

# **SUTRO BIOPHARMA, INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

**As Adopted on September 14, 2018**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “*Board*”) of Sutro Biopharma, Inc. (the “*Company*”) to promote the effective functioning of the Board and its committees; to promote the interests of stockholders; and to ensure a common set of expectations as to how the Board, its various committees, individual directors, and management should perform their functions. The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business, rather than as a set of binding obligations. These Corporate Governance Guidelines are not intended to change or interpret any federal or state law or regulation, including the General Corporation Law of the State of Delaware, the Company’s Certificate of Incorporation, or the Company’s Bylaws. The Board, pursuant to the recommendations of the Nominating and Governance Committee of the Board (the “*Committee*”), may from time to time modify these Corporate Governance Guidelines.

### **I. ROLE OF THE BOARD**

The business and affairs of the Company will be managed by or under the direction of the Board. The Board elects corporate officers, acts as the management team’s advisor, and is expected to monitor the performance of the Company (in relation to its major goals, strategies and financial objectives). The Board regularly reviews the Company’s long-term strategic business plans with the officers and other pertinent issues affecting the business of the Company. The Board assesses risks facing the Company and management’s approach to addressing those risks. The Board is also responsible for oversight of the Company’s legal compliance program to prevent and detect violations of law, regulation, or Company policies and procedures. The Board reviews and, if appropriate, approves significant transactions and develops standards to be utilized by management in determining the types of transactions that should be submitted to the Board for review and approval or notification.

### **II. INDEPENDENCE OF THE BOARD**

The Board will be comprised of a majority of directors who, in the business judgment of the Board, qualify as independent directors (“*Independent Directors*”) under (a) the applicable rules, regulations, and listing standards of The Nasdaq Stock Market (the “*Nasdaq*”) or other applicable exchange, as such rules, regulations, and listing standards may be amended from time to time; and (b) these Corporate Governance Guidelines. The Board may adopt and disclose categorical standards to assist it in determining director independence.

### **III. SIZE OF THE BOARD**

The Company’s Bylaws provide that the Board will have such number of directors as are set by resolution of the Board. The Board will periodically review the size of the Board and, if appropriate, may increase or decrease the Board size.

### **IV. BOARD MEETINGS**

It is the Board’s policy to hold four regularly scheduled meetings of the Board, held quarterly each year, plus special meetings as required by the needs of the Company. The Chief Executive Officer

or the Chairperson of the Board (the “*Chairperson*”) will propose an agenda for each meeting. Management will provide materials in a reasonable period of time in advance of a meeting. A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities, which include (a) regularly attending meetings of the Board and committees on which he or she sits; and (b) prior to meetings, reviewing any material distributed in advance for those meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Secretary of the Company, who will then notify the Chairperson or the chair of the appropriate committee in advance of that meeting (and if no such chair, then the Chief Executive Officer).

## **V. CHAIRPERSON OF THE BOARD; LEAD INDEPENDENT DIRECTOR**

The Board does not require the separation of the offices of the Chairperson and the Chief Executive Officer. The Board, in consultation with the Committee, is free to choose its Chairperson in any way that it considers in the best interests of the Company. The Committee will periodically consider the Board’s leadership structure and, if appropriate, will make recommendations to the Board regarding the leadership structure. The Board, in consultation with the Committee, may from time to time modify its leadership structure.

When the positions of Chairperson and Chief Executive Officer are held by the same person, the Board will designate a Lead Independent Director by a majority vote of the Independent Directors. In cases in which the Chairperson and Chief Executive Officer are the same person, the Chairperson, in consultation with the Lead Independent Director, schedules and sets the agenda for meetings of the Board. The Chairperson, or the Lead Independent Director if the Chairperson is not present, chairs the meetings.

In addition, the Lead Independent Director (a) presides over executive sessions of the Independent Directors, (b) serves as a liaison between the Chairperson and the Independent Directors, (c) consults with the Chairperson regarding information sent to the Board in connection with its meetings, (d) has the authority to call meetings of the Board and meetings of the Independent Directors, (e) is available under appropriate circumstances for consultation and direct communication with stockholders, and (f) performs such other functions and responsibilities as requested by the Board from time to time. The Lead Independent Director will encourage direct dialogue between all directors (particularly those with dissenting views) and management.

If no Chairperson or Lead Independent Director is elected, the Chief Executive Officer will preside at meetings of the Board. If a Lead Independent Director is elected, his or her name will be disclosed in the Company’s annual proxy statement.

## **VI. SELECTION OF DIRECTORS**

The Board is classified into three classes, with the members of each class up for election once every three years. The Board will be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Committee is responsible for identifying, evaluating, and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Committee may use outside consultants to assist in identifying candidates and will consider advice and recommendations from stockholders, management, and others as it deems appropriate.

## **VII. BOARD MEMBERSHIP CRITERIA**

Nominees for director will be selected on the basis of, among other things, independence, integrity, diversity, experience in life sciences and biotechnology fields, financial and other expertise, breadth of experience, knowledge about the Company's business or industry, willingness and ability to devote adequate time and effort to Board responsibilities in the context of the existing composition, other areas that are expected to contribute to the Board's overall effectiveness, and needs of the Board and its committees.

The Committee will be responsible for developing and recommending to the Board for determination: (a) any specific minimum qualifications that the Committee believes must be met by a Committee-recommended nominee for a position on the Board, (b) any specific qualities or skills that the Committee believes are necessary for one or more of the Board members to possess, and (c) the desired qualifications, expertise and characteristics of Board members, with the goal of developing an experienced and highly qualified Board. In evaluating potential candidates for the Board, the Committee considers these factors in light of the specific needs of the Board at that time.

## **VIII. OTHER PUBLIC COMPANY DIRECTORSHIPS**

The Committee, in making its recommendations, will consider the number of other public company boards and other boards (or comparable governing bodies) of which a prospective nominee is a member, as well as his or her other professional responsibilities. Directors also are expected to limit the number of other boards, including non-profits, on which they serve in order to devote adequate time and effort to their Board responsibilities. Incumbent directors should advise the Chairperson or Chair of the Committee in advance of accepting an invitation to serve on another public company board.

## **IX. CONFLICTS OF INTEREST**

The Board expects its directors to act ethically at all times and acknowledge their adherence to the policies comprising the Company's Code of Business Conduct and Ethics. If a conflict of interest arises for a director, that person will promptly inform the Chair of the Committee, who, together with the Chairperson, will determine if the matter should be resolved by the Committee or if it needs to be brought to the attention of the full Board. If it is determined that a conflict of interest would materially impact a director's ability to fulfill his or her duties as director and the conflict cannot be adequately addressed in another manner, this will be communicated back to the director who will, if requested, resign from the Board.

## **X. RETIREMENT AGE**

The Board does not believe that a fixed retirement age for directors is necessary or appropriate.

## **XI. DIRECTOR TENURE**

There are no limits on the number of three-year terms that a director may serve. However, in connection with evaluating recommendations for nomination for re-election, the Committee will consider director tenure, together with such other criteria determined by the Committee, in light of the specific needs of the Board at that time.

## **XII. NUMBER AND COMPOSITION OF BOARD COMMITTEES**

The Board currently has the following standing committees: Audit Committee, Compensation Committee, Nominating and Governance Committee and Science and Technology Committee. The purpose and responsibilities for each of these committees will be outlined in committee charters adopted by the Board and published on the Company's website together with the Code of Business Conduct and Ethics and these Corporate Governance Guidelines. Each of the Audit Committee, Compensation Committee and Nominating and Governance Committees will be composed entirely of Independent Directors satisfying applicable legal, regulatory, and Nasdaq requirements, including any additional independence requirements, necessary for an assignment to any such committee, except as may be permitted by Nasdaq rules.

After consultation with the Committee, the Board may, from time to time, form a new committee or subcommittee, re-allocate responsibilities of one committee to another committee or subcommittee, or disband a current committee (subject to the applicable rules, regulations, and listing standards of Nasdaq) or subcommittee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

All committees formed by the Board will be chaired by Independent Directors, except where the Board, pursuant to the recommendation of the Committee, determines otherwise.

## **XIII. EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS<sup>1</sup>**

The Independent Directors of the Company will meet in executive session without management on a regularly scheduled basis either before or after regularly scheduled Board meetings. The Chairperson, or the Lead Independent Director if the Chairperson and the Chief Executive Officer are the same person, will preside at such executive sessions. Any Independent Director can request that an additional executive session be scheduled. The Independent Directors may invite the Company's independent auditors, finance staff, and other employees to attend these executive sessions.

## **XIV. DIRECTOR COMPENSATION**

Non-employee directors are eligible to receive reasonable compensation for their service on the Board and its committees, as well as reimbursement of reasonable expenses incurred in connection with their service. Employee directors are not paid additional compensation for their services as directors. The Compensation Committee provides a recommendation to the Board, for determination by the Board, as to any cash-based and equity-based compensation, which may be based upon, among other things, the Compensation Committee's consideration of the director's responsibilities to the Company, his or her time commitment to the Company, and information regarding the compensation paid by peer companies. The Compensation Committee also periodically reviews the form and amount of director compensation that the Board will pay or award to non-employee directors for service on the Board and its committees. If appropriate, the Compensation Committee will recommend to the Board changes in director compensation.

## **XV. DIRECTOR AND SENIOR EXECUTIVE STOCK OWNERSHIP**

The Compensation Committee, working with the Committee, periodically assesses the appropriateness of stock ownership guidelines for directors and senior executives, including whether and to what extent directors and senior executives should be restricted from selling stock acquired through equity compensation.

## **XVI. BOARD ACCESS TO OFFICERS AND EMPLOYEES**

The Board has full and free access to officers and employees of the Company. Any meetings or contacts that the Board or an individual director wishes to initiate may be arranged through the Company's Chief Executive Officer or Secretary or directly by the Board or individual director. The Board will use its judgment to ensure that any contact is not disruptive to the business operations of the Company and may, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between any directors and an officer or employee of the Company.

The Board may invite Company management and/or advisors to the Company to attend, from time to time, meetings of the Board (or a portion thereof).

## **XVII. ATTENDANCE AT ANNUAL MEETING OF STOCKHOLDERS**

It is Company policy that directors are invited and encouraged to attend the Annual Meeting of Stockholders, either in person or telephonically.

## **XVIII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Company may provide for an orientation process for new directors that includes background material, meetings with senior management, and visits to Company facilities. The Board encourages all directors to stay abreast of developing trends for directors from the variety of sources available. Directors may be expected, based on the recommendations of the Committee, to participate in continuing educational programs relating to the Company's business, corporate governance, or other issues pertaining to their directorships in order to maintain the necessary level of expertise to perform their responsibilities as directors.

## **XIX. EVALUATION OF BOARD PERFORMANCE**

The Board and each of its committees will conduct a self-evaluation at least annually. Each committee will assess its performance relative to its charter and best practices. The Committee will oversee an annual self-evaluation of each committee's performance and the Board's performance.

The Committee will utilize the results of this self-evaluation process to determine if the Board and its committees are functioning effectively, to assess and determine the characteristics and critical skills required of prospective candidates for election to the Board, and to make any recommendations to the Board for assigning Board members to various committees. The full Board will discuss the evaluations to determine what actions, if any, would improve Board and committee performance and whether any changes to these Corporate Governance Guidelines would be appropriate.

## **XX. CHIEF EXECUTIVE OFFICER AND EXECUTIVE OFFICER PERFORMANCE REVIEW<sup>2</sup>**

The formal evaluation of the performance of the Chief Executive Officer should be made in the context of the Chief Executive Officer's annual compensation review by the Compensation Committee of the Board, with appropriate input from other Board members, and should be communicated to the Chief Executive Officer by the chair of the Compensation Committee. In consultation with the Chief Executive Officer, the Compensation Committee may also review the performance of each other officer in connection with the determination of the salary and bonus for those officers.

## **XXI. SUCCESSION PLANNING**

The Board, working with the Committee, plans for Chief Executive Officer succession and reviews senior management selection and succession planning in order to assure the orderly functioning and transition of the management of the Company, in the event of emergency or retirement of the Chief Executive Officer. As part of this process, the Independent Directors, in consultation with the Chief Executive Officer, assess management needs and abilities of potential successors.

The Board will be responsible for identifying potential candidates for, and selecting, the Chief Executive Officer. In identifying potential candidates for, and selecting, the Chief Executive Officer, the Board will consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, experience in life sciences and biotechnology fields, expertise, integrity, and reputation in the business community.

## **XXII. CHANGE IN DIRECTOR'S STATUS**

Directors must inform the Chairperson or Lead Independent Director of any change in his or her principal occupation, business association, or status as a member of the board of any other public company, including retirement. An Independent Director must inform the Chairperson or Lead Independent Director of any change in circumstance that may cause his or her status as an Independent Director to change. The Committee will consider the circumstances in each case and may make a recommendation to the Board that the director submit his or her resignation, at which time, the Board (excluding the director in question) will determine the Committee's recommendation and make a determination regarding the continued appropriateness of Board or committee membership by the director.

## **XXIII. AUTHORITY TO RETAIN AND ACCESS ADVISORS**

The Board and each of its committees have the authority and ability, at the Company's expense, to (a) retain and terminate independent advisors as the Board and any such committee deems necessary and (b) access any accounting, financial, legal, or other advisors currently engaged by the Company.

## **XXIV. EMPLOYEE AND STOCKHOLDER COMMUNICATIONS WITH THE BOARD**

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<sup>2</sup> NTD: Regarding the question Bill asked about whether the performance review should be communicated by the Chair of Board rather than Chair of CC, while there is no Nasdaq requirement requiring the Chair of the CC to deliver the CEO performance, it would be better from a corporate governance perspective for an independent director to perform this role. So, if the Chair is not independent (e.g. Dan) it probably makes more sense to keep this as CC chair or lead director.

Employees may communicate concerns about the Company's conduct, accounting, internal accounting controls, or auditing matters by following the procedures outlined in the Company's Whistleblower and Complaint Policy.

Stockholders and other interested parties may communicate—with the Board as a whole, the Lead Independent Director, or the Independent Directors as a group—by writing to the Board, c/o Compliance Officer, Sutro Biopharma, Inc. at 310 Utah Avenue, Suite 150, South San Francisco, California 94080. All mail received will be opened and communications that relate to matters that are within the scope of the responsibilities of the Board, other than solicitations, junk mail, and frivolous or inappropriate communications, will be forwarded to the Chairman of the Board, the Lead Independent Director, or the Independent Directors as a group, as applicable. If the correspondence is addressed to the Board, the Chairman will share it with the other Board members if he or she determines it is appropriate for the Board to review such correspondence.

## **XXV. AMENDMENTS**

The Board may amend these Corporate Governance Guidelines, or grant waivers in exceptional circumstances, provided that (a) any such modification or waiver may not be a violation of any applicable law, rule, or regulation; and (b) any such modification or waiver is appropriately disclosed.

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