

# OCERA THERAPEUTICS, INC.

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

### **I. General Statement of Purpose**

The Nominating and Corporate Governance Committee of the Board of Directors (the “Nominating Committee”) of Ocera Therapeutics, Inc. (the “Company”) on behalf of the Board of Directors (the “Board”) is responsible for identifying individuals qualified to become board members, consistent with criteria approved by the Board, and recommending that the Board select the director nominees for election at each annual meeting of stockholders. The Nominating Committee is also responsible for developing and recommending to the Board a set of corporate governance guidelines applicable to the Company, periodically reviewing such guidelines and recommending any changes thereto, and overseeing the evaluation of the Board and management.

### **II. Nominating Committee Composition**

The number of individuals serving on the Nominating Committee shall be fixed by the Board from time to time but shall consist of no fewer than two (2) members, each of whom shall satisfy the independence standards established pursuant to NASDAQ Listing Rule 5605(a)(2) (or any successor provision thereto).

The members of the Nominating Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of the director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Nominating Committee. Any vacancy on the Nominating Committee, occurring for whatever reason, may be filled only by the Board. The Board shall designate one member of the Nominating Committee to be Chairperson of the Nominating Committee.

### **III. Meetings**

The Nominating Committee is to meet in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other as deemed necessary or appropriate by the Nominating Committee. A majority of the members of the Nominating Committee shall constitute a quorum for purposes of holding a meeting and the Nominating Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Nominating Committee may act by unanimous written consent.

#### **IV. Nominating Committee Activities**

The Nominating Committee's purpose and responsibilities shall be to:

##### **A. Review of Charter**

- Review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.

##### **B. Annual Performance Evaluation of the Nominating Committee**

- Perform an annual performance evaluation of the Nominating Committee and report to the Board on the results of such evaluation.

##### **C. Selection of New Directors**

- Recommend to the Board criteria for Board and committee membership, which shall include a description of any specific, minimum qualifications that the Nominating Committee believes must be met by a Nominating Committee-recommended nominee, and a description of any specific qualities or skills that the Nominating Committee believes are necessary for one or more of the Company's directors to possess, and annually reassess the adequacy of such criteria and submit any proposed changes to the Board for approval. The current criteria for Board membership are attached to this Charter as Exhibit A.
- The current policy is that the Nominating Committee will review and consider any director candidates who have been recommended by securityholders in compliance with the procedures established from time to time by the Nominating Committee and set forth in this Charter.
- Establish procedures to be followed by securityholders in submitting recommendations for director candidates to the Nominating Committee. The current procedures to be followed by securityholders are set forth below:
  1. All securityholder recommendations for director candidates must be submitted to the Secretary of the Company, who will forward all recommendations to the Nominating Committee.
  2. All securityholder recommendations for director candidates must be submitted to the Company not less than 120 calendar days prior to the date on which the Company's proxy statement was released to securityholder in connection with the previous year's annual meeting.

3. All securityholder recommendations for director candidates must include the following information:
  - a. The name and address of record of the securityholder.
  - b. A representation that the securityholder is a record holder of the Company's securities, or if the securityholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").
  - c. The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) full fiscal years of the proposed director candidate.
  - d. A description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership approved by the Board from time to time and set forth in this Charter.
  - e. A description of all arrangements or understandings between the securityholder and the proposed director candidate.
  - f. The consent of the proposed director candidate (i) to be named in the proxy statement relating to the Company's annual meeting of stockholders and (ii) to serve as a director if elected at such annual meeting.
  - g. Any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the Securities and Exchange Commission.
- Establish a process for identifying and evaluating nominees for the Board, including nominees recommended by securityholders. The current process for identifying and evaluating nominees for the Board is as follows:
  1. The Nominating Committee may solicit recommendations from any or all of the following sources: non-management directors, the Chief Executive Officer, other executive officers, third-party search firms, or any other source it deems appropriate.
  2. The Nominating Committee will review and evaluate the qualifications of any such proposed director candidate, and conduct inquiries it deems appropriate.

3. The Nominating Committee will evaluate all such proposed director candidates in the same manner, with no regard to the source of the initial recommendation of such proposed director candidate.
  4. In identifying and evaluating proposed director candidates, the Nominating Committee may consider, in addition to the minimum qualifications and other criteria for Board membership approved by the Board from time to time, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed director candidate, his or her depth and breadth of business experience or other background characteristics, his or her independence and the needs of the Board.
- Upon identifying individuals qualified to become members of the Board, consistent with the minimum qualifications and other criteria approved by the Board from time to time, recommend that the Board select the director nominees for election at each annual meeting of stockholders; provided that, if the Company is legally required by contract or otherwise to provide third parties with the ability to nominate individuals for election as a member of the Board (pursuant, for example, to the rights of holders of preferred stock to elect directors upon a dividend default or in accordance with shareholder agreements or management agreements), the selection and nomination of such director nominees shall be governed by such contract or other arrangement and shall not be the responsibility of the Nominating Committee.
  - Consider recommendations in light of the requirement that a majority of the Board be comprised of directors who meet the independence requirements set forth in NASDAQ Listing Rule 5605(a)(2) (or any successor provision thereto).
  - Recommend that the Board select the directors for appointment to committees of the Board.
  - Review all stockholder nominations and proposals submitted to the Company (including any director nominations made by stockholders pursuant to Rule 14a-11 (or any successor rule) under the Exchange Act or otherwise, and any proposal relating to the procedures for making nominations or electing directors), determine whether the nomination or proposal was submitted in a timely manner and, in the case of a director nomination, whether the nomination and the nominee satisfy all applicable eligibility requirements, and recommend to the Board appropriate action on each such nomination or proposal.

**D. Code of Business Conduct and Ethics**

- Develop and recommend to the Board a Code of Business Conduct and Ethics applicable to the Company.
- Review and reassess the adequacy of the Code of Business Conduct and Ethics annually and recommend any proposed changes to the Board for approval.

**E. Corporate Governance Guidelines**

- Develop and recommend to the Board a set of Corporate Governance Guidelines applicable to the Company that satisfy the standards established pursuant to NASDAQ Listing Rule 5605.
- Periodically review and reassess the adequacy of the Corporate Governance Guidelines and recommend any proposed changes to the Board for approval.

**F. Matters Relating to Retention and Termination of Search Firms to Identify Director Candidates**

- Exercise sole authority to retain and terminate any search firm that is to be used by the Company to assist in identifying director candidates. The Nominating Committee shall also have sole authority to approve any such search firm's fees and other retention terms.

**G. Director Conflicts-of-Interest**

- Evaluate whether any position held or proposed to be held by any new or existing director on the board of directors or a committee thereof of any other company or charitable organization represents or would represent a conflict-of-interest with such director's membership on the Board or any committee thereof (in connection therewith all directors of the Company shall be required to provide notice to the Nominating Committee of any such proposed position and obtain clearance from the Nominating Committee prior to accepting any such position).

**H. Evaluation of the Board and Committees**

- Oversee evaluation of the Board and its committees from time to time.

## **V. General**

- The Nominating Committee may establish and delegate authority to subcommittees consisting of one or more of its members, when the Nominating Committee deems it appropriate to do so in order to carry out its responsibilities.
- The Nominating Committee shall make regular reports to the Board concerning areas of the Nominating Committee's responsibility.
- In carrying out its responsibilities, the Nominating Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Nominating Committee may consult. The Nominating Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Nominating Committee or meet with any members of or advisors to the Nominating Committee. The Nominating Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities and shall have sole authority to approve any such advisor's fees and other retention terms.
- The Nominating Committee may perform such other functions as may be requested by the Board from time to time.

ADOPTED BY NOMINATING COMMITTEE: December 19, 2013

## **EXHIBIT A**

### **Board Membership Criteria**

The Nominating Committee believes that it is in the best interests of the Company and its stockholders to obtain highly qualified individuals to serve on the Board.

At a minimum, the Nominating Committee must be satisfied that each Nominating Committee-recommended nominee meets the following minimum qualifications:

- The nominee shall have experience at a strategic or policymaking level in a business, government, non-profit or academic organization of high standing.
- The nominee shall be highly accomplished in his or her respective field, with superior credentials and recognition.
- The nominee shall be well regarded in the community and shall have a long-term reputation for the highest ethical and moral standards.
- The nominee shall have sufficient time and availability to devote to the affairs of the Company, particularly in light of the number of boards on which the nominee may serve.
- To the extent such nominee serves or has previously served on other boards, the nominee shall have a demonstrated history of actively contributing at board meetings.

In addition to the minimum qualifications for each nominee set forth above, the Nominating Committee shall recommend that the Board select persons for nomination to help ensure that:

- A majority of the Board shall be “independent” in accordance with the standards established pursuant to NASDAQ Listing Rule 5605(a)(2) (or any successor provision thereto).
- Each of its Audit, Compensation and Nominating Committees shall be comprised entirely of independent directors.
- At least one member of the Audit Committee shall have such experience, education and other qualifications necessary to qualify as an “audit committee financial expert” as defined by the rules of the Securities and Exchange Commission.

Finally, in addition to any other standards or factors the Nominating Committee may deem appropriate from time to time for the overall structure and composition of the Board, the Nominating Committee may consider the following factors when recommending that the Board select persons for nomination:

- Whether the nominee has direct experience in the pharmaceutical or biopharmaceutical industry, and particularly global clinical development and regulatory strategy.
- Whether the nominee, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience.