



**VERACYTE, INC.**  
**COMPENSATION COMMITTEE CHARTER**

Effective as of August 10, 2017

**PURPOSE**

The purpose of the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Veracyte, Inc. (the “**Company**”) shall be to:

- provide oversight of the Company’s compensation policies, plans and benefits programs;
- assist the Board in discharging its responsibilities relating to (i) oversight of the compensation of the Company’s Chief Executive Officer (the “**CEO**”) and other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), and (ii) reviewing, recommending, approving and evaluating the executive officer and director compensation arrangements, plans, policies and programs of the Company; and
- assist the Board in administering the Company’s cash-based and equity-based compensation plans.

The compensation programs for the Company’s executive officers shall be (i) designed to attract, motivate and retain talented executives responsible for the success of the Company, (ii) determined within a competitive framework and (iii) based on the achievement of the Company’s overall financial results, individual contributions and a compensation philosophy of “pay for performance”.

In furtherance of these purposes, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

**MEMBERSHIP**

The Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Committee shall consist of no fewer than two members of the Board, with the exact number determined from time to time by the Board. The Board may designate one member of the Committee as its chair (the “**Chair**”). Members of the Committee must meet the following criteria:

- the independence requirements of applicable rules of The NASDAQ Stock Market LLC (the “**Nasdaq Rules**”), except as may otherwise be permitted by such Nasdaq Rules;
- the independence requirements of other rules and regulations (“**SEC Rules**”) promulgated by the Securities and Exchange Commission (the “**SEC**”) under Section 10C of the Exchange Act, except as may otherwise be permitted by SEC Rules;
- the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act;
- the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended;

- be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member; and
- any other laws, rules, regulations or requirements that may come into force or otherwise become applicable.

## **RESPONSIBILITIES AND DUTIES**

The responsibilities and duties of the Committee shall include:

### ***Executive and Other Compensation***

- Annually reviewing and recommending to the independent members of the Board for approval for the CEO: (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, (iii) equity compensation, (iv) any employment agreement, severance arrangement and change in control agreement/provision, (v) any signing bonus or payment of relocation costs and (vi) any other significant benefits, compensation or arrangements not available to employees generally. One of the Committee's objectives shall be to use compensation to align the interests of the CEO with the long-term interests of the Company's stockholders, thereby incentivizing management to increase stockholder value;
- Annually reviewing and approving, for the "executive officers" as defined under Rule 3b-7 and "officers" as defined under Rule 16a-1(f) promulgated under the Exchange Act other than the CEO (collectively, the "**Executive Officers**"): (i) the annual base salary, (ii) the annual incentive bonus, including the specific goals and amount, (iii) equity compensation, (iv) any employment agreement, severance arrangement and change in control agreement/provision, (v) any signing bonus or payment of relocation costs and (vi) any other significant benefits, compensation or arrangements not available to employees generally. One of the Committee's objectives shall be to use compensation to align the interests of the Executive Officers with the long-term interests of the Company's stockholders, thereby incentivizing management to increase stockholder value. The Committee also may take account of the recommendations of the CEO with respect to the compensation of other Executive Officers;
- Reviewing and approving, or recommending to the independent members of the Board for approval, corporate goals and objectives relevant to the compensation of the CEO and the Executive Officers, evaluating performance in the light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company's long-term business and financial goals;
- Administer and interpret the Company's cash-based and equity-based compensation plans for its employees and consultants; to the extent not otherwise delegated by the Board, the Committee may delegate to the CEO or to the Executive Officers (the latter only with respect to employees of the Company or any subsidiary thereof) the authority to carry out all of the powers of the Committee to grant options and issue awards under the Company's stock plans to employees or consultants of the Company or any subsidiary thereof who are not members of the Board, the CEO or Executive Officers; provided, that no such grant or award shall exceed the maximum number of shares that may be awarded to individuals and/or in the aggregate in any fiscal quarter or year as the Committee shall direct from time to time, and all grants or awards shall be at an exercise or grant price per share at least equal to fair market value on the date of such grant or award;
- Providing oversight of the Company's overall compensation plans and benefits programs, including the Company's cash-based and equity-based compensation plans, and making recommendations to the Board with respect to improvements or changes to such plans or the adoption of new plans when appropriate;

- Reviewing and recommending to the independent members of the Board for approval policies and procedures relating to perquisites and expense accounts of the CEO;
- Reviewing and approving, or recommending to the independent members of the Board for approval, policies and procedures relating to perquisites and expense accounts of the Executive Officers;
- Evaluating, on a periodic basis, the Company's compensation strategy, including base salary, incentive compensation and equity-based grants, including competitiveness of (i) the compensation of the CEO and the Executive Officers and (ii) the Company's overall compensation plans;
- Reviewing and discussing with management the risks arising from the Company's compensation policies and practices for all employees that are reasonably likely to have a material adverse effect on the Company;
- Evaluating director compensation, consulting with outside consultants and/or with the Human Resources department when the Committee deems appropriate, and making recommendations to the Board regarding director compensation;
- Reviewing and making recommendations to the Board with respect to the directors' stock option grants under the Company's equity compensation plans and any proposed amendments thereto, subject to obtaining stockholder approval of any amendments as required by applicable law or the Nasdaq Rules; and
- Reviewing and approving or recommending to the Board for approval any equity award granting policy.

#### ***Related Duties and Authority***

- For so long as the Company is subject to the periodic reporting requirements of the Exchange Act and only to the extent required under the SEC Rules: (i) reviewing and discussing with management the Company's Compensation Discussion and Analysis disclosure and the narrative disclosure related to compensation consultants in determining or recommending the amount or form of executive and director compensation whose work has raised any conflict of interest in response to the requirement of Item 407(e)(3)(iv) of Regulation S-K promulgated by the SEC (or any successor disclosure items), (ii) based on such review and discussion, recommending to the Board whether such disclosure should be included in the Company's annual report on Form 10-K, proxy statement, information statement or similar document and (iii) producing a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the SEC and any other applicable rules and regulations;
- Overseeing the Company's compliance with any regulatory requirements associated with compensation of its directors, officers and employees, and reviewing and approving the Company's compliance program relating to restrictions on and reporting of securities transactions by the Company and its CEO and Executive Officers, other officers and directors;
- Periodically reviewing the Company's procedures with respect to employee loans. The Committee will not approve any arrangement in which the Company, directly or indirectly, extends or maintains credit, arranges for the extension of credit or renews an extension of credit, in the form of a personal loan to or for any director of the Company or Executive Officer (or equivalent thereof) or the CEO. The Committee will assist the Board and management of the Company in complying with this prohibition; and

- Performing any other activities required by applicable law, rules or regulations, including the Nasdaq Rules and SEC Rules, and taking such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate consistent with its purpose.

## **MEETINGS**

The Committee shall meet as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities. The Committee may meet either in person or via telephonic- or video-conference, and at such times and places as the Chair, in consultation with the other member(s) of the Committee, determines. The Chair or any other member of the Committee may call meetings of the Committee by notice in accordance with the Company's Bylaws. A quorum of the Committee for the transaction of business will be a majority of its members. The Committee may establish its own meeting schedule, which it will provide to the Board. The Committee may invite to its meetings other Board members, Company management and such other persons as the Committee deems appropriate in order to carry out its responsibilities. The Committee may exclude from all or a portion of its meetings any person it deems appropriate in order to carry out its responsibilities. The Chair will designate a secretary for each meeting, who need not be a member of the Committee. The Secretary of the Company shall provide the Committee such staff support as it may require.

## **MINUTES**

The Committee shall maintain written minutes of its meetings and copies of its actions by written consent, which minutes and written consents will be filed with the minutes of the meetings of the Board. The minutes of the committee and actions by unanimous written consent of the Committee members will be available to the other members of the Board.

## **REPORTS**

The Committee shall make regular reports to the full Board on the actions and recommendations of the Committee. The CEO may not be present during voting or deliberations regarding CEO compensation.

## **DELEGATION OF AUTHORITY**

The Committee may from time to time, as it deems appropriate and to the extent permitted under applicable law, the Nasdaq Rules, the SEC Rules, and the Company's Certificate of Incorporation and Bylaws, form and delegate authority to subcommittees. Subcommittees of the Committee will consist of one or more members of the Committee who will regularly report on their activities to the Committee.

## **COMPENSATION**

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion.

## **STUDIES AND ADVISORS**

The Committee, in discharging its responsibilities, may conduct or authorize studies of, or investigations into, any matter that the Committee deems appropriate, with full access to all books, records, documents, facilities and personnel of the Company. The Committee has the sole authority and right, at the Company's expense, to retain (and terminate) compensation and other consultants, legal counsel, accountants, experts and advisors of its choice to assist the Committee in connection with its functions, including any studies or investigations, and shall have direct oversight of the work performed by such advisors. In connection with the retention of such advisors (other than in-house legal counsel), the Committee shall consider the factors related to the independence

of such advisors, including with respect to each such advisor (or the advisor's employer): (1) the provision of other services to the Company by such advisor (or their employer); (2) the amount of fees received from the Company, as a percentage of the total revenue of such advisor (or their employer); (3) the policies and procedures of such advisor (or their employer) that are designed to prevent conflicts of interest; (4) any business or personal relationship of such advisor (or their employer) with a member of the Committee or an Executive Officer; (5) any shares of Company capital stock or other Company securities owned by such advisor (or their employer); and (6) such other factors as the Committee deems relevant or may be required from time to time by SEC Rules or Exchange Act rules; provided that nothing herein requires that compensation advisors must be independent – rather that the enumerated independence factors be considered before selecting or otherwise receiving advice from such an advisor.

The Committee will have the sole authority to approve the fees and other retention terms of such advisors and to oversee the establishment of guidelines and procedures related to the accrual and accounting of such compensation and expenses. The Company will provide for appropriate funding, as determined by the Committee, for:

- payment of compensation to any compensation and other consultants, legal counsel, accountants, experts and other advisors retained by the Committee;
- ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its functions; and
- the commission of any necessary studies or surveys concerning the levels of executive compensation payable in the industry in which the Company is engaged and in other related industries or obtaining recommendations from outside/independent consultants concerning comparable compensation programs.

Irrespective of the retention of compensation and other consultants, legal counsel, accountants, experts and other advisors to assist the Committee, the Committee shall exercise its own judgment in fulfillment of its functions.

The Committee is not required to assess the independence of any consultant or other advisor that acts in a role 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 not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

## **REVIEW OF COMMITTEE COMPOSITION, PERFORMANCE AND CHARTER**

The Committee will evaluate the Committee's composition and performance on a periodic basis and submit a report to the Board. The Committee also will review and reassess the adequacy of this Charter annually, and recommend to the Board any changes the Committee determines are appropriate.

## **PUBLICATIONS**

The Company shall make this charter freely available to stockholders on request and, provided that the Company is subject to the periodic reporting requirements of the Exchange Act, shall publish it on the Company's website.