annual budget, the proposed annual compensation of the CEO and other Executive Officers of the Company for such fiscal year (to the extent not otherwise previously contracted for), including:

(i) base salary,

(ii) cash and equity bonuses, if any,

(iii) stock option and other equity grants, if any, and

(iv) other benefits and perquisites,

and recommending same to the Board for approval. The Company's CEO shall not be present during voting or deliberations regarding his or her compensation;

(e) reviewing with the CEO (or such other titled officer as represents the senior most executive officer in the Company), the bonus plan proposed for the senior management team of the Company, and the milestones for same, on an annual basis in advance of the start of the fiscal year and in sufficient time to be reflected in the annual budget; the individuals falling into this category will be determined between the CEO and the Compensation Committee, and the Compensation Committee will recommend same to the Board for approval;

(f) reviewing with the CEO, at least once annually, the terms and conditions and proposed grants of stock options to directors, officers, employees, consultants and advisors; the Compensation Committee will recommend same to the Board for approval;

(g) reviewing and recommending to the Board, from time to time, the compensation of the Board and Committee members and consulting with the Nomination & Governance Committee in respect of same;

(h) reviewing with the CEO, at least once annually, the long range planning for human

resource additions to the Company's team, and the compensation that will be needed in respect thereof and which will need to be included in the budgeting process;

(i) reviewing with the CEO, at least once annually, the standard form of employment and consulting contracts used by the Company, and the process the Company uses to ensure that all employees and consultants sign same (and that same are all signed and filed in the Company's files), and that the Company is adequately protected by its standard forms in respect of non-disclosure, ownership of Intellectual Property, non-competition and non-solicitation of employees and consultants;

(j) reviewing, at least once annually, employment agreements, severance arrangements, retirement arrangements, change in control agreements/provisions, and any special or supplemental benefits or perquisites for the CEO and other Executive Officers;

(k) to the extent applicable, reviewing and discussing the Compensation Discussion and Analysis (the "CD&A") to be included in the Company's proxy statement with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included; producing an annual report of the Compensation Committee for inclusion in the Company's proxy statement;

(l) overseeing the Company's policies on structuring compensation programs to preserve tax deductibility where appropriate;

(m) acting as the administering committee for the Company's stock and bonus plans and for any equity, cash or similar compensation arrangements that may be adopted by the Company from time to time, with such authority and powers as are set forth in the respective instrument establishing such arrangements, including establishing performance metrics, determining bonus payouts and granting equity awards to employees;

(n) overseeing risks and exposures associated with leadership assessment, management succession planning, and the operation and structure of compensation programs and arrangements, including incentive plans. The Compensation Committee shall provide regular reports to the Board. In order to facilitate this review, the Compensation Committee shall meet in executive session with key management personnel and/or representatives of outside advisors as required;

(o) providing oversight for overall compensation plans and benefit programs for employees, monitor trends in executive and overall compensation and make recommendations to the Board with respect to improvements to such plans and programs or the adoption of new plans and programs. Review and recommend to the Board for approval of compensation programs and stock ownership requirements as well as salaries, fees, bonuses and equity awards for the non-employee members of the Board; and

(p) reviewing with the CEO, at least once annually, the general benefit plans in place for employees.

The CEO may designate a member of his or her team to meet with the Compensation Committee in respect of certain of the matters above.

4.2 A regular part of Compensation Committee meetings will involve the orientation of new members as well as the continuous education of all members. The Chair of the Compensation Committee will regularly canvass the Compensation Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Compensation Committee on a timely basis.

4.3 On an annual basis, the Compensation Committee shall review and assess the adequacy of this Charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Compensation Committee Charter to the Board for its approval.

4.4 On an annual basis, shortly following the fiscal year end of the Company, the Compensation Committee will deliver a Report Card in the form attached as Schedule "A" hereto or as otherwise agreed upon by the Compensation Committee, to report on its performance against this Charter.

## **5. MEETINGS**

5.1 The quorum for a meeting of the Compensation Committee is a majority of the members of the Compensation Committee.

5.2 The Chair of the Compensation Committee shall be responsible for leadership of the Compensation Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Compensation Committee will also maintain regular liaison with the CEO.

5.3 Each of the Chair of the Compensation Committee, members of the Compensation Committee, Chair of the Board, CEO, CFO or Corporate Secretary shall be entitled to request that the Chair of the Compensation Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

5.4 The Compensation Committee will meet either in person or electronically/by phone on an as needed basis, and in any event not less than a minimum of three times per year.

## **6. REPORTS**

6.1 The Compensation Committee will report to the Board regarding the Compensation Committee's examinations and recommendations, and in respect of each meeting held. The report to the Board will be provided in the form of:

- (a) slides to be included in the slide deck being provided by management for the Board meeting;
- (b) a copy of the Minutes of the Compensation Committee meeting in question; and
- (c) any recommendations of the Compensation Committee to the Board.

6.2 The Compensation Committee will report its activities to the Board to be incorporated as

a part of the minutes of the Board meeting at which those activities are reported.

**7. MINUTES**

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

**8. ANNUAL PERFORMANCE EVALUATION**

8.1 The Board will conduct an annual performance evaluation of the Compensation Committee, taking into account the Charter, to determine the effectiveness of the Committee.

**REPORT CARD OF THE COMPENSATION COMMITTEE**

To: The Board of Directors of **Skye Bioscience, Inc.**

Date: [month] [day], 202X

The following is our report on actions taken against the requirements of the Compensation Committee Charter.

**The Compensation Committee met in person or electronically/by phone \_\_\_\_\_ times during [year].**

| <b>Task (see body of Policy for full details on task)</b>                                                                                                                                                                                                                                                                                                                                                         | <b>Action Taken (Y/N)</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| (a) Reviewing the performance of the Chief Executive Officer and the bonus entitlement payable in respect of that fiscal year.                                                                                                                                                                                                                                                                                    |                           |
| (b) Determining the proposed annual compensation of the CEO for such fiscal year.                                                                                                                                                                                                                                                                                                                                 |                           |
| (c) Reviewing the bonus plan proposed for the senior management team and the milestones for same.                                                                                                                                                                                                                                                                                                                 |                           |
| (d) Reviewing the terms and conditions and proposed grants of stock options to directors, officers, employees, consultants and advisors.                                                                                                                                                                                                                                                                          |                           |
| (e) Reviewing and recommending to the Board the compensation of the Board and Committee members.                                                                                                                                                                                                                                                                                                                  |                           |
| (f) Reviewing the long range planning for human resource additions to the Company's team.                                                                                                                                                                                                                                                                                                                         |                           |
| (g) Reviewing the standard form of employment and consulting contracts used by the Company, and the process the Company uses to ensure that all employees and consultants sign same (and that same are all signed and filed in the Company's files).                                                                                                                                                              |                           |
| (h) Reviewing employment agreements, severance arrangements, retirement arrangements, change in control agreements/provisions, and any special or supplemental benefits or perquisites for the CEO and other Executive Officers;                                                                                                                                                                                  |                           |
| (i) To the extent applicable, reviewing and discussing the Compensation Discussion and Analysis (the "CD&A") to be included in the Company's proxy statement with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included; producing an annual report of the Compensation Committee for inclusion in the Company's proxy statement; |                           |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>(j) Overseeing the Company’s policies on structuring compensation programs to preserve tax deductibility where appropriate;</p>                                                                                                                                                                                                             |  |
| <p>(j) Acting as the administering committee for the Company’s stock and bonus plans and for any equity, cash or similar compensation arrangements that may be adopted by the Company.</p>                                                                                                                                                     |  |
| <p>(j) Overseeing risks and exposures associated with leadership assessment, management succession planning, and the operation and structure of compensation programs and arrangements, including incentive plans.</p>                                                                                                                         |  |
| <p>(j) Providing oversight for overall compensation plans and benefit programs for employees and making recommendations to the Board with respect to improvements to such plans; reviewing and recommending to the Board for approval of compensation programs and stock ownership requirements for the non-employee members of the Board.</p> |  |
| <p>(k) Reviewing with the CEO, at least once annually, the general benefit plans in place for employees.</p>                                                                                                                                                                                                                                   |  |
| <p>(l) Review and assess the adequacy of the Compensation Committee’s Charter</p>                                                                                                                                                                                                                                                              |  |