

SOL-GEL TECHNOLOGIES LTD.

COMPENSATION COMMITTEE CHARTER

I. General Statement of Purpose

The purpose of the compensation committee (the “Committee”) of the board of directors (the “Board”) of Sol-Gel Technologies Ltd. (the “Company”) is to assist the Board of the Company in discharging its responsibilities relating (i) to the compensation of the Company’s directors, chief executive officer and other executive officers, and (ii) to the overall Company’s compensation programs.

II. Committee Composition

The Committee shall, subject to any available exception, consist of at least three (3) members, each of whom shall satisfy the independence standards established pursuant to Rule 5605(a)(2) of The NASDAQ Stock Market (“NASDAQ”) Listing Rules (including the tests set forth in NASDAQ Listing Rule 5605(d)(2)(A)). All of the Company’s external directors appointed to the Board under the Companies Law shall be appointed to the Committee and shall constitute a majority of its members.

The following persons shall not be appointed to the Committee: (i) the Chairman of the Board, (ii) any director employed by the Company or by the controlling shareholder of the Company or by a company under the control of the controlling shareholder, (iii) a director who provides services, on an ongoing basis, to the Company, the controlling shareholder of the Company or to a company under the control of the controlling shareholder, (iv) a director whose main source of income comes from the controlling shareholder; and (v) the controlling shareholder or his relative.

The members of the Committee shall be appointed by the Board and may be replaced or removed, other than the external directors, by the Board at any time with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Board shall designate one member of the Committee to serve as Chairman of the Committee who must be an external director who has not served in such capacity for a period of over nine years. All indemnification, exculpation, expense reimbursement and advancement provisions and rights available to members of the Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Committee or any subcommittee thereof.

III. Compensation

A member of the Committee may not receive directly or indirectly from the Company any compensatory fee except as in accordance with the regulations promulgated under the Companies Law pertaining to external directors’ compensation.

IV. Meetings

The Committee shall meet as necessary in person or by teleconference (using telephone or other communications equipment) by means of which all persons participating in the meeting can hear each other. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of members present at such meeting. Subject to any restrictions in the Compensation Plans and Policies (as defined below), the Committee may act by unanimous written consent in lieu of a meeting. The Committee shall maintain written minutes, which minutes shall be maintained with the books and records of the Company.

The Committee's actions shall be reported to the Board with such conclusions or recommendations on an ongoing basis. Such conclusions or recommendations which are subject to the approval of the Board will be brought to the attention of the directors a reasonable period of time prior to the discussion of such conclusions at the meeting of the Board.

A person who is not eligible to be appointed as a member of the Committee shall not attend meetings, unless the Chairman of the Committee deems such person is required in order to present a certain issue, however (i) an employee of the Company who is not the controlling shareholder or his relative may be present at the meeting, so long as a decision is made without his presence, *provided, however*, that the chief executive officer of the Company shall not be present during voting or deliberation on his or her compensation; and (ii) the Company's general counsel and corporate secretary which are not a controlling shareholder or his relative may be present during the meeting and the decision making, if so requested by the Committee.

V. Duties and Responsibilities

- The Committee will review and set or make recommendations to the Board regarding the compensation of the chief executive officer and the other executive officers. The chief executive officer may not be present during voting or deliberations on his or her compensation.
- The Committee will review the compensation disclosure included in Item 6 of the Company's annual report on Form 20-F.
- Recommend to the Board for its approval a compensation policy, in accordance with the requirements of the Israeli Companies Law, 1999 (the "Companies Law") and any other compensation policies, incentive-based compensation plans and equity-based plans (collectively, the "Compensation Plans and Policies").
- Oversee the development and implementation of the Compensation Plans and Policies that are appropriate for the Company in light of all relevant circumstances and recommend to the Board any amendments or modifications to the Compensation Plans and Policies that the Committee deems appropriate, including the extension of Compensation Plans and Policies as required by the Companies Law.
- Determine whether to approve transactions concerning the terms of engagement

and employment of the Company's chief executive officer, other executive officers and directors that require Committee approval under the Companies Law or the Compensation Plans and Policies.

- Take any further actions as the Committee is required or allowed to under the Companies Law or the Compensation Plans and Policies.
- Review and approve, or if required by law or the Compensation Plans and Policies, approve and recommend for approval by the Board, grants and awards under the Company's equity incentive plans.
- Review the adequacy of this Compensation Committee Charter (the "Charter") on an annual basis, and recommend to the Board any amendments or modifications to the Charter that the Committee deems appropriate.

V. Advisers

The Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel (other than the Company's in-house legal counsel, if any) and/or other advisers (collectively, "Advisers"), only after taking into consideration the following factors: (i) the provision of other services to the Company by the person that employs the Adviser; (ii) the amount of fees received from the Company by the person that employs the Adviser, as a percentage of the total revenue of the person that employs the Adviser; (iii) the policies and procedures of the person that employs the Adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the Adviser with a member of the Committee; (v) any share capital of the Company owned by the Adviser; and (vi) any business or personal relationship of the Adviser or the person employing the Adviser with officers, directors or executives of the Company. After considering the six independence factors outlined above, the Committee may select, or receive advice from, any Adviser, including ones that are not independent under the above factors.

The Committee shall be directly responsible for the appointment, compensation and oversight of any Adviser retained by it, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Adviser retained by the Committee.

Nothing in this Article V shall be construed to require the Committee to implement or act consistently with the advice or recommendations of the Advisers, or to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

In addition, notwithstanding the above, the Committee shall not be required to take into consideration the independence factors set forth above prior to retaining Advisers that act in a role limited to the following activities: (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of officers, executives or directors of the Company, and that is available generally to all salaried employees; and/or (ii) providing information that either is 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.

VI. General

In carrying out its responsibilities, the Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and any Advisers with whom the Committee may consult. The 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 Committee or meet with any members of, or Advisers to, the Committee.

VII. Delegation of Duties

In fulfilling its responsibilities, subject to applicable law and NASDAQ rules, the Committee has the authority to delegate any or all of its responsibilities to a subcommittee of the Committee.

VIII. Scope of Authority

In addition to the duties and responsibilities expressly delegated to the Committee in this Charter, the Committee shall fulfill such other duties and responsibilities as shall be required under the Companies Law and applicable NASDAQ rules. The Committee may exercise any other powers and carry out any other responsibilities consistent with this Charter, the purposes of the Committee, the Company's articles of association, the Companies Law and applicable NASDAQ rules.