



PACIFICBIOSCIENCES®

PACIFIC BIOSCIENCES OF CALIFORNIA, INC.

BOARD OF DIRECTORS

COMPENSATION COMMITTEE CHARTER

(as amended, April 11, 2019)

Purpose

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

- provide oversight of the Company’s compensation policies, plans and 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**”)), (ii) evaluating and approving the executive officer compensation plans, policies and programs of the Company, and (iii) evaluating and approving director compensation;
- assist the Board in administering the Company’s equity compensation plans for its employees and directors; and
- provide oversight of, and advise the Board on, the Company’s CEO succession planning.

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) designed to maintain appropriate levels of risk and reward, assumed on a relative basis at all levels within the Company in proportion to individual contribution and performance, and to encourage executives to manage from the perspective of owners with an equity stake in the Company, (iii) determined within a competitive framework and (iv) 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.

Committee 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. If the Compensation Committee consists of less than four members of the Board or more than four members of the Board, a majority of the total number of Compensation Committee members will constitute a quorum of the Compensation Committee. If a quorum is present, a majority of the members of the Compensation Committee present will be empowered to act on behalf of the Compensation Committee. Notwithstanding the foregoing, if the Compensation Committee consists of four members of the Board, two members of the Compensation Committee will constitute a quorum of the Compensation Committee and be empowered to act on behalf of the Compensation Committee, and any act by a quorum shall be an act of the Compensation Committee, except as otherwise specifically provided by statute or by the certificate of incorporation. 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:

- the independence requirements, including the compensation committee requirements, of The Nasdaq Stock Market, Inc. Marketplace Rules (the “**Nasdaq Rules**”);
- the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act; and the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Responsibilities and Duties

The responsibilities and duties of the Committee shall include:

Executive and Other Compensation

- Reviewing and making recommendations to the Board with respect to the compensation of the CEO, including: (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 (including, without limitation, perquisites and any other form of compensation) not available to employees generally;
- Reviewing and making recommendations to the Board of corporate goals and objectives relevant to the compensation of the CEO, evaluating performance in light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company’s long-term business and financial goals;
- Annually reviewing and approving for the current and former executive officers of the Company other than 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. The Committee shall have the power and authority to adopt, amend and terminate such contracts, transactions or arrangements. One of the Committee’s objectives shall be to use compensation to align the interests of management with the long-term interests of the Company’s stockholders, thereby incentivizing management to increase stockholder value;
- Reviewing and approving corporate goals and objectives relevant to the compensation of the executive officers of the Company other than the CEO, evaluating performance in light thereof, and considering factors related to the performance of the Company, including accomplishment of the Company’s long-term business and financial goals;
- In evaluating and determining CEO and executive officer compensation, the Committee shall consider the results of the most recent stockholder advisory say on pay vote on executive compensation (“**Say on Pay Vote**”) required by the rules and regulations promulgated under the Exchange Act;
- Acting as Administrator of the Company’s equity compensation plans for its employees and directors; in this regard, the Committee may also adopt, amend and terminate the plans, including approving changes in the number of shares reserved for issuance thereunder;
- Reviewing, approving and administering any employee benefit plans for the Company that the Committee deems appropriate, which includes the ability to adopt, amend and terminate such plans;
- In consultation with senior management, reviewing and evaluating the design and management of the Company’s overall compensation plans and programs that cover the Company’s employees and making recommendations to senior management 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;
- Evaluating director compensation 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 incentive plans and any proposed amendments thereto, subject to obtaining stockholder approval of any amendments as required by applicable law or the Nasdaq Rules;
- Reviewing and discussing with management the risks arising from the Company's compensation philosophy and practices for all employees that are reasonably likely to have a material adverse effect on the Company;
- Reviewing, adopting, amending and/or terminating, or, recommending to the Board for approval, amendment or termination, and overseeing clawback policies and/or practices if and as the Committee determines to be necessary or appropriate, or as required by law;
- Reviewing periodically the succession planning for executive officers, reporting its findings and recommendations to the Board, and assisting the Board in evaluating potential successors to such executive officers where the Committee or the Board consider it appropriate;

Related Duties and Authority

- Periodically reviewing this Charter and its processes and recommending any proposed changes to the Board;
- Consulting with the Company's Human Resources department and, in its sole discretion and at the expense of the Company, retaining, or obtaining the advice of, a compensation consultant, legal counsel or other advisor (each an "**Advisor Firm**") to assist in the evaluation of executive officer and director compensation;
- Appointing, setting the compensation and overseeing the work of any Advisor Firm retained by the Committee. The Committee shall receive from the Company appropriate funding, as determined by the Committee, for payment of reasonable compensation to Advisor Firms retained by the Committee. The authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in the fulfillment of its duties under this Charter;
- In retaining or seeking advice from an Advisor Firm to the Committee, other than in-house legal counsel, the Committee must take into consideration the following factors:
 - the provision of other services to the Company by the Advisor Firm;
 - the amount of fees received from the Company by the Advisor Firm, as a percentage of the total revenue of the Advisor Firm;
 - the policies and procedures of the Advisor Firm that are designed to prevent conflicts of interest;
 - any business or personal relationship of the Advisor Firm or its representative with a member of the Committee;
 - any stock of the Company owned by the Advisor Firm or its representative; and
 - any business or personal relationship of the Advisor Firm or its representative with an executive officer of the Company;

provided that the Committee is not required to conduct an independence assessment for an Advisor Firm that acts in a role limited to the following activities: (i) consulting on any broad-based plan that does not discriminate in scope, terms or operations, in favor of executive officers 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 a particular issuer or that is customized based on parameters that are not developed by the Advisor Firm, and about which the Advisor Firm does not provide advice;

- Evaluating whether any Advisor Firm retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K;
- Reviewing and recommending to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, and reviewing and approving the proposals regarding the Say on Pay Vote and the frequency thereof to be included in the Company's proxy statement;
- Reviewing and discussing with management the Company's Compensation Discussion and Analysis included in the Company's required filings with the Securities and Exchange Commission ("SEC"), including the 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 SEC and any other applicable rules and regulations;
- Overseeing the Company's submissions to stockholders on executive compensation matters, including the Say on Pay Vote and the frequency of the Say on Pay Vote, incentive and other executive compensation plans, and amendments to such plans (to the extent required) and, in conjunction with the Corporate Governance and Nominating Committee of the Board (or its designees), engagement with proxy advisory firms and other stockholder groups on executive compensation matters; and
- Annually reviewing the Committee's own performance.

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 act by unanimous written consent (which may include electronic consent) in lieu of a meeting in accordance with the Company's bylaws. 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. No executive officer may be present during portions of any meeting during which his or her performance and compensation are being deliberated and determined.

Minutes

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

Committee 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 compensation, if any, for their service as Committee members as may be recommended by this Committee based on benchmarks from peer groups determined in consultation with an Advisor Firm and determined by the Board in its sole discretion.