



**Five Prime Therapeutics, Inc.**

## **Corporate Governance Guidelines**

### **A. Introduction**

The Board of Directors (the "Board") of Five Prime Therapeutics, Inc. ("Five Prime") has adopted the following Corporate Governance Guidelines (the "Guidelines") as guidelines and principles for the conduct of the Board. They reflect the Board's commitment to monitoring the effectiveness of decision-making at the Board and management level and ensuring adherence to good corporate governance principles, all with a goal of enhancing stockholder value over the long term.

The Guidelines should be interpreted in the context of all applicable laws and regulations and Five Prime's certificate of incorporation (as may be amended or restated from time to time, the "Certificate of Incorporation") and bylaws (as may be amended or restated from time to time, the "Bylaws"). The Guidelines are statements of policy and are not intended to supersede or interpret any Federal or state law, rule or regulation, including the Delaware General Corporation Law, the Certificate of Incorporation or the Bylaws.

### **B. The Board of Directors**

1. Size; Composition. The Nominating and Corporate Governance Committee of the Board (the "Nominating Committee") will periodically review the size and composition of the Board in order to provide adequate oversight and may recommend adjustments from time to time.

2. Board of Directors Independence. Five Prime defines an "independent" director in accordance with the applicable provisions of the Securities Exchange Act of 1934, as amended, together with the rules promulgated thereunder (the "Exchange Act") and the applicable rules of The NASDAQ Stock Market, LLC (the "NASDAQ"). Because it is not possible to anticipate or explicitly provide for all potential situations that may affect independence, the Board periodically reviews each director's status as an independent director and whether any independent director has any other relationship with Five Prime that, in the judgment of the Board, would interfere with the director's exercise of independent judgment in carrying out such director's responsibilities as a director. The Board will annually determine whether each director is "independent" under the applicable provisions of the Exchange Act, the applicable rules of the NASDAQ and any other applicable listing standard or legal requirement.

3. Board Leadership Structure and Selection of Chairman and CEO. The Board elects its Chairman and appoints Five Prime's Chief Executive Officer according to its view of what is best for Five Prime at any given time. The Board does not believe there should be a fixed rule as to whether the offices of Chairman and Chief Executive Officer should be vested in the same person or two different people, or whether the Chairman should be an employee of Five Prime or should be elected from among the non-employee directors. The needs of Five Prime and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of Five Prime. The Nominating Committee will periodically review this matter and provide recommendations to the Board.

In the event the Board elects as its Chairman, a director who is not independent, the Board shall also designate a Lead Director. The Lead Director's duties shall include: (i) presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (ii) serving as liaison between management and the independent directors; (iii) calling meetings of the independent directors; (iv) consulting with the Chairman in planning and setting schedules and agendas for Board meetings to be held during the year; and (v) performing such other functions as the Board may direct.

4. Board Membership Criteria. The Nominating Committee is responsible for reviewing with the Board, in accordance with its Charter, the appropriate qualities, skills and characteristics desired of nominees for Board members in the context of the current make-up of the Board. The Board as a whole should collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of Five Prime's business.

5. Attendance at Board and Committee Meetings. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. Board members are expected to prepare for, attend and participate in meetings of the Board and the committees of which they are members. Although the Board recognizes that, on occasion, circumstances may prevent Board members from attending meetings, the Board expects its members to ensure that other commitments do not materially interfere with the performance of their duties.

6. Selection of Board Members; Vacancies. The Board is responsible for filling vacancies in its membership, replacing directors who are unable to continue to serve effectively and nominating candidates to stand for election at the annual meeting of stockholders. The Board has delegated to the Nominating Committee the process of identifying and screening candidates when a vacancy is to be filled and making recommendations to the Board for nominations. In accordance with the Bylaws, directors elected by the Board to fill a vacancy or newly created directorship shall hold office until the expiration of the term for which elected and until their respective successors are elected, except in the case of the death, resignation or removal of any director.

7. Occupations and Memberships on Other Boards. Service as a member of the Board of Directors is a significant commitment in terms of both time and responsibility. Each Board member should be mindful of their other existing and future commitments and should not serve on boards of entities where such service is likely to interfere with the performance of the director's duties to Five Prime, taking into account the individual, the nature of their other activities and such other factors or considerations as the Board deems relevant. In selecting nominees for membership, the Board shall take into account such other board service of the candidate and the other demands on the time of the candidate.

Non-employee Board members should not sit on more than four other public company boards, and any Board member who serves as a chief executive officer of a public company should not sit on more than two other public company boards. No member of the Audit Committee should serve on the audit committee of more than two other public companies, unless such member is a retired certified public accountant (CPA), chief financial officer or controller or has similar experience, in which case such member should not serve on the audit committees of more than three other public companies

A member of the Board who plans to serve on another board of directors should notify the Chair of the Board prior to agreeing to serve on such other board of directors and should defer appointment to such other board until the Chair advises that such additional service does not present issues that would make such appointment inadvisable. The Chair will consult with the Chair of the Nominating Committee, such other Board members, Five Prime's General Counsel or outside corporate counsel as may be appropriate, to determine whether such proposed additional service may conflict with the current and contemplated business of Five Prime or the director's ability to serve effectively on the Board.

8. Term of Office. The Board has determined that an arrangement of staggered three-year terms of office is in Five Prime's best interest. It both provides continuity of membership and is an effective part of a structure designed to provide the Board with tools to negotiate for better terms for stockholders in the event of an unsolicited takeover effort. The Board reviews that determination periodically and will recommend to the stockholders that it be modified if it appears appropriate to do so.

9. Term Limits. The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they may sometimes force Five Prime to lose the contribution of directors who over time have developed increased insight into Five Prime and its operations. The Board seeks, therefore, to maintain a balance of directors who have longer terms of service and directors who have joined more recently.

10. Board Compensation. The Compensation and Management Development Committee shall review the compensation and benefits paid to non-employee directors at least once a year and recommend any appropriate changes to the Board for its approval. Directors who are officers or employees shall not receive any additional compensation for serving on the Board. To assist in setting compensation, the

Compensation and Management Development Committee or the full Board may request information from the staff of Five Prime or from independent consultants on the compensation of boards of comparable companies.

11. Orientation and Continuing Education. Members of the Board are selected with attention to their diverse professional backgrounds and experience. In addition to their individual professional expertise, it is important that members of the Board be knowledgeable about Five Prime and its business. They should also be familiar with the duties and responsibilities of directors of public companies and emerging practices in corporate governance.

Board members are encouraged to attend seminars, conferences and other continuing education programs designed especially for directors of public companies, including accredited director education programs, which directors may attend at Five Prime's expense during service on the Board. Although most of the outside directors have significant experience on boards of directors, participation in such programs is helpful to keep them abreast of current developments in the evolving area of corporate governance and other matters relevant to their service on the Board.

12. Voting for Directors. Directors are elected in accordance with the Certificate of Incorporation and Bylaws. As provided in the Bylaws, in any election of directors, each director will be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Five Prime will summarize its policy regarding election of directors in each proxy statement relating to an election of directors.

13. Director Resignation Policy. With respect to director elections, it is the policy of Five Prime that any nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall submit an offer of resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall consider all the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation. The Board will evaluate such offer of resignation and the Nominating and Corporate Governance Committee's recommendation and decide whether or not to accept such offer of resignation. Promptly following the Board's decision, Five Prime will disclose that decision and an explanation of such decision in a filing with the Securities and Exchange Commission or a press release.

14. Attendance at Annual Meeting. All Board members are encouraged, but not required, to attend our Annual Meeting of Stockholders.

15. Annual Performance Evaluation. The Board will conduct an annual review and self-evaluation to determine whether it and its committees are functioning effectively. The review will focus on the Board's contribution to Five Prime and will seek to identify specific areas, if any, that need improvement or strengthening. Such review may include reviews or presentations by Five Prime's independent advisors, including

its legal counsel and independent auditing firm. The Nominating Committee shall oversee the Board and committee evaluation process and report its assessments to the Board.

The Board also will conduct an annual review to ensure that Five Prime is in compliance with all applicable NASDAQ listing requirements and to ensure that all required certifications and public disclosures are made.

### **C. Board Meetings**

1. Board Chairmanship; Selection of Agenda Items for Board Meetings. The Chairman of the Board, and in the absence of the Chairman of the Board, the Lead Director, or if there is no Lead Director, the senior independent director present shall preside at meetings of stockholders and the Board.

The Chairman of the Board and the Lead Director, if any, in consultation with appropriate members of management, and the Board committee chairs, will develop the agenda for each Board meeting and circulate to the Board members in advance of each meeting. Although materials relevant to the agenda are generally circulated to the Board in advance, exceptions are sometimes made for materials related to particularly sensitive topics. Each Board member is free and encouraged to suggest the inclusion of items on the agenda.

2. Board Presentations; Access to Employees and Independent Advisors. The Board has full access to any Five Prime employee. It is Five Prime's policy that employees may contact Board members directly to express concerns about the direction or management of Five Prime. Board members may, at the expense of Five Prime, consult with independent legal, financial and accounting advisors to assist them in the performance of their duties to Five Prime and its stockholders.

The Board encourages presentations at its meetings by employees who can provide additional insight into the topics because of their direct involvement in the area, or have leadership potential of which the Board should be aware.

3. Executive Sessions of Independent Directors. The independent directors will meet in executive session without management and any non-independent directors at least quarterly. The Lead Director, if any, or an independent director selected by a majority of the Board, (i) will preside over and develop the agenda for the executive sessions of independent directors and (ii) may call meetings of the independent directors of the Board. Each Board member is free and encouraged to suggest the inclusion of items to discuss in the executive sessions of independent directors. The Lead Director, if any, will serve as liaison between management and the independent directors.

### **D. Board Committees**

1. Standing and Special Committees. The Board currently has standing committees on (i) Audit, (ii) Compensation and Management Development (iii)

Nominating and Corporate Governance and (iv) Research and Development. Each of these committees operates under a written charter outlining its duties and responsibilities. The Board may form new standing committees when it believes the work of the Board requires it. The Board also appoints special committees from time to time to assist it in carrying out particular responsibilities.

2. Assignment and Term of Service of Committee Members. The Board, with the advice of the Nominating Committee, appoints the members and the chair of each of its standing committees. Where possible, the chair of a standing committee will have had previous service on the committee. There are no fixed terms for service on standing committees. The Board may replace committee members when it believes that to be appropriate.

3. Frequency and Length of Committee Meetings and Committee Agenda. Each standing committee shall fix its own rules of procedure, which shall be consistent with the Bylaws. Pursuant to their own rules of procedure, the committees shall, with the assistance of appropriate members of management, determine the frequency and length of meetings of the committee and develops the agenda for each meeting. At the direction of the chair, a member of the committee or a member of management takes minutes of each committee meeting. Board members who are not members of a committee are nevertheless welcome to attend its meetings.

## **E. Oversight of Risk**

The Board believes that risk management is an important part of establishing, updating and executing on Five Prime's business strategy. The Board, as a whole and at the committee level, has oversight responsibility relating to risks that could affect the corporate strategy, business objectives, compliance, operations and the financial condition and performance of Five Prime. The Board focuses its oversight on the most significant risks facing Five Prime and on its processes to identify, prioritize, assess, manage and mitigate those risks. The Board and its committees receive regular reports from members of Five Prime's senior management on areas of material risk to Five Prime, including strategic, operational, financial, legal and regulatory risks. While the Board has an oversight role, management is principally tasked with direct responsibility for management and assessment of risks and the implementation of processes and controls to mitigate their effects on Five Prime.

The Audit Committee, as part of its responsibilities, oversees the management of financial risks, including accounting matters, liquidity and credit risks, corporate tax positions, insurance coverage and cash investment strategy and results. The Audit Committee is also responsible for overseeing the management of risks relating to the performance of Five Prime's internal audit function (if required) and its independent registered public accounting firm, as well as Five Prime's systems of internal controls and disclosure controls and procedures. The Compensation and Management Development Committee is responsible for overseeing the management of risks relating to Five Prime's executive compensation and overall compensation and benefit strategies, plans, arrangements, practices and policies. The Nominating Committee

oversees the management of risks associated with Five Prime's overall compliance and corporate governance practices and the independence and composition of the Board. These committees provide regular reports, on at least a quarterly basis, to the full Board.

## **F. Management Review and Responsibility**

1. Evaluation and Compensation of Officers. The Compensation and Management Development Committee annually evaluates the performance of and approves the compensation package for, the Chief Executive Officer. It also reviews and approves or recommends to the Board for approval the Chief Executive Officer's evaluations of the performance of, and the Chief Executive Officer's recommendations for determination of the compensation packages for, the officers of Five Prime who report directly to the Chief Executive Officer and any executive officers whose compensation Five Prime must disclose in Five Prime's regular annual proxy statement.

2. Succession Planning. The Board plans for the succession to the position of the Chief Executive Officer. The Compensation and Management Development Committee, with the assistance of the Chief Executive Officer, periodically reviews and assesses Five Prime's succession plans for the Chief Executive Officer and other officers and senior executives of Five Prime, and makes recommendations to the Board and management as necessary.

3. Board Interaction with Institutional Investors, Press, Customers, Etc. The Board believes that management should speak for Five Prime. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with Five Prime in accordance with Five Prime's Public Disclosure Policy, but it is expected that outside Board members would do this with the knowledge, and in most instances at the request, of management.

## **G. Transactions with Directors**

It is the policy of the Board that any transaction in which a director (or any member of a director's immediate family) has a personal or financial interest (direct or indirect) should be scrutinized in accordance with Five Prime's Related Person Transaction Policy. It is incumbent upon each director to promptly notify the Audit Committee when he or she becomes aware of a matter in which he or she (or any member of a director's immediate family) has, or may have, a personal or financial interest (whether direct or indirect) or may otherwise have a potential conflict of interest.

## **H. Stock Ownership Guidelines**

Five Prime grants equity awards, including stock options and restricted stock awards, to its executive officers and members of its Board of Directors as compensation and to align the interests of management and the Board with our stockholders. Five Prime adopted these stock ownership guidelines in December 2016 to maintain this alignment after equity awards have vested. Under these guidelines, each executive officer and non-employee member of the Board is required to achieve by the later of December

2021 or five years after the date the executive officer or non-employee member of the Board is appointed, and maintain thereafter, ownership of shares of common stock or vested options to purchase shares of common stock of Five Prime as set forth below:

- For the CEO, share ownership with a value of at least five times the CEO's annual base salary;
- For each executive officer other than the CEO, share ownership with a value of at least three times the executive officer's annual base salary; and
- For each non-employee member of the Board, share ownership with a value of at least three times the regular annual retainer for non-employee members of the Board.

Five Prime will determine ownership levels based on (i) all shares directly or indirectly owned, including all shares acquired through our Employee Stock Purchase Plan, shares received upon exercise of stock options and shares of restricted common stock that have vested, and (ii) the in-the-money value of vested stock options. Five Prime will not consider unvested shares of restricted stock or unvested or out-of-the money stock options in determining share ownership.

Unless the Board determines otherwise, Five Prime will evaluate share ownership annually based on the number of shares owned at the end of each calendar year and valued using the average closing price of a share of common stock during the last 20 trading days during the year or such other period as the Board determines.

The Board may, at its discretion, evaluate whether these requirements should be waived in any individual case because due to extenuating facts or circumstances an officer or a Board member would incur a hardship by complying with these stock ownership requirements.

#### **I. Review and Modification of These Principles**

The Nominating Committee will review the Guidelines from time to time and recommend modifications to the Board if appropriate.

*As amended May 14, 2020*