

## VERACYTE, INC.

### COMPENSATION COMMITTEE CHARTER

Adopted on October 2, 2013 and effective as of the closing of the Company's initial public offering

#### 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) approving and evaluating the executive officer compensation plans, policies and programs of the Company; and
- assist the Board in administering the Company's equity compensation plans for its employees.

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. The Board may designate one member of the Committee as its chair. The Committee may form and delegate authority to subcommittees when appropriate. Members of the Committee must meet the following criteria; provided, however, that the Company may avail itself of any phase-in rules applicable to newly-listed companies in connection with an initial public offering:

- the independence requirements of applicable rules of The NASDAQ Stock Market LLC (the "**Nasdaq 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; 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 and the executive officers of the Company: (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;
- Reviewing and 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 of the Company, 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;
- Acting as Administrator of the Company's equity 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 of the Company (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 of the Company; 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 and making recommendations to the Board with respect to improvements or changes to such plans or the adoption of new plans when appropriate;
- Evaluating, on a periodic basis, the competitiveness of (i) the compensation of the CEO and the executive officers of the Company 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 recommending to the Board for approval any equity award granting policy.

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

- Reviewing and assessing the adequacy of this Charter on an annual basis and recommending any proposed changes to the Board of Directors; and
- Reviewing and discussing with management the Company's Compensation Discussion and Analysis included in the Company's annual proxy statement, and producing a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the Securities and Exchange Commission and any other applicable rules and regulations.

The Committee may obtain advice and assistance from the Human Resources department, outside compensation consultants, and internal or external legal, accounting or other advisors.

The Committee shall have the sole authority, at the Company's expense, to retain and terminate compensation consultants and other advisors as the Committee may deem appropriate, and shall have the sole authority to approve any such consultant or advisor's fees and other retention terms; provided, however, that subject to such exceptions as may be set forth in the Nasdaq Rules, prior to retaining or receiving advice from any independent compensation consultant or other advisor (other than in-house counsel), the Committee shall take into consideration the following factors: (1) the provision of other services to the Company by the person that employs the advisor (the "Employer"); (2) the amount of fees received from the Company by the Employer, as a percentage of the total revenue of the Employer; (3) the policies and procedures of the Employer that are designed to prevent conflicts of interest; (4) any business or personal relationship of the advisor with a member of the Committee; (5) any stock of the Company owned by the advisor; and (6) any business or personal relationship of the advisor or the Employer with an executive officer of the Company.

### **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 telephonically, and at such times and places as the Committee determines. 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.

### **MINUTES**

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

## **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.