

SUTRO BIOPHARMA, INC.
RELATED PARTY TRANSACTIONS POLICY

As Adopted on September 14, 2018

Sutro Biopharma, Inc. (collectively with its subsidiaries, the “*Company*”) is committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, the Company has adopted this Related Party Transactions Policy (this “*Policy*”).

The Company expects its directors, officers and other employees to avoid conflicts of interests that interfere with the performance of their duties to the Company or that might deprive the Company of that person’s undivided loyalty in business dealings. Transactions to which the Company is a party and in which a Related Party (as defined below) has a material interest may present an actual or potential conflict of interest or create the appearance of a conflict. Whether a conflict exists is often unclear and, in many circumstances, transactions with Related Parties may, on balance, be beneficial to the Company and its stockholders. While the Company’s Code of Business Conduct and Ethics addresses these matters generally, the Company has adopted this Policy to set forth the procedures for the identification, review, consideration and approval or ratification of transactions involving the Company and Related Parties by the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”).

This Policy has been approved by the Board, and the Committee may from time to time recommend amendments to this Policy for consideration by the Board.

Definitions

Under this Policy the following terms have the meanings set forth in this section.

“*Approval Authority*” means the Committee; provided that, in the event that any member of the Committee is a Related Party in the transaction to be reviewed, the “Approval Authority” means any other non-conflicted member or members of the Committee.

“*Compliance Officer*” means the Company’s Executive Director, Legal Affairs; in the event of the Executive Director, Legal Affairs unavailability, the Company’s Chief Financial Officer or Chief Executive Officer will serve as the Compliance Officer in the interim or designate another person to serve as Compliance Officer.

“*Related Party*” means any:

- person who is, or at any time since the beginning of the Company’s last fiscal year, was, a director or executive officer of the Company or a nominee to become a director of the Company;
- security holder known by the Company to be the beneficial owner of more than 5% of any class of the Company’s voting securities (a “*significant stockholder*”); and

- “immediate family member” of any of the foregoing, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, any individual (other than a tenant or employee) sharing the household of such person, or any other individual with whom such person has a family relationship who might control or influence such person, or who might be controlled or influenced by such person.

“**Related Party Transaction**” means any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which:

- the Company is or will be a participant;
- the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year; and
- any Related Party has or will have a direct or indirect material interest.

Identification and Dissemination of Related Parties

The Company will identify Related Parties, including beneficial owners of more than 5% of any class of its voting securities, and maintain, update and distribute a master list of Related Parties in accordance with its internal control procedures.

Approval Procedures

Any transaction that the Company intends to undertake with a Related Party, irrespective of the amounts involved, will be submitted to the Compliance Officer for his or her determination of what approvals are required under this Policy, and the Compliance Officer will refer to the Approval Authority any Related Party Transaction (unless such transaction is subject to standing pre-approval as provided below under “Standing Pre-Approval for Certain Related Party Transactions” or pursuant to a resolution adopted by the Committee), and any other transaction that he or she otherwise determines should be considered for evaluation by the Approval Authority consistent with the purpose hereof (irrespective of any such pre-approval or other technical exception from this Policy).

Internal legal counsel and the finance department will provide to the Approval Authority information obtained from the function/department leader (or his or her delegate) responsible for the potential transaction with a Related Party regarding the facts and circumstances of the proposed transaction, including: (a) the Related Party’s relationship to the Company and interest in the transaction; (b) the material facts of the proposed transaction, including (i) the proposed aggregate value of such transaction or, in the case of indebtedness, the largest amount of principal outstanding at any time during the current fiscal year plus all amounts of interest payable on it during the fiscal year (and such amounts for each other fiscal year of the agreement), (ii) whether the proposed transaction was initiated by the Company or the Related Party, and (iii) whether the proposed transaction with the Related Party is proposed to be entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party; (c) the rationale for the proposed transaction, including the potential

benefits to the Company; and (d) any other relevant information with respect to the proposed transaction that would be material to investors in light of the circumstances of the transaction.

The Approval Authority, in approving or rejecting the proposed transaction with a Related Party, will consider the relevant and available facts and circumstances, including such facts as (a) the impact on a director's independence in the event the Related Party is a director, immediate family member of a director or an entity with which a director is affiliated, (b) the terms of the transaction, and (c) any other relevant information and considerations with respect to the proposed transaction. The Approval Authority will approve only those transactions with Related Parties that, in light of known circumstances, are in or are not inconsistent with, the best interests of the Company and its stockholders, as such Approval Authority determines in the good faith exercise of its discretion. The Approval Authority may impose such conditions as it deems appropriate on the Company or the Related Party in connection with the approval of the proposed transaction. The Approval Authority will convey the decision, including any conditions imposed on the transaction, to the Compliance Officer, who will convey the decision to the appropriate people within the Company.

The Approval Authority may, from time to time, report to the Board on Related Party Transactions or other transactions with Related Parties.

Ratification Procedures

The individuals responsible for accounts payable and accounts receivable, under the supervision of the Corporate Controller (or his or her delegate), will produce quarterly reports of any amounts paid or payable to, or received or receivable from, any Related Party, and those reports will be provided to the finance department to determine if there are any Related Party Transactions or other transactions with Related Parties that were not previously approved or previously ratified under this Policy and to the Compliance Officer for appropriate reporting in the Company's periodic reports.

In the event the Compliance Officer becomes aware, as a result of the accounts payable/accounts receivable reports described above or otherwise, of a Related Party Transaction or other transaction with a Related Party that has not been previously approved or previously ratified under this Policy that required such approval, it will be submitted promptly to the Approval Authority. The Approval Authority will undertake the review described above under "Approval Procedures." Based on the conclusions reached, the Approval Authority will evaluate all options, including but not limited to ratification, amendment or termination of the transaction with the Related Party. In addition, the Approval Authority will evaluate whether any disciplinary action is appropriate and will request that the Compliance Officer evaluate the Company's controls and procedures to ascertain the reason the transaction was not submitted to Approval Authority for prior approval and whether any changes to these procedures are recommended.

Standing Pre-Approval for Certain Related Party Transactions¹

The Committee has determined that for the purposes of this Policy, in the absence of facts or circumstances indicating special or unusual benefits to the Related Party, the following transactions, arrangements or relationships need not be approved by the Committee under this Policy:

- a. any employment by the Company of an executive officer of the Company if:
 - i) the related compensation is required to be reported in the Company's proxy statement under the Securities and Exchange Commission's compensation disclosure requirements (generally applicable to "named executive officers") under Item 402 of Regulation S-K; or
 - ii) the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of Regulation S-K if the executive officer were a "named executive officer," and the Company's Compensation Committee approved (or recommended that the Board approve) such compensation;
- b. any compensation paid to a director (in such capacity) if the compensation is required to be reported in the Company's proxy statement under Item 402 of Regulation S-K (or is excluded from disclosure pursuant thereto);
- c. any transaction where the Related Party's interest arises solely from the ownership of the Company's capital stock and all holders of the Company's capital stock received the same benefit on a pro rata basis (e.g., dividends);
- d. any transaction with a Related Party (i) where the rates or charges involved are determined by competitive bids; (ii) involving the rendering of services as a common or contract carrier or public utility, at rates or charges fixed in conformity with law or governmental authority; or (iii) involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services;
- e. any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Party's only relationship is as an employee (but not an executive officer); and any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Party is a trustee, director or executive officer, if the aggregate amount involved in a fiscal year of the Company does not exceed \$120,000; or any non-discretionary matching contribution, grant, or endowment made pursuant to a matching gift program;
- f. any transaction with another company at which a Related Party's only relationship is as (i) an employee (other than an executive officer) or director, (ii) a beneficial owner of less than

¹ NTD: With respect to Bill's question of whether we need pre-approval for dues and sponsorship events, if the amount exceeds \$120,000, the Audit Committee will need to review and approve the transaction. Otherwise, for amounts under \$120,000 these amounts fall within the scope of what is delineated under pre-approval.

10%, together with his or her immediate family members, of that company's outstanding equity, or (iii) in the case of partnerships, a limited partner, if the limited partner, together with his or her immediate family members, has an interest of less than 10% and the limited partner does not hold another position in the partnership, if the aggregate amount involved does not exceed \$120,000;

g. ordinary course business travel and expenses, advances and reimbursements; and

h. indemnification payments and other payments made pursuant to (i) directors and officers insurance policies, (ii) the Company's Certificate of Incorporation or Bylaws, and/or (iii) any policy, agreement or instrument approved by the Board.

Family Members of Directors and Executive Officers Policy

No immediate family member of a director or executive officer shall be hired as an employee of the Company unless the employment arrangement is approved by the Chief Executive Officer or, if such proposed employee is an immediate family member of the Chief Executive Officer, the Compliance Officer; provided that, if the aggregate cash and equity compensation to be paid to such immediate family member is expected to exceed \$120,000, then such employment arrangement must be approved by the Approval Authority. In the event a person becomes a director or executive officer of the Company and an immediate family member of such person is already an employee of the Company, no material change in the terms of employment, including compensation, may be made without the prior approval of the Chief Executive Officer or, if such employee is an immediate family member of the Chief Executive Officer, the Compliance Officer (except, (a) if the immediate family member is himself or herself an executive officer of the Company, any proposed change in the terms of employment shall be reviewed and approved in the same manner as other executive officer compensatory arrangements and (b) if the aggregate cash and equity compensation to be paid to such immediate family member is expected to exceed \$120,000, then such employment arrangement must be approved by the Approval Authority).

Disclosure

All Related Party Transactions and any other transactions with Related Parties that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, or the Company's financial statements pursuant to FASB Accounting Standards Codification Topic 850, *Related Party Disclosures*, will be so disclosed in accordance with such laws, rules and regulations.
