



CHARTER OF THE COMPENSATION COMMITTEE

GENERAL

1. Purpose and Responsibilities

1.1 Purpose

The Committee's purpose is to assist Board oversight of executive and Director compensation, including with respect to:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of these goals and objectives and, either as a committee or together with other independent directors, determining and approving the CEO's compensation level based on this evaluation;
- (b) recommending to the Board non-CEO compensation, incentive-based plans, equity-based plans and policies relating to the determination and payment of bonuses;
- (c) reviewing compensation disclosure in public documents, and producing the Committee's annual report on executive compensation for inclusion in the company's information (proxy) circular, in accordance with applicable rules and regulations; and
- (d) performing any other activities consistent with this Charter.

2. Definitions and Interpretation

2.1 Definitions

In this Charter:

- (a) "Board" means the board of directors of the Corporation;
- (b) "CEO" means the chief executive officer of the Corporation;
- (c) "Chair" means the chair of the Committee;
- (d) "Committee" means the management resources and compensation committee of the Board;
- (e) "Corporation" means XORTX Therapeutics Inc.; and
- (f) "Director" means a member of the Board.

2.2 Interpretation

The provisions of this Charter are subject to the articles and by-laws of the Corporation and to the applicable provisions of the *British Columbia Business Corporations Act*, and any other applicable legislation.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. **Establishment and Composition of Committee**

3.1 Establishment of Compensation Committee

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

3.2 Appointment and Removal of Members of the Committee

- (a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the Corporate Governance and Nominating Committee.
- (b) *Annual Appointments.* The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.
- (d) *Removal of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of two or more independent Directors.

3.4 Qualification and Independence of Members

- (a) *Qualification of Members.* A Director is not required to have any specific qualifications in order to serve as a member of the Committee.
- (b) *Independence of Members.* Each member of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

4. **Committee Chair**

4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair from among its members).

4.2 Chair to be Appointed Annually

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. **Committee Meetings**

5.1 Quorum

A quorum of the Committee shall be two members.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least on an annual basis.

5.4 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.5 Voting

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

5.6 Invitees

The Committee may invite Directors, officers, consultants and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. However, the Committee shall meet regularly without such persons present, and in all cases the CEO and any other officers shall not be present at meetings at which their compensation is discussed or determined.

6. **Authority of Committee**

6.1 Retaining and Compensating Advisors

The Committee shall have the sole authority to retain and terminate any firm, compensation consultant, legal counsel, or other adviser engaged to assist in the evaluation of director, CEO or senior executive compensation and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms of any such firm and other advisors. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any such firm or other advisor. The Committee may select a compensation consultant, legal counsel or other adviser only after taking into consideration the following factors, as well as any other factors identified by any applicable exchange (provided that such factors need not be considered for the selection of in-house counsel): (1) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser; (2) 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 revenue of the person that employs the compensation consultant, legal counsel or other adviser; (3) 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; (4) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee; (5) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and (6) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company. Nothing herein shall require any compensation consultant, legal counsel or other adviser to be independent, only that the Committee consider the six independence factors enumerated above before selecting, or receiving advice from, such a compensation adviser. However, the Committee is not required to consider the foregoing factors if the compensation consultant, legal counsel or other adviser's services are limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is either 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 Company shall provide appropriate funding (as determined by the Committee) for the Committee in its capacity as a committee of the Board in such amounts as determined by the Committee for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.

6.2 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.3 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

7. **Remuneration of Committee Members**

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. **Compensation Matters**

8.1 Compensation of CEO

The Committee shall:

- (a) review and approve corporate goals and objectives relevant to CEO compensation;
- (b) evaluate the CEO's performance in light of those corporate goals and objectives; and
- (c) either as a Committee or together with other independent directors (as directed by the Board), determine and approve the CEO's compensation level (considering all elements of the compensation package) based on the CEO's evaluation.

8.2 Non-CEO Compensation Matters

The Committee shall:

- (a) meet with the CEO to discuss goals and objectives of the other senior executives of the Corporation, namely, any executives in the offices of Chief Financial Officer, Chief

Operating Officer, Vice President, or any senior executives of the Corporation having comparable positions (including consultants who perform the services of an officer) as may be specified by the Board (collectively, the "Senior Executives");

- (b) in consultation with the CEO, make recommendations to the Board with respect to Senior Executives compensation;
- (c) make recommendations to the Board with respect to:
 - (i) non-CEO and non-Senior Executives compensation;
 - (ii) incentive compensation plans;
 - (iii) equity-based plans; and
 - (iv) policies relating to the determination and payment of bonuses.

8.3 Long-Term Incentives

In determining the long-term incentive component of the compensation of executive officers (including consultants who perform the services of an officer), consider:

- (a) the Corporation's performance and relative shareholder return;
- (b) the value of similar incentive awards to executive officers at comparable companies; and
- (c) the awards given to the executive officers of the Corporation in past years.

8.4 Review of Bonuses Paid

The Committee will monitor the administration of the Corporation's executive officer incentive and other compensation related plans, including making recommendations to the Board regarding the number of options to be granted and the time or times when such options shall vest, and shall report to the Board on a regular basis regarding whether incentives and bonuses awarded or paid to the CEO and each of the other executive officers (including consultants who perform the services of an officer) have been awarded or paid in accordance with the applicable plans.

8.5 Review of Organizational Structure

The Committee will review and report to the Board, on a regular basis, on the appropriateness of the current and future organizational structure of the Corporation and plans for the succession of the CEO and Senior Executives.

9. **Disclosure and Reporting to the Board**

9.1 Executive Compensation Disclosure

The Committee shall review and recommend to the Board for approval any public disclosure of information relating to the Corporation's executive compensation, including the disclosure to be included in the Corporation's information circular.

9.2 Report of the Compensation Committee

The Committee shall prepare and recommend to the Board for approval any report of the Compensation Committee to be included in the Corporation's information circular.

9.3 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

10. **Performance Evaluation**

On a regular basis, the Committee shall follow the process established by the Corporate Governance and Nominating Committee of the Board for assessing the performance and effectiveness of the Committee.

11. **Charter Review**

The Committee shall review and assess the adequacy of this Charter on an annual basis and recommend to the Corporate Governance and Nominating Committee any changes it deems appropriate.

Approved and adopted by the Board of Directors on August 9, 2021.