UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant	☒
Filed by a Party other than the Registrant	☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under § 240.14a-12

CARA THERAPEUTICS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check all boxes that apply):

☒ No fee required.

☐ Fee paid previously with preliminary materials.

☐ Fee computed on table in exhibit required by Item 25(b) per Exchange Act Rules 14a-6(i)(1) and 0-11

April 22, 2022

Dear Stockholder:

It is my pleasure to invite you to attend Cara's 2022 Annual Meeting of Stockholders on Thursday, June 2, 2022, which will be held virtually, via live webcast at *www.virtualshareholdermeeting.com/CARA2022*, at 12:00 p.m., Eastern Daylight Time.

This year, we continue to embrace the latest technology to host a virtual meeting, which we believe will provide expanded access, improved communication and cost savings. Further, we believe the virtual meeting format is even more critical at this time, as we seek to protect our communities, stockholders and personnel facing significant uncertainties in light of the ongoing COVID-19 pandemic. Stockholders attending the virtual meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting. We encourage you to attend online and participate.

In addition, this year we are again using the "Notice and Access" method of providing proxy materials to you via the internet. We believe that this process provides you with a convenient and quick way to access your proxy materials and vote your shares, while allowing us to reduce the costs of printing and distributing the proxy materials and conserve resources. On or about the date of this letter, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 ("Form 10-K") and vote via the internet. This Notice also contains instructions on how to receive a paper copy of the proxy materials and our Form 10-K.

Both the Notice of Internet Availability of Proxy Materials that is being mailed and the Notice of Annual Meeting of Stockholders and proxy statement contained herein identify the items we plan to address at the Annual Meeting.

Your vote is important. Whether or not you plan to attend the Annual Meeting, you can cast your vote via the internet or by telephone, or, if you receive paper copies of the proxy materials, by completing the accompanying proxy and returning it in the prepaid envelope provided. If you attend the Annual Meeting, you may vote online during the meeting if you wish, even if you previously submitted a proxy.

Very truly yours,

Christopher Posner
President and Chief Executive Officer

CARA THERAPEUTICS, INC.
4 Stamford Plaza
107 Elm Street 9th Floor
Stamford, CT 06902

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 2, 2022

Dear Stockholder:

You are cordially invited to attend the 2022 Annual Meeting of Stockholders of Cara Therapeutics, Inc., a Delaware corporation ("Cara," "we," "us," "our" or the "Company"). The meeting will be held virtually, via live webcast at *www.virtualshareholdermeeting.com/CARA2022*, at 12:00 p.m., Eastern Daylight Time on Thursday, June 2, 2022 for the following purposes:

1. To elect the Board of Directors' two nominees, Jeffrey L. Ives, Ph.D. and Christopher Posner, for directors to serve until the 2025 Annual Meeting of Stockholders and until their successors are duly elected and qualified.
2. To approve, on a non-binding advisory basis, the compensation of the Company's named executive officers.
3. To ratify the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as the independent registered public accounting firm of the Company for its fiscal year ending December 31, 2022.
4. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the proxy statement accompanying this Notice of Annual Meeting of Stockholders.

The record date for the Annual Meeting is Monday, April 11, 2022. Only stockholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders' Meeting to Be Held Virtually, Via Live Webcast at *www.virtualshareholdermeeting.com/CARA2022*, at 12:00 p.m., Eastern Daylight Time on Thursday, June 2, 2022.

The proxy statement and the Form 10-K are available at *www.proxyvote.com*.

By Order of the Board of Directors

SCOTT M. TERRILLION
Corporate Secretary

Stamford, CT
April 22, 2022

You are cordially invited to attend the virtual Annual Meeting. Whether or not you expect to attend the Annual Meeting, PLEASE VOTE YOUR SHARES. As an alternative to voting online at the Annual Meeting, you may vote via the internet, by telephone or, if you receive a paper proxy card, by mailing the completed proxy card. Voting instructions are provided in the Notice of Internet Availability of Proxy Materials, or, if you receive a paper proxy card by mail, the instructions are printed on your proxy card.

Even if you have voted by proxy, you may still vote online if you attend the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other agent and you wish to vote at the Annual Meeting, you must follow the instructions from such organization and will need to obtain a proxy issued in your name from that record holder.

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CARA THERAPEUTICS, INC.
4 Stamford Plaza
107 Elm Street 9th Floor
Stamford, CT 06902

PROXY STATEMENT
FOR THE 2022 ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 2, 2022 at 12:00 P.M., Eastern Daylight Time

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why did I receive a notice regarding the availability of proxy materials on the internet?

Pursuant to rules adopted by the Securities and Exchange Commission (the “SEC”), we have elected to provide access to our proxy materials over the internet. Accordingly, we have sent you a Notice of Internet Availability of Proxy Materials (the “Notice”) because the Board of Directors (the “Board”) of Cara Therapeutics, Inc. (the “Company” or “Cara”) is soliciting your proxy to vote at the 2022 Annual Meeting of Stockholders of the Company (the “Annual Meeting”), including at any adjournments or postponements of the meeting. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice.

We intend to mail the Notice on or about April 22, 2022 to all stockholders of record entitled to vote at the Annual Meeting.

Will I receive any other proxy materials by mail?

We may elect to send you a proxy card, along with a second Notice of Internet Availability of Proxy Materials, after 10 calendar days have passed since our first mailing of the Notice.

How do I attend the Annual Meeting?

We will be hosting the Annual Meeting via live webcast only. Any stockholder can attend the virtual Annual Meeting live online at *www.virtualshareholdermeeting.com/CARA2022*. The meeting will start at 12:00 p.m., Eastern Daylight Time, on Thursday, June 2, 2022. This year, we continue to embrace the latest technology to host a virtual meeting, which we believe will provide expanded access, improved communication and cost savings. Further, we believe the virtual meeting format is even more critical at this time, as we seek to protect our communities, stockholders and personnel facing significant uncertainties in light of the ongoing COVID-19 pandemic. Stockholders attending the virtual Annual Meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting.

In order to enter the Annual Meeting, you will need the control number, which is included in the Notice or on your proxy card if you are a stockholder of record of shares of our common stock, or included with your voting instruction card and voting instructions received from your broker, bank or other agent if you hold your shares of common stock in a “street name.” Instructions on how to attend and participate online are available at *www.virtualshareholdermeeting.com/CARA2022*. We recommend that you log in a few minutes before 12:00 p.m., Eastern Daylight Time to ensure you are logged in when the Annual Meeting starts. The webcast will open 15 minutes before the start of the Annual Meeting.

If you would like to submit a question during the Annual Meeting, you may log in at *www.virtualshareholdermeeting.com/CARA2022* using your control number, type your question into the “Ask a Question” field, and click “Submit.”

To help ensure that we have a productive and efficient meeting, and in fairness to all stockholders in attendance, you will also find posted our rules of conduct for the Annual Meeting when you log in prior to its start. These rules of conduct will include the following guidelines:

- You may submit questions and comments electronically through the meeting portal during the Annual Meeting.
- Only stockholders of record as of April 11, 2022, the record date for the Annual Meeting, and their proxy holders may submit questions or comments.
- Please direct all questions to Christopher Posner, our President and Chief Executive Officer.
- Please include your name and affiliation, if any, when submitting a question or comment.
- Limit your remarks to one brief question or comment that is relevant to the Annual Meeting and/or our business.
- Questions may be grouped by topic by our management.
- Questions may also be ruled as out of order if they are, among other things, irrelevant to our business, related to pending or threatened litigation, disorderly, repetitious of statements already made, or in furtherance of the speaker's own personal, political or business interests.
- Be respectful of your fellow stockholders and Annual Meeting participants.
- No audio or video recordings of the Annual Meeting are permitted.

What if I have technical difficulties or trouble accessing the virtual Annual Meeting?

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual Annual Meeting. If you encounter any difficulties accessing the virtual Annual Meeting during the check-in or meeting time, please call the technical support number that will be posted at *www.virtualshareholdermeeting.com/CARA2022*.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on the record date, Monday, April 11, 2022, will be entitled to vote at the Annual Meeting. On the record date, there were 53,591,225 shares of common stock outstanding and entitled to vote.

In addition, a list of stockholders of record will be available during the Annual Meeting for inspection by stockholders of record for any legally valid purpose related to the Annual Meeting at *www.virtualshareholdermeeting.com/CARA2022*.

Stockholder of Record: Shares Registered in Your Name

If on the record date your shares were registered directly in your name with Cara's transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may vote online during the meeting or vote by proxy. Whether or not you plan to attend the meeting, to ensure your vote is counted, we urge you to vote your shares electronically through the internet, by telephone or by filling out and returning the proxy card that you may request or that we may elect to deliver at a later time as described under the question titled "Will I receive any other proxy materials by mail?" above.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent

If on the record date your shares were held, not in your name, but rather in an account at a broker, bank, or other agent, then you are the beneficial owner of shares held in "street name" and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. You should follow the instructions in the Notice or the voting instructions provided by your broker, bank or other agent in order to instruct your broker, bank or other agent on how to vote your shares.

What am I voting on?

There are three matters scheduled for a vote:

- Election of two directors, Jeffrey L. Ives, Ph.D. and Christopher Posner, to serve until the 2025 Annual Meeting of Stockholders and until their successors are duly elected and qualified;
- Approval, on a non-binding advisory basis, of the compensation of our named executive officers; and
- Ratification of the selection by the Audit Committee of the Board of Directors of Ernst & Young LLP as independent registered public accounting firm of the Company for its fiscal year ending December 31, 2022.

What if another matter is properly brought before the meeting?

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote online during the Annual Meeting, or you may vote by proxy (1) over the telephone, (2) through the internet or (3) by using a proxy card that you may request or that we may elect to deliver at a later time as described under the question titled “Will I receive any other proxy materials by mail?” above. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend and vote online during the Annual Meeting, even if you have already voted by proxy. In such case, your previously submitted proxy will be disregarded.

- To vote online during the Annual Meeting, follow the provided instructions to join the meeting at *www.virtualshareholdermeeting.com/CARA2022*, starting at 12:00 p.m., Eastern Daylight Time on Thursday, June 2, 2022. The webcast will open 15 minutes before the start of the meeting.
- To vote using the proxy card that you have requested or that we have elected to deliver, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the control number from the Notice and proxy card. Your telephone vote must be received by 11:59 P.M., Eastern Daylight Time on Wednesday, June 1, 2022 to be counted.
- To vote through the internet prior to the Annual Meeting, go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the control number from the Notice and proxy card. Your internet vote must be received by 11:59 P.M., Eastern Daylight Time on Wednesday, June 1, 2022 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a Notice containing voting instructions from that organization rather than from Cara. Simply follow the voting instructions in the Notice to ensure that your vote is counted. You are also invited to attend the Annual Meeting. You should follow the instructions in the Notice or the voting instructions provided by your broker, bank or other agent in order to instruct your broker, bank or other agent on how to vote your shares.

Internet proxy voting is provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you owned as of the record date, Monday, April 11, 2022.

What happens if I do not vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and do not vote online during the meeting, through the internet, by telephone or by completing your proxy card, your shares will not be voted.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent

If you are a beneficial owner and do not instruct your broker, bank or other agent how to vote your shares, the question of whether your broker, bank or other agent will still be able to vote your shares depends on whether, pursuant to stock exchange rules, the particular proposal is deemed to be a “routine” matter. Brokers, banks and other agents can use their discretion to vote “uninstructed” shares with respect to matters that are considered to be “routine,” but not with respect to “non-routine” matters. “Non-routine” matters are matters that may substantially affect the rights or privileges of stockholders, such as mergers, stockholder proposals, elections of directors (even if not contested), executive compensation, and certain corporate governance proposals, even if management-supported. Accordingly, your broker, bank or other agent may not vote your shares on Proposals 1 and 2 without your instructions. Your broker, bank or other agent may only vote your shares on Proposal 3 (Ratification of Auditors) in the absence of your instruction.

Please instruct your bank, broker or other agent to ensure that your vote will be counted.

What are “broker non-votes”?

When a beneficial owner of shares held in “street name” does not give instructions to the broker, bank or other agent holding the shares as to how to vote on matters deemed to be “non-routine” under stock exchange rules, the broker, bank or other agent cannot vote the shares. These unvoted shares are counted as “broker non-votes.” Only Proposal 3 (Ratification of Auditors) is considered a routine matter under applicable stock exchange rules, and without your instruction, your broker, bank or other agent may vote your shares in its discretion. Proposals 1 and 2 are considered non-routine under applicable stock exchange rules, and without your instruction, your broker, bank or other agent cannot vote your shares on this these matters. Please instruct your broker, bank or other agent so your vote can be counted.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote but do not make specific choices, your shares will be voted in accordance with the recommendations of our Board as follows:

- FOR the election each of the two nominees for director;

- FOR the approval, on a non-binding advisory basis, of the compensation of our named executive officers, as disclosed in this proxy statement;
- FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2022.

If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We will also reimburse brokers, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the Notices to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Stockholder of Record: Shares Registered in Your Name

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

- You may submit another properly completed proxy card with a later date.
- You may grant a subsequent proxy by telephone or through the internet.
- You may send a timely written notice that you are revoking your proxy to Cara’s Secretary at 4 Stamford Plaza, 107 Elm Street, 9th Floor, Stamford, CT 06902.
- You may attend the Annual Meeting and vote online during the meeting. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or internet proxy is the one that is counted.

Beneficial Owner: Shares Registered in the Name of Brokers, Bank or Other Agents

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by your broker, bank or other agent.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count: (1) with respect to Proposal 1, votes “For,” “Withhold” and broker non-votes, (2) with respect to Proposal 2, votes “For,” “Against,” abstentions and broker non-votes, and (3) with respect to Proposal 3, votes “For,” “Against” and abstentions. Abstentions will be counted towards the vote total for Proposals 2 and 3, and will have the same effect as “Against” votes. Broker non-votes have no effect and will not be counted towards the vote total for Proposals 1 and 2.

How many votes are needed to approve each proposal?

- Proposal 1 — Election of Directors: The two nominees for directors that receive the highest number of FOR votes of the holder of the shares present at the meeting (by virtual attendance) or represented by proxy and entitled to vote on Proposal 1 will be elected.
- Proposal 2 — Advisory Vote on the Compensation of our Named Executive Officers: This proposal, commonly referred to as the “say-on-pay” vote, must receive FOR votes from the

holders of a majority in voting power of the shares present at the meeting (by virtual attendance) or represented by proxy and entitled to vote on Proposal 2. Since Proposal 2 is an advisory vote, the result will not be binding on our Board. However, our Board values our stockholders' opinions, and our Board and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions. If you "Abstain" from voting, it will have the same effect as an "Against" vote.

- Proposal 3 — Ratification of Auditors: The ratification of the selection of our independent registered public accounting firm must receive FOR votes from the holders of a majority in voting power of the shares present at the meeting (by virtual attendance) or represented by proxy and entitled to vote on the proposal. If you "Abstain" from voting, it will have the same effect as an "Against" vote.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares entitled to vote are present at the meeting by virtual attendance or represented by proxy.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other agent) or if you vote online during the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting by virtual attendance or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. In addition, final voting results will be published in a current report on Form 8-K ("Form 8-K") that we expect to file within four business days after the Annual Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the Annual Meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

When are stockholder proposals and director nominations due for next year's annual meeting?

To be included in our proxy statement for the 2023 Annual Meeting of Stockholders, your proposals must comply with the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, your proposal must be received in writing by our Corporate Secretary at 4 Stamford Plaza, 107 Elm Street, 9th Floor, Stamford, CT 06902 by Friday, December 23, 2022, which is 120 calendar days before the anniversary date of our proxy statement release to stockholders for the 2022 Annual Meeting. If you wish to bring a matter before the Stockholders that is not included in next year's proxy materials, you must notify our Corporate Secretary in writing at the address above no earlier than Thursday, February 2, 2023 and no later than Saturday, March 4, 2023, in accordance with our amended and restated bylaws ("Bylaws"). You are advised to review our Bylaws, which contain a description of the information required to be submitted as well as additional requirements about advance notice of stockholder proposals and director nominations.

In addition to satisfying the foregoing requirements under our Bylaws, to comply with the universal proxy rules (once effective), stockholders who intend to solicit proxies for the 2023 Annual Meeting of Stockholders in support of director nominees other than our nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than April 3, 2023.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Board is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors, and each class has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified.

The Board presently has five members. There are two directors currently serving on the Board in the class whose term of office expires in 2022, both of whom have been recommended for nomination to the Board by the Nominating and Corporate Governance Committee of the Board: Dr. Ives and Mr. Posner. If elected at the Annual Meeting, each of these nominees would serve until the 2025 Annual Meeting of Stockholders and until his successor has been duly elected and qualified, or, if sooner, until the director's death, resignation or removal.

Nominees for Election for a Three-Year Term Expiring at the 2022 Annual Meeting

Jeffrey L. Ives, Ph.D. has served as a member of our Board since July 2014. Dr. Ives currently is an Advisor to Access Biotechnology, a healthcare technology venture firm, and a Principal at NeuroPharma Advisors, LLC, an advisory group focused on companies developing therapeutics for the central nervous system. Dr. Ives also serves as a board member for Acumen Pharmaceuticals, a public clinical-stage biopharmaceutical company. He also serves as a board member for Pinteon Therapeutics, Orthogonal Neuroscience and Astrocyte Pharmaceuticals, all companies targeting therapies for neurodegenerative diseases. Dr. Ives served as the Chief Executive Officer of Satori Pharmaceuticals, Inc., a company focused on discovery and development of breakthrough therapies for the treatment and prevention of Alzheimer's disease from 2008 until 2013. Prior to Satori, Dr. Ives led the CNS, pain and oncology research teams at Pfizer for over two decades and, from 2001-2007, served as a Senior Vice President leading the global Pharmacokinetics, Dynamics and Metabolism organization. Dr. Ives received his doctorate and master degrees from Yale University and received his bachelor of arts degree from Colgate University.

His extensive experience leading research and drug development provides him with the qualifications to serve on our Board.

Christopher Posner has served as our President and Chief Executive Officer since November 2021 and has served as a member of our Board since August 2018. He has broad experience in commercial and marketing operations and product management at both large and specialty pharmaceutical companies, where he has focused on products for autoimmune, inflammatory and pain conditions, including Xeljanz® and Enbrel®. From July 2017 to October 2021, he served as the Chief Executive Officer of LEO Pharma, Inc. US, a subsidiary of LEO Pharma A/S, a global healthcare company specializing in dermatology and critical care, including such conditions as psoriasis and atopic dermatitis. Prior to joining LEO, he was the Head of Worldwide Commercial Operations at R-Pharma-US, LLC, a specialty pharmaceutical company focused on oncology and chronic immune disorders, from 2014 until 2017. Previously, Mr. Posner held a variety of senior management positions in commercial and marketing operations at Bristol-Myers Squibb Company, Pfizer Inc., Wyeth Pharmaceuticals, Inc. and Endo Pharmaceuticals plc. Mr. Posner holds an M.B.A. from Fuqua School of Business, Duke University and a B.A. in Economics from Villanova University.

His extensive experience in global pharmaceutical management, sales and products provides him with the qualifications to serve on our Board.

Vote Required: Directors are elected by a plurality of the votes of the holders of shares present at the meeting (by virtual attendance) or represented by proxy and entitled to vote on the election of directors. Accordingly, the nominees receiving the highest number of "FOR" votes will be elected. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named above. Broker non-votes will have no effect on the outcome of Proposal 1.

If either nominee becomes unavailable for election as a result of an unexpected occurrence, shares that would have been voted for that nominee may instead be voted for the election of a substitute nominee proposed by Cara. Each person nominated for election has agreed to be named in this proxy statement and to serve if elected. Our management has no reason to believe that the nominees will be unable to serve.

The Board of Directors Unanimously Recommends a Vote for Each of the Named Nominees.

Directors Continuing in Office Until the 2023 Annual Meeting

Martin Vogelbaum has served as a member of our Board since July 2010, and it is contemplated that he will assume the role of Chairperson of our Board effective upon the Annual Meeting. He currently serves as Managing Partner of Inning One Ventures, an early stage life sciences venture capital firm. He also serves as CEO of Ajax Therapeutics, a private oncology company. Previously, Mr. Vogelbaum served as Corporate Vice President, Business Development at Celgene Corporation (now Bristol Myers) from 2015 to 2017. Prior to joining Celgene, Mr. Vogelbaum served as a partner of Rho Ventures from 2005 until 2015, where he focused on investments in biotechnology, biopharmaceuticals and medical devices. He has more than 27 years of investment experience in the life sciences sector, having been involved with companies at all stages of development, including co-founding multiple companies. Prior to his venture capital career, he was a research associate in the bone marrow transplantation unit at Memorial Sloan Kettering Hospital, where he conducted research in graft-versus-host-disease (“GVHD”). He currently serves on the Healthcare Advisory Board for the Partnership Fund for New York City as well as the External Advisory Board for the Office of Therapeutic Alliances at NYU Langone. Mr. Vogelbaum received his A.B. in biology and history from Columbia University.

Mr. Vogelbaum’s experience in the life sciences industry as a venture capitalist provides him with the qualifications and skills to serve on our Board.

Directors Continuing in Office Until the 2024 Annual Meeting

Harrison M. Bains, Jr. has served as a member of our Board since July 2014. Mr. Bains served in multiple roles at Bristol Myers Squibb Company, including Vice President, Treasurer and acting Chief Financial Officer from 1988 through his retirement in 2004. Mr. Bains’s career also includes serving as Senior Vice President of the Primary Industries group at Chase Manhattan Bank and 11 years with RJR Nabisco and two of its predecessor companies as Senior Vice President and Treasurer. He currently serves as a director and chairman of the Audit Committee of the Mercer Funds, Inc., a registered investment company. He has previously served as a member of the board of trustees of the Park Avenue Armory from October 2007 to June 2020, as a member of the board of trustees of the Civil War Trust from September 2007 to September 2019, as a member of the board of trustees of the University of Redlands from October 1989 to May 2013, as a member of the board of directors of BG Medicine, Inc. from 2007 to 2015 and as a member of the board of directors of Bank of America Funds from 2010 to 2016. Mr. Bains earned an M.B.A. from the University of California, Berkeley and a B.A. in economics from the University of Redlands. He also completed the Advanced Management Program at Harvard Business School.

His extensive experience in the biotechnology industry provides him with the qualifications to serve on our Board.

Susan Shiff, Ph.D. has served as a member of our Board since June 2020. Currently, Dr. Shiff is the President of Ontada, McKesson’s oncology technology and insights business. Ontada delivers real-world insights to transform the fight against cancer and focuses on its world-class suite of oncology provider technologies, while leveraging the business’ deep expertise in oncology insights, data and real-world evidence (RWE) to improve patient outcomes. Previous to Ontada, from 2014 to 2021, Dr. Shiff served as Senior Vice President and Head of the Center for Observational and Real-World Evidence (“CORE”) at Merck & Co., Inc. In 2018, CB Insights named CORE as one of the most innovative Corporate Labs in healthcare. Prior to joining Merck, Dr. Shiff was the Global Vice President, Health Economics Research and Evidence Based Medicine at Teva, Inc. Prior to Teva, she spent seven years at Pfizer, including several years as a Vice President in the areas of outcomes research, epidemiology, health economics, and access and pricing. She also led the global risk management group and US HEOR group at Roche and spent four years at the U.S. Centers for Disease Control and Prevention (“CDC”). In 2016, Dr. Shiff was named one of the top 15 women in Biopharma by FiercePharma, in 2017 Proclinical named her as one of today’s most inspiring women in the pharmaceutical industry, and in 2019 GNS Healthcare named Dr. Shiff as an International

Women's Day Healthcare Innovator. Dr. Shiff received her Ph.D. degree from UCLA, and an MBA degree from Cornell University. Dr. Shiff currently serves on the New Jersey Symphony Orchestra Board of Trustees and Co-Chair of the Education Committee, is a Non-Executive Director of Synthace Ltd.

Her extensive experience in the pharmaceutical industry as a leader in the development and implementation of evidence, access, and pricing strategies for products globally provides her with the qualifications to serve on our Board.

Board Diversity

Total Number of Directors: 5

	1	2	3	4	5
Gender(1)	M	M	M	F	M
African American or Black	—	—	—	—	—
Alaskan Native or American Indian	—	—	—	—	—
Asian	—	—	—	—	—
Hispanic or LatinX	—	—	—	—	—
Native Hawaiian or Pacific Islander	—	—	—	—	—
White	X	X	X	X	X
Two or more races or ethnicities	—	—	—	—	—
LGBTQ+	—	—	—	—	—
Did not disclose demographic background	—	—	—	—	—

(1) Male (M), Female (F), Non-Binary (NB), Gender Undisclosed (U)

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of the Board of Directors

As required under the Nasdaq Stock Market ("Nasdaq") listing standards, a majority of the members of the Board must qualify as "independent," as affirmatively determined by the Board. The Board consults with the Company's counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of Nasdaq, as in effect from time to time.

Consistent with these considerations, after review of all relevant identified transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board has affirmatively determined that all of the members of the Board, other than Mr. Posner, our President and Chief Executive Officer, are independent directors within the meaning of the applicable Nasdaq listing standards. In making this determination, the Board found that none of the independent directors had a material or other disqualifying relationship with the Company.

Board Leadership Structure

The Board has historically been led by a Lead Independent Director, Mr. Vogelbaum, instead of a Chairperson. However, effective at the time of the Annual Meeting, Mr. Vogelbaum will assume the role of Chairperson. The Lead Independent Director has and, following Mr. Vogelbaum's appointment as Chairperson, the Chairperson will have authority, among other things, to establish the agenda for meetings of the independent directors of the Board and to preside over meetings of the independent directors and any portions of the meetings of the Board evaluating the performance of the Board. Our management believes that this governance structure creates an environment that is conducive to objective evaluation and independent oversight, thereby improving the effectiveness of the Board as a whole.

Role of the Board of Directors in Risk Oversight

One of the Board's key functions is informed oversight of the Company's risk management process.

The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various standing committees of the Board that address risks inherent in their respective areas of oversight. In particular, the Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. The Board is also focused on emerging risks, such as the COVID-19 pandemic and its potential effects on our business and clinical development plans, as well as risk mitigation strategies. The Audit Committee of the Board has the responsibility to consider and discuss, with management and the Company's independent auditors, its major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements, in addition to oversight of the Company's internal control over financial reporting and disclosure controls and procedures. The Nominating and Corporate Governance Committee of the Board monitors the effectiveness of our corporate governance guidelines, and periodically reviews, assesses and recommends any changes deemed appropriate. The Compensation Committee of the Board assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking.

Meetings of the Board of Directors

The Board met in person or telephonically a total of eight times during the last fiscal year. Each Board member attended 75% or more of the aggregate number of meetings of the Board and committees of the Board on which he or she served during 2021, held during the period for which he or she was a director or committee member.

In addition, each of our directors is expected to attend our Annual Meetings of Stockholders. All of the directors attended the 2021 Annual Meeting of Stockholders.

Information Regarding Committees of the Board of Directors

The Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of these standing committees has a written charter approved by the Board that reflects applicable standards and requirements adopted by the SEC and Nasdaq. A copy of each charter is available to stockholders on our website at *www.caratherapeutics.com* in the News & Investors section under Corporate Governance.

The following table provides membership of the Board committees as of April 11, 2022, as well as committee meeting information for our fiscal year ended December 31, 2021:

Name	Audit	Compensation	Nominating and Corporate Governance
Harrison M. Bains, Jr.	X*		
Jeffrey L. Ives, Ph.D.	X	X	X
Martin Vogelbaum	X	X*	X*
Susan Shiff, Ph.D.		X	X
Total meetings during 2021	4	3	0

* Committee Chairperson

Below is a description of each committee of the Board.

Each of the committees has authority to engage legal counsel or other experts or consultants, as it deems appropriate to carry out its responsibilities. The Board has determined that each member of each committee meets the applicable Nasdaq rules and regulations regarding "independence" and each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company. The committees periodically review their charters and assess their own performance. In addition, the Nominating and Corporate Governance Committee periodically reviews the performance of the Board, including Board committees, and management, and makes recommendations to the Board and management, as applicable, for areas of improvement as it deems appropriate.

Audit Committee

The Audit Committee is composed of three directors: Mr. Bains (Chair), Dr. Ives and Mr. Vogelbaum. The Board reviews the Nasdaq listing standards definition of independence for Audit Committee members on an annual basis and has determined that all members of the Audit Committee of the Board are independent, as defined in Rule 5605(c)(2)(A)(i) and (ii) of the Nasdaq listing standards and Rule 10A-3 of the Exchange Act, and that each such member meets the financial literacy requirements of Nasdaq.

The Board has also determined that Mr. Bains qualifies as an "audit committee financial expert," as defined in applicable SEC rules. The Board made a qualitative assessment of Mr. Bains's level of knowledge and experience based on a number of factors, including his formal education and experience as acting chief financial officer for a public reporting company.

The Audit Committee of the Board was established by the Board in accordance with Section 3(a)(58)(A) of the Exchange Act, to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements.

For this purpose, the Audit Committee performs several functions:

- evaluate the performance of and assesses the qualifications of the independent auditors;
- determine and approve the engagement of the independent auditors;
- determine whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors;

- review and approve the retention of the independent auditors to perform any proposed permissible non-audit services;
- monitor the rotation of partners of the independent auditors on the Company's audit engagement team as required by law;
- review and approve or reject transactions between the Company and any related persons;
- confer with management and the independent auditors regarding the effectiveness of internal controls over financial reporting, the objectivity of the Company's financial reporting and the Company's accounting policies and practices;
- establish procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- meet to review the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including a review of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Audit Committee Report

The Audit Committee has reviewed and discussed with management of the Company the audited financial statements of the Company for the fiscal year ended December 31, 2021 included in this proxy statement. The Audit Committee has also reviewed and discussed with Ernst & Young LLP, the Company's independent registered public accounting firm, the audited financial statements and the audit results. The Audit Committee has discussed with Ernst & Young LLP the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the SEC.

The Audit Committee has also received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the PCAOB regarding the independent accountants' communications with the Audit Committee concerning independence, and has discussed with Ernst & Young LLP the accounting firm's independence. Upon completing these activities, the Audit Committee concluded that Ernst & Young LLP is independent from Cara and its management.

Based on the foregoing, the Audit Committee has recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in the Form 10-K and filed with the SEC.

Members of the Audit Committee:

Harrison M. Bains, Jr. *(Chair)*
Jeffrey L. Ives, Ph.D.
Martin Vogelbaum

The material in this Audit Committee Report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing, except to the extent the Company specifically incorporates such material by reference.

Compensation Committee

The Compensation Committee is composed of three directors: Mr. Vogelbaum (Chair), Dr. Ives, and Dr. Shiff. All members of the Compensation Committee of the Board are independent, as defined in Rule 5605(d)(2) of the Nasdaq listing standards, are non-employee directors as defined in Rule 16b-3 under the Exchange Act and are outside directors, as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee of the Board acts on behalf of the Board to review, approve and oversee the Company's compensation strategy, policies, plans and programs, including:

- establishment of corporate and individual performance objectives relevant to the compensation, including incentive-based and equity-based compensation, of the Company's Chief Executive Officer and evaluation of performance in light of these stated objectives;
- review and approval of the corporate and individual performance objectives of the Company's other executive officers;
- review and approval of the compensation and other terms of employment or service, including severance and change-in-control arrangements, of the Company's Chief Executive Officer;
- setting the compensation of the Company's other executive officers and directors based in part on recommendations of the Chief Executive Officer;
- administration of the Company's equity compensation plans, 401(k) plan, and other similar plans and programs;
- preparing a compensation committee report on executive compensation as may be required from time to time to be included in the Company's annual proxy statements or annual reports on Form 10-K filed with the SEC;
- reviewing and discussing with management the Company's Compensation Discussion and Analysis that the Company may be required from time to time to include in proxy statements and other SEC filings and considers whether to recommend that it be included in such filings; and
- overseeing risk management of our compensation programs, policies and practices, including an annual review of our programs to ensure that they are not reasonably likely to incentivize employee behavior that would result in any material adverse risk to the Company.

Compensation Committee Processes and Procedures

Typically, the Compensation Committee meets at least quarterly and with greater frequency as necessary. The Compensation Committee also acts periodically by unanimous written consent in lieu of a formal meeting. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with management. The Compensation Committee meets regularly in executive session. However, from time to time, various members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, to provide financial or other background information or advice or to otherwise participate in Compensation Committee meetings. The Chief Executive Officer may not participate in, or be present during, any deliberations or determinations of the Compensation Committee regarding his compensation.

The charter of the Compensation Committee grants the Compensation Committee full access to all books, records, facilities and personnel of the Company. In addition, under the charter, the Compensation Committee has the authority to obtain, at the expense of the Company, advice and assistance from compensation consultants and internal and external legal, accounting or other advisors and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. The Compensation Committee has direct responsibility for the oversight of the work of any consultants or advisers engaged for the purpose of advising the Compensation Committee. In particular, the Compensation Committee has the sole authority to retain, in its sole discretion, compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant's reasonable fees and other retention terms. Under the charter, the Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Compensation Committee, other than in-house legal counsel and certain other types of advisers, only after taking into consideration certain factors prescribed by the SEC and Nasdaq, that bear upon the adviser's independence; however, there is no requirement that any adviser be independent.

During the past fiscal year, after taking into consideration the factors prescribed by the SEC and Nasdaq described above, the Compensation Committee engaged Radford as Cara's compensation consultant**.** The Compensation Committee requested that Radford**:**

- review the Company's existing compensation strategy and practices in supporting and reinforcing the Company's long-term strategic goals; and
- assist in refining the Company's compensation strategy and in developing and implementing executive and director compensation programs to execute that strategy.

As part of its engagement, Radford was requested by the Compensation Committee to develop a comparative group of companies and to perform analyses of competitive performance and compensation levels for that group. Radford ultimately developed recommendations that were presented to the Compensation Committee for its consideration.

Historically, the Compensation Committee has determined most bonus awards and established new performance objectives at one or more meetings held during the first quarter of the year and has made significant adjustments to annual compensation and equity awards periodically, as events warrant. The Compensation Committee also considers matters related to individual compensation, such as compensation for new executive hires, as well as high-level strategic issues, such as the efficacy of the Company's compensation strategy, potential modifications to that strategy and new trends, plans or approaches to compensation, periodically throughout the year.

Generally, the Compensation Committee's executive compensation process comprises two related elements: the determination of compensation levels and the establishment of performance objectives for the current year. For executives other than the Chief Executive Officer, the Compensation Committee solicits and considers evaluations and recommendations submitted to the Compensation Committee by the Chief Executive Officer. In the case of the Chief Executive Officer, the evaluation of his performance is conducted by the Compensation Committee, which determines any adjustments to his compensation as well as awards to be granted. For all executives and directors as part of its deliberations, the Compensation Committee may review and consider, as appropriate, materials such as financial reports and projections, operational data, executive and director stock ownership information, company stock performance data, analyses of historical executive compensation levels and current Company-wide compensation levels and recommendations of the Compensation Committee's compensation consultant, if any, including analyses of executive and director compensation paid at other companies identified by the consultant.

Compensation and Risk Management

Our Compensation Committee, our compensation consultant, and our management team each play a role in evaluating and mitigating potential risks associated with our compensation plans, practices, and policies. Our compensation consultant, with input from management, has performed a compensation risk assessment and concluded that our compensation policies and practices, taken as a whole, are not reasonably likely to have a material adverse effect on the Company. In particular, we considered compensation program attributes that help to mitigate risk, including, for example:

- the mix of cash and equity compensation;
- a balance of short and long-term incentive plan designs with multiple performance measures;
- our formal policies for equity administration;
- our insider trading policy, which prohibits short sales, hedging or similar transactions, derivatives trading and pledging Cara securities as collateral for margin loans; and
- the oversight of an independent Compensation Committee.

The Compensation Committee has reviewed the risk assessment report and agreed with the conclusion.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with our management and, based on such review and discussions the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement. Portions of this proxy statement, including the Compensation Discussion and Analysis, have been incorporated by reference into the Form 10-K.

Members of the Compensation Committee:

Martin Vogelbaum *(Chair)*
Jeffrey L. Ives, Ph.D.
Susan Shiff, Ph.D.

The material in this Compensation Committee Report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing except to the extent the Company specifically incorporates such material by reference.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of three directors: Mr. Vogelbaum (Chair), Dr. Ives, and Dr. Shiff, each of whom is independent, as defined in Rule 5605(a)(2) of the Nasdaq listing standards.

The Nominating and Corporate Governance Committee of the Board is responsible for assessing the need for new directors, identifying, reviewing and evaluating candidates to serve as directors of the Company (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors' performance, participation and qualifications, recommending to the Board candidates for selection to the Board, making recommendations to the Board regarding the membership of the committees of the Board, monitoring the quality of the relationship between management and the Board, annually assessing the performance of the Board, and developing and monitoring a set of corporate governance principles for the Company.

Director Nomination Process

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including the ability to read and understand basic financial statements, being over 21 years of age, having the highest professional and personal integrity and ethics. The Nominating and Corporate Governance Committee also intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of our stockholders. However, the Nominating and Corporate Governance Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of stockholders.

In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews these directors' overall service to the Company during their terms, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair the directors' independence. The Nominating and Corporate Governance Committee also takes into account the results of the Board's self-evaluation, conducted annually. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee is independent for Nasdaq purposes, which determination is based upon applicable Nasdaq listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Nominating and Corporate Governance Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Nominating and Corporate Governance Committee meets to discuss and consider the candidates' qualifications and then selects a nominee for recommendation to the Board by majority vote.

Although Cara has not adopted a formal diversity policy applicable to the Board or any other level of our organization, we are proud of the diversity present at the senior-most ranks of Company management. In evaluating the composition of the Board and new director candidates, the Nominating and Corporate

Governance Committee typically considers diversity, age, skills, and such other factors as it deems appropriate, given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability.

The Nominating and Corporate Governance Committee will consider properly submitted stockholder recommendations for director candidates. The Nominating and Corporate Governance Committee does not intend to alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether or not the candidate was recommended by a stockholder. Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board may do so by delivering a written recommendation to the Nominating and Corporate Governance Committee at the following address: Cara Therapeutics, Inc., 4 Stamford Plaza, 107 Elm Street, 9th Floor, Stamford, CT 06902, Attention: Board of Directors, at least 120 days prior to the anniversary date of the mailing of the Company's proxy statement for the last Annual Meeting of Stockholders. Submissions must include the full name, age and address of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years, complete biographical information, a description of the proposed nominee's qualifications as a director and a representation that the nominating stockholder is a beneficial or record holder of the Company's stock and has been a holder for at least one year. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. Stockholders are also advised to review the Bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

Stockholder Communications with the Board of Directors

The Board has adopted a formal process by which stockholders may communicate with the Board or any of its directors. This information is available on our website at *www.caratherapeutics.com* in the News & Investors section under Corporate Governance.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics that applies to all of our officers, directors and employees. The Code of Business Conduct and Ethics is available on our website at *www.caratherapeutics.com* in the News & Investors section under Corporate Governance. If we make any substantive amendments to the Code of Business Conduct and Ethics or grant any waiver from a provision of the Code of Business Conduct and Ethics to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on its website.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines to assure that the Board will have the necessary authority and practices in place to review and evaluate our business operations as needed and to make decisions that are independent of the Company's management. The guidelines are also intended to align the interests of directors and management with those of our stockholders. The Corporate Governance Guidelines set forth the practices the Board intends to follow with respect to board composition and selection, board meetings and involvement of senior management, Chief Executive Officer performance evaluation and succession planning, and board committees and compensation. The Corporate Governance Guidelines, as well as the charters for each committee of the Board, may be viewed at *www.caratherapeutics.com* in the News & Investors section under Corporate Governance.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the year ended December 31, 2021, we believe that all of our officers, directors and greater than 10% beneficial owners timely filed all reports required by Section 16(a) of the Exchange Act, except one late filing by Mr. Posner in November 2021 whereby he was granted restricted stock units and stock options pursuant to an Employment Agreement, dated October 29, 2021, between Mr. Posner and us.

Executive Officers

The following table sets forth certain information with respect to our executive officers as of April 11, 2022:

Name	Age	Position(s)
Christopher Posner	52	President, Chief Executive Officer and Director
Frédérique Menzaghi, Ph.D.	55	Chief Scientific Officer and Senior Vice President, Research and Development
Joana Goncalves, M.D.	48	Chief Medical Officer
Scott M. Terrillion	59	General Counsel, Secretary and Chief Compliance Officer
Thomas Reilly	50	Chief Financial Officer

Biographical information for our President, Chief Executive Officer and director, Mr. Posner, is included above with the director biographies under the caption "Nominees for Election for a Three-Year Term Expiring at the 2022 Annual Meeting" and is incorporated by reference herein.

Frédérique Menzaghi, Ph.D., one of our founders, has led our preclinical research and pruritic clinical program since 2004. She has served as our Senior Vice President, Research and Development since 2017 and our Chief Scientific Officer since March 2019. Dr. Menzaghi has over 25 years of drug development and management experience in biotechnology in the field of ion channels and G protein-coupled receptors. Her expertise ranges from exploratory non-clinical research through clinical development. From 2003 to 2004, she served as Vice President, Pharmacology and Business Development at Psychogenics Inc., a preclinical contract research organization. From 1999 to 2003, she was the Research Director of In Vivo Pharmacology at Arena Pharmaceuticals, Inc. (Nasdaq: ARNA), leading a multidisciplinary research team. Prior to that, Dr. Menzaghi established and directed a preclinical research laboratory at SIBIA Neurosciences (acquired by Merck). Her research expertise ranged from the development of small molecules to small peptides. She has extensive experience with corporate partnering with large U.S. and Asian pharmaceutical companies including Eli Lilly, Merck and J&J. Dr. Menzaghi received her Ph.D. in Neurosciences from the University of Louis Pasteur, Strasbourg, France and her M.Sc. in clinical psychology from the University of Nancy, France, after which she conducted her post-doctoral research at the Scripps Research Institute, San Diego, California. She has over 55 peer-reviewed publications and book chapters, 100 international meeting presentations and is listed as an inventor on numerous patents.

Joana Goncalves, M.D. has served as our Chief Medical Officer since October 2018. Prior to joining Cara, Dr. Goncalves worked at Celgene Corporation from April 2014 to October 2018, where she most recently served as Vice President, Medical Affairs for Dermatology and Neurology and was instrumental in planning and executing medical support activities for a number of programs, including OTEZLA® for psoriasis. Previously, Dr. Goncalves held the position of Vice President, Medical Strategy and Scientific Affairs at LEO Pharma Inc., the U.S. subsidiary of LEO Pharma A/S, a global healthcare company specializing in dermatology and critical care, from February 2012 to April 2014. She began her pharmaceutical career at Novartis Pharmaceuticals, working on a range of products across various therapeutic areas from 2001 to 2012. Dr. Goncalves received her M.D. from the University of Cape Town, South Africa.

Scott M. Terrillion has served as our General Counsel, Secretary and Chief Compliance Officer since November 2016. Mr. Terrillion brings over 20 years of diverse pharmaceutical industry experience from varying legal and business roles in the public, private and not-for-profit sectors. Mr. Terrillion spent 15 years at Boehringer Ingelheim Pharmaceuticals, Inc., a research-driven pharmaceutical company, where he served as Vice President, Associate General Counsel. At Boehringer, Mr. Terrillion built and led the legal team supporting the global company's U.S. human pharmaceutical business during a period of rapid, industry-leading growth. Mr. Terrillion also spent two years at Mesoblast, Inc., a publicly traded emerging biotech, as the company's Vice President, Associate General Counsel and Head of Compliance. Mr. Terrillion began his legal career at Nixon, Hargrave, Devans & Doyle (now Nixon Peabody LLP), a large general practice law firm, where he was an associate in the Health Care and Technology/Intellectual Property Practice groups. A licensed pharmacist, Mr. Terrillion began his professional career as a community pharmacist and later served as Director of Pharmacy for Preferred Care, Inc., an HMO insurance provider. Mr. Terrillion received his B.S. in Pharmacy from the Albany College of Pharmacy and Health Sciences and a Juris Doctor, magna cum laude, from Albany Law School. He is a member of the New York bar and authorized house counsel in Connecticut.

Thomas Reilly has served as our Chief Financial Officer since October 2020. Prior to joining Cara, Mr. Reilly served as Head of Finance for U.S. Pharma General Medicines at Allergan plc, now part of AbbVie, Inc., since October 2017. Prior to Allergan, from 2004 through 2017, he held numerous financial management positions of increasing responsibility within Novartis AG, most notably Head of Finance of Global Oncology Development. Previously, from 2000 through 2003, he served as the Finance Manager, U.S. Consumer Healthcare Division of Pharmacia Corporation, now Pfizer Inc. Mr. Reilly holds an M.B.A. in accounting from Seton Hall University and a B.S. in finance from Manhattan College.

Non-Employee Directors

The following table sets forth certain information with respect to our non-employee directors as of April 11, 2022:

Name	Age	Position
Martin Vogelbaum	58	Director
Harrison M. Bains, Jr.	78	Director
Jeffrey L. Ives, Ph.D.	71	Director
Susan Shiff, Ph.D.	61	Director

Biographical information for each of our non-employee directors is included above under the section titled "Proposal 1 — Election of Directors" and is incorporated by reference herein.

DIRECTOR COMPENSATION

The following table shows certain information with respect to the compensation of all of our non-employee directors for the fiscal year ended December 31, 2021:

Director	Fees Earned or Paid in Cash[(1)]	Stock Awards[(2)(4)]	Option Awards[(3)(4)]	Total
Martin Vogelbaum	$ 110,000	$188,064	$201,308	$499,372
Harrison M. Bains, Jr.	60,000	94,032	100,654	254,686
Jeffrey L. Ives, Ph.D.	54,250	94,032	100,654	248,936
Christopher Posner[(5)]	—	—	—	—
Susan Shiff, Ph.D.	52,500	94,032	100,654	247,186

(1) Amounts reflect the annual fees paid to all non-employee directors for their service on the Board, including for their committee membership and service as Lead Independent Director or Chair of a committee, under our non-employee director compensation policy, as described below in more detail.

(2) Amounts reflect the aggregate grant date fair value of 14,400 restricted stock units (“RSUs”) granted to Mr. Vogelbaum and 7,200 RSUs to each of Mr. Bains and Drs. Ives and Shiff on June 3, 2021 under the terms of our non-employee director compensation policy and our 2014 Equity Incentive Plan (the “2014 Plan”) and calculated in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718 (“ASC 718”), excluding the effect of estimated forfeitures. The RSUs vest in full on the earlier of (i) June 3, 2022 and (ii) immediately prior to the Annual Meeting, subject to the director’s continued service through such date. Assumptions used in the calculation of the grant date fair values of such awards are set forth in *Note 14. Stock-Based Compensation* in the notes to our financial statements in the Form 10-K.

(3) Amounts reflect the aggregate grant date fair value of a stock option for 21,600 shares granted to Mr. Vogelbaum and a stock option for 10,800 shares granted to each of Mr. Bains and Drs. Ives and Shiff on June 3, 2021, in each case, under the terms of our non-employee director compensation policy and our 2014 Plan and calculated in accordance with ASC 718, excluding the effect of estimated forfeitures. Each option granted on June 3, 2021 has an exercise price of $13.06 per share and vests in full on the earlier of (i) June 3, 2022 and (ii) immediately prior to the Annual Meeting, subject to the director’s continued service through such date. Assumptions used in the calculation of the grant date fair values of such options are set forth in *Note 14. Stock-Based Compensation* in the notes to our financial statements in the Form 10-K.

(4) The following table sets forth the aggregate number of RSUs and the aggregate number of shares underlying stock options held by each non-employee director as of December 31, 2021:

Director	RSUs[(a)]	Number of Shares Underlying Options
Martin Vogelbaum	14,400	133,700[(b)]
Harrison M. Bains, Jr.	7,200	112,100[(c)]
Jeffrey L. Ives, Ph.D.	7,200	83,600[(c)]
Christopher Posner[(5)]	—	—
Susan Shiff, Ph.D.	7,200	48,800[(d)]

(a) All RSUs remained unvested as of December 31, 2021.

(b) 21,600 shares underlying such options remained unvested as of December 31, 2021. The remainder of such shares were vested and immediately exercisable.

(c) 10,800 shares underlying such options remained unvested as of December 31, 2021. The remainder of such shares were vested and immediately exercisable.

(d) 29,800 shares underlying such options remained unvested as of December 31, 2021. The remainder of such shares were vested and immediately exercisable.

(5) Mr. Posner's compensation as a non-employee director for the portion of 2021 prior to his appointment as our President and Chief Executive Officer is set forth in the Summary Compensation Table. The outstanding equity awards held by Mr. Posner as of December 31, 2021, which includes grants to Mr. Posner for service as a non-employee director, are set forth in the Outstanding Equity Awards at 2021 Fiscal-Year End table.

Directors who are also full-time officers or employees of Cara do not receive any additional compensation for serving as directors. Therefore, Mr. Posner, who previously served as a non-employee director, ceased receiving compensation for his service as a director upon his appointment as our President and Chief Executive Officer in November 2021 and thereafter has not received any additional compensation for his service as a director. Mr. Posner's compensation as an executive officer is set forth below under "Executive Compensation."

The Board has adopted a non-employee director compensation policy. Under our non-employee director compensation policy, we pay each of our non-employee directors a cash retainer for service on the Board and for service on each committee on which the director is a member. These retainers are payable in arrears in four equal quarterly installments on the last day of each quarter, provided that the amount of such payment is prorated for any portion of such quarter that the director is not serving on the Board. The retainers paid during 2021 to non-employee directors for service on the Board and for service on each committee of the Board on which the director is a member were as follows:

	Member Annual Service Retainer	Chairperson / Lead Independent Director and Committee Chair Annual Service Retainer
Board of Directors	$40,000	$75,000
Audit Committee	10,000	20,000
Compensation Committee	7,500	15,000
Nominating and Corporate Governance Committee	5,000	10,000

We also reimburse our non-employee directors for reasonable travel and out-of-pocket expenses incurred in connection with attending the Board and committee meetings.

The Board has amended the non-employee compensation policy for 2022. The cash compensation payable pursuant to the policy will generally remain unchanged for 2022, except that the annual cash retainer for Board service will increase from $40,000 to $45,000 (the additional retainer of $35,000 for the Chairperson/Lead Independent Director remains unchanged). Under the amended terms of the policy, our non-employee directors are entitled to the following equity compensation:

- Upon initial election to the Board, a stock option having a Black-Scholes value of $350,000, with an exercise price equal to the fair market value of our common stock on the date of grant, with such option vesting over three years in 12 equal quarterly installments, subject to the director's continued service as a director through each such vesting date.

- On the date of each annual meeting of stockholders, (1) a stock option with a Black-Scholes value of $100,000 (or in the case of the Chairperson of the Board or Lead Independent Director, $200,000) with an exercise price equal to the fair market value of our common stock on the date of grant and (2) RSU grant with a grant date fair value of $100,000 (or in the case of the Chairperson of the Board or Lead Independent Director, $200,000), with each such equity award vesting on the earlier of the first-year anniversary of the date of grant and our next annual meeting of stockholders, subject to the director's continued service as a director through such vesting date.

This policy is intended to provide a total compensation package that enables us to attract and retain qualified and experienced individuals to serve as directors and to align our directors' interests with those of our stockholders.

Furthermore, in February 2022, in recognition of Mr. Vogelbaum's considerable effort expended in connection with our recent Chief Executive Officer transition in 2021, the Compensation Committee unanimously approved, with Mr. Vogelbaum abstaining, a one-time RSU grant to Mr. Vogelbaum having a grant date fair value of $100,000 (the "Special RSU Grant"). The Special RSU Grant will be granted on the date of the Annual Meeting and shall fully vest on such date.

PROPOSAL 2

NON-BINDING, ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Exchange Act, we are providing our stockholders the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers, or "say-on-pay vote," as disclosed under the section titled "Executive Compensation."

This vote is advisory only, which means that the vote on executive compensation is not binding on the Company, the Board, or the Compensation Committee. However, both the Board and the Compensation Committee will consider and evaluate the results of the vote, together with feedback from stockholders. To the extent there is any significant vote against our named executive officer compensation as disclosed in this proxy statement, the Board and the Compensation Committee will evaluate whether any actions are necessary to address the concerns of stockholders.

The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers, as described in this proxy statement. The compensation of our named executive officers subject to the vote is disclosed in section titled "Executive Compensation," including the compensation tables and related narrative disclosures. As discussed in those disclosures, our Board believes that its compensation philosophy and decisions support our key business objectives of creating value for, and promoting the interests of, our stockholders.

Accordingly, the Board is asking the stockholders to indicate their support for the compensation of our named executive officers as described in this proxy statement by casting a non-binding, advisory vote "FOR" the following resolution:

"RESOLVED, that the compensation of the named executive officers, as disclosed in the Company's proxy statement for its 2022 Annual Meeting of Stockholders, including the Compensation Discussion and Analysis, compensation tables and related narrative disclosures, is hereby APPROVED."

Vote required: The affirmative vote of the holders of a majority of the shares present at the meeting (by virtual attendance) or represented by proxy and entitled to vote on the matter at the Annual Meeting will be required to adopt the foregoing resolution. Abstentions will be counted towards the vote total, and will have the same effect as "Against" votes. Broker non-votes have no effect and will not be counted towards the vote total.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 2.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis discusses our executive compensation policies and how and why our Compensation Committee arrived at specific compensation decisions for the year ended December 31, 2021 for the individuals who served as our principal executive officer, principal financial officer and three other most highly compensated executive officers as of December 31, 2021, referred to as our "named executive officers" for 2021:

Name	Position(s)
Christopher Posner[(1)]	President and Chief Executive Officer
Derek Chalmers, Ph.D., D.Sc.[(1)]	Former President and Chief Executive Officer
Frédérique Menzaghi, Ph.D.	Chief Scientific Officer and Senior Vice President, Research and Development
Joana Goncalves, M.D.	Chief Medical Officer
Scott Terrillion	General Counsel, Secretary and Chief Compliance Officer
Thomas Reilly	Chief Financial Officer

(1) On November 8, 2021, Dr. Chalmers transitioned from our President and Chief Executive Officer to a non-employee consultant of the Company for a transition period scheduled to end June 30, 2022. The Company appointed Mr. Posner, who previously served as a non-employee member of our Board, to serve as our new President and Chief Executive Officer, effective November 9, 2021. Under SEC rules, as each of Dr. Chalmers and Mr. Posner served as the Company's principal executive officer during a portion of 2021, each are considered to be named executive officers for the year.

This Compensation Discussion and Analysis should be read in conjunction with the compensation tables below it, which provide a detailed view of compensation paid to our named executive officers in 2021.

Executive Summary

The following table summarizes our executive compensation practices to highlight both the responsible practices we have implemented and the practices we have avoided to best serve our stockholders' long-term interests.

What we do:

✓ **Performance metrics tied to Company performance.** The performance metrics for our annual executive bonus plan are tied to Company performance, aligning the interests of our executives with those of our stockholders.

✓ **Multi-year vesting requirements.** The equity awards we grant to our executive officers generally vest over multi-year periods, consistent with current market practice and our retention objectives.

✓ **Double-trigger termination rights.** Our agreements with our executive officers require both a change-in-control and a termination of employment for full severance benefits to be triggered.

✓ **Independent compensation committee.** Our compensation committee is comprised solely of independent members of our Board.

✓ **Independent compensation consultant.** Our compensation committee uses an independent compensation consultant that provides no other material services to the Company.

What we do not do:

✘ **No single-trigger vesting acceleration.** We do not provide single-trigger vesting acceleration upon a change in control.

✘ **No tax gross-ups.** None of our employment-related agreements provide for excise tax "gross-ups."

✘ **No special perquisites.** Except as otherwise discussed below, we generally do not provide our executives with perquisites or other personal benefits that differ materially from those available to employees generally.

✘ **No retirement plans other than 401(k) Plan.** We do not provide any pension or other retirement benefits to our executive officers, except that we offer all employees the right to participate in a company-sponsored 401(k) plan under which we contribute 3% of their salary up to the annual Internal Revenue Code limit.

✘ **No special health or welfare benefits.** We do not provide our executives with any special health or welfare benefits. Our executive officers participate in the same broad-based company-sponsored health and welfare benefits programs offered to our other full-time, salaried employees.

✘ **Hedging, short selling and pledging prohibited.** Our insider trading policy prohibits our executive officers and directors from hedging, short selling or pledging our securities.

Objectives, Philosophy and Elements of Executive Compensation

Our compensation program aims to achieve the following main objectives:

- attract and retain and reward highly qualified executives;
- provide incentives that motivate and reward for achievement of our key performance goals that increase stockholder value over the long-term;
- align our executives' interests with those of our stockholders; and
- link pay to Company performance.

Our executive compensation program generally consists of, and is intended to strike a balance among, the following three principal elements: base salary, annual performance-based bonuses and long-term incentive compensation. We also provide our executive officers with benefits available to all our employees, including retirement benefits under the Company's 401(k) plan and participation in the Company's employee benefit plans. The following chart summarizes the three main elements of compensation, their objectives and key features.

Element of Compensation	Objectives	Key Features
Base Salary **(fixed cash)**	Provides financial stability and security through a fixed amount of cash for performing job responsibilities.	Generally reviewed annually and determined based on a number of factors (including individual performance and the overall performance of our Company) and by reference, in part, to market data provided by our independent compensation consultant.
Annual Performance Bonus **(at-risk cash)**	Motivates and rewards for attaining key annual corporate performance goals and individual contributions that relate to our key business objectives.	Target bonus amounts are generally reviewed annually and determined based upon positions that have similar impact on the organization and competitive bonus opportunities in our market. Bonus opportunities are dependent upon achievement of specific corporate performance objectives consistent with our long-term strategic plan and individual performance objectives that relate to the executive's role and expected contribution toward reaching our corporate goals, generally determined by the Compensation Committee and communicated around the beginning of the year. Actual bonus amounts earned are determined after the end of the year, taking into account corporate and individual performance objectives.
Long-Term Incentive **(at-risk equity)**	Motivates and rewards for long-term Company performance; aligns executives' interests with stockholder interests and changes in stockholder value. Attracts highly qualified executives and encourages their continued employment over the long-term.	Equity opportunities are generally reviewed annually and may be granted during the first half of the year or as appropriate during the year for new hires, promotions, or other special circumstances, such as to encourage retention, or as a reward for significant achievement. Individual awards are determined based on a number of factors, including current corporate and individual performance and market data provided by our independent compensation consultant. Equity awards for 2021 consisted of a combination of stock options and RSUs. A portion of the RSUs are subject to time-based vesting, which we believe encourages long-term service to the Company, and a portion of RSUs vest based on the achievement of corporate performance objectives, which we believe aligns the interests of management with our stockholders by rewarding them upon the Company's achievement of value-creating milestones.

We focus on providing a competitive compensation package to our executive officers which provides significant short and long-term incentives for the achievement of measurable corporate objectives. We believe that this approach provides an appropriate blend of short-term and long-term incentives to maximize stockholder value.

We do not have any formal policies for allocating compensation among salary, performance bonus awards and equity grants, short-term and long-term compensation or among cash and non-cash compensation. Instead, the Compensation Committee uses its judgment to establish a total compensation program for each named executive officer that is a mix of current, short-term and long-term incentive compensation, and cash and non-cash compensation, that it believes appropriate to achieve the goals of our executive compensation program and our corporate objectives. However, historically we have structured a significant portion of the named executive officers' total target compensation so that it is comprised of performance-based bonus opportunities and long-term equity awards, in order to align the executive officers' incentives with the interests of our stockholders and our corporate goals.

How We Determine Executive Compensation

Role of our Compensation Committee, Management and the Board

The Compensation Committee is appointed by the Board and has responsibilities related to the compensation of the Company's directors, officers, and employees and the development and administration of the Company's compensation plans. For details on the Compensation Committee's oversight of the executive compensation program, see the section titled "Information Regarding Committees of the Board of Directors — Compensation Committee." Our Compensation Committee consists solely of independent members of the Board.

The Compensation Committee reviews all compensation paid to our executive officers, including our named executive officers. The Chief Executive Officer evaluates and provides to the Compensation Committee performance assessments and compensation recommendations. While the Chief Executive Officer discusses his recommendations with the Compensation Committee, he does not participate in the deliberations concerning, or the determination of, his own compensation. The Compensation Committee discusses and makes final determinations with respect to executive compensation matters without the Chief Executive Officer present during discussions of the Chief Executive Officer's compensation. From time to time, various other members of management and other employees as well as outside advisors or consultants may be invited by the Compensation Committee to make presentations, provide financial or other background information or advice or otherwise participate in the Compensation Committee meetings.

The Compensation Committee meets periodically throughout the year to manage and evaluate our executive compensation program, and generally determines the principal components of compensation (base salary, performance bonus and equity awards) for our executive officers on an annual basis; however, decisions may occur at other times for new hires, promotions or other special circumstances as our Compensation Committee determines appropriate. The Compensation Committee does not delegate authority to approve executive officer compensation. The Compensation Committee does not maintain a formal policy regarding the timing of equity awards to our executive officers.

Role of Compensation Consultant

The Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive compensation, including the authority to approve the consultant's reasonable fees and other retention terms. The Compensation Committee has retained Radford, which is part of the Rewards Solution practice at Aon plc, as its compensation consultant. Radford developed a group of peer companies to use as a reference in making executive compensation decisions, evaluating current executive pay practices and considering different compensation programs to aid making executive pay decisions for 2021. Radford also conducted market research and analysis to assist the Compensation Committee in developing executive compensation levels, including appropriate salaries, target bonus amounts and equity awards for our executives, including the named executive officers. Radford also periodically conducts a review of our director compensation policies and practices.

The Compensation Committee has analyzed whether the work of Radford as compensation consultant raises any conflict of interest, taking into account relevant factors in accordance with SEC guidelines. Based on its analysis, our Compensation Committee determined that the work of Radford and the individual compensation advisors employed by Radford does not create any conflict of interest pursuant to the SEC rules and Nasdaq listing standards.

Use of Competitive Market Compensation Data

The Compensation Committee believes that it is important when making its compensation decisions to be informed as to the current practices of comparable public companies with which we compete for top talent. To this end, the Compensation Committee directed Radford to develop a proposed list of our peer group companies to be used in connection with assessing the compensation practices of the publicly traded companies with whom we compete.

In October 2020, Radford re-evaluated the previously approved peer group used in setting 2020 executive compensation, based on our Company's industry focus, stage, and size (based on employee headcount and market capitalization). Specifically, based on input from the Compensation Committee, Radford compiled a list of companies that are publicly traded, bio/pharma companies with a focus on companies in Phase 3 clinical development or that have submitted a new drug application ("NDA") and on emerging commercial companies. These companies generally had market capitalizations of between $200 million and $2 billion (with a median market capitalization of $552.8 million), and a median of 193 employees.

Changes to the peer group for 2021 included removing acquired companies (AImmune Therapeutics, ArQule and Dermira) and adding companies marked with an asterisk below to ensure a robust sample size for conducting compensation assessments. The peer group approved and used by the Compensation Committee in making executive pay decisions for 2021 was as follows:

- Akebia Therapeutics
- AnaptysBio
- Ardelyx*
- CymaBay Therapeutics*
- Epizyme
- Esperion Therapeutics
- Flexion Therapeutics
- G1 Therapeutics*
- Heron Therapeutics*
- Intercept Pharmaceuticals*
- Kala Pharmaceuticals*
- Karyopharm Therapeutics
- Magenta Therapeutics*
- Revance Therapeutics
- Theravance Biopharma*
- Tricida*
- Zogenix

Using data compiled from the peer companies ("peer data"), Radford completed an assessment of our executive compensation program to inform the Compensation Committee's determinations regarding executive compensation for 2021. Radford prepared and the Compensation Committee reviewed, a range of market data reference points (generally at the 25th, 50th, and 75th percentiles of the market data) with respect to base salary, performance bonuses, equity compensation (valued based both on an approximation of grant date fair value as well as ownership percentage), total target cash compensation (base salary and the annual target performance bonus) and total direct compensation (total target cash compensation and equity compensation) with respect to our named executive officers. Although market data is only one of the factors that the Compensation Committee considers in making compensation decisions, the Compensation Committee generally targets executive compensation at approximately the 50th percentile. In addition to market data, the Compensation Committee considers other factors as described below under "Factors Used in Determining Executive Compensation" and, as a result, actual executive compensation may be above or below the 50^{th} percentile.

Factors Used in Determining Executive Compensation

Our Compensation Committee sets the compensation of our executive officers at levels they determine to be competitive and appropriate for each named executive officer, using their professional experience and judgment. Although, as noted above, the Compensation Committee's general philosophy is to target executive compensation at approximately the 50th percentile, pay decisions are not made by use of a formulaic approach. The Compensation Committee believes that executive pay decisions require consideration of a multitude of relevant factors which may vary from year to year. In making executive compensation decisions, the Compensation Committee generally takes into consideration the factors listed below:

- Company performance and existing business needs;
- Each named executive officer's individual performance, scope of job function and the criticality of the named executive officer to the Company's future performance;
- The need to attract new talent to our executive team and retain existing talent in a highly competitive industry;
- A range of market data reference points, as described above under "Use of Competitive Market Compensation Data;" and
- Recommendations from consultants on compensation policy determinations for the executive officer group.

Consideration of 2021 Say-on-Pay Vote

At the Company's 2021 annual meeting of stockholders, the Company's advisory vote to approve executive compensation ("Say-on-Pay Vote") for fiscal year 2020 received stockholder support of over 96% of the shares present or represented by proxy. Given the strong level of support evidenced by last year's Say-on-Pay Vote, the Compensation Committee determined that our stockholders were generally supportive of the executive compensation philosophy and program set forth in our 2021 proxy statement. Accordingly, we have generally maintained our approach to our executive compensation program. In 2020, our stockholders included their approval of the Board recommendation that we solicit a Say-on-Pay Vote on an annual basis. Our Board has adopted a policy that is consistent with that preference and, accordingly, we are holding a Say-on-Pay Vote at this annual meeting. A "say-on-frequency" vote is required every six years, and as such, our next say-on-frequency vote will occur no later than our 2026 annual meeting of stockholders.

2021 Executive Compensation Program

Base Salary

In March 2021, the Compensation Committee reviewed the base salaries of the Company's executive officers, including the named executive officers (other than Mr. Posner, who did not join us as an executive officer until late 2021). It was determined that the base salaries for the applicable named executive officers were generally between the 50th and 75th percentile. Mr. Posner's base salary for 2021 was negotiated in connection with him joining us as our new President and Chief Executive Officer in late 2021. Set forth below are the 2021 base salaries for our named executive officers:

Executive	2021 Base Salary	Percentage Increase in Base Salary from 2020[(1)]
Christopher Posner	$680,000	—[(2)]
Derek Chalmers, Ph.D., D.Sc.	594,000	3%
Frédérique Menzaghi, Ph.D.	465,000	3
Joana Goncalves, M.D.	465,000	3
Scott Terrillion	424,000	3
Thomas Reilly	412,000	3

(1) The percentage increase for each named executive officer has been rounded to the nearest whole percent.

(2) Mr. Posner did not join us as employee until 2021 and therefore did not have a percentage increase in his base salary from 2020.

Annual Performance-Based Cash Compensation

Pursuant to our executive bonus program, each named executive officer is eligible to receive a target bonus determined as a percentage of his or her annual base salary. Annual performance-based cash compensation is variable and its purpose is to motivate and reward our executive officers for achievement of annual goals and align management and stockholder interests by linking pay and performance. Our Compensation Committee determines these target bonus percentages for each named executive officer position primarily based on the range of target bonus percentages for similar positions at peer companies. Our Compensation Committee periodically reviews and evaluates each executive officer's target bonus percentage.

Dr. Chalmers was initially eligible to receive a target annual bonus under the 2021 executive bonus plan equal to 60% of his annual base salary for 2021 (or $356,400), and in connection with his termination of employment with the Company in November 2021, we agreed to pay Mr. Chalmers his full 2021 target bonus. Mr. Posner did not participate in our 2021 executive bonus plan given his employment with us started in late 2021. Instead, under the terms of his executive employment agreement with us, as described below, Mr. Posner was eligible to receive a guaranteed annual bonus for 2021 equal to his initial annual base salary (or $688,000) times his target bonus percentage for 2021 (or 60%), prorated for the number of days he was employed in 2021, which amount was equal to $68,000 and was paid to Mr. Posner in March 2022.

Drs. Menzaghi and Goncalves and Messrs. Terrillion and Reilly were each eligible for an annual bonus under our 2021 executive bonus plan and their respective 2021 target bonus percentages, and resulting target bonuses, were as follows:

Named Executive Officers

	Target Bonus as Percentage of Base Salary	Target Bonus
Frédérique Menzaghi, Ph.D.	40%	$186,000
Joana Goncalves, M.D.	40	186,000
Scott Terrillion	40	169,600
Thomas Reilly	40	164,800

In March 2021, the Compensation Committee established a mix of predefined performance objectives for our then-serving executive officers, including Drs. Menzaghi and Goncalves and Messrs. Terrillion and Reilly. These performance objectives were based on the achievement of various research, operational, control, cash forecast and management, clinical and regulatory milestones related to our clinical development programs and legal and financial business activities. The actual performance-based bonus paid, if any, is calculated by multiplying the executive's annual base salary, target bonus percentage and percentage achievement of the respective performance objectives.

The 2021 performance objectives for Drs. Menzaghi and Goncalves and Messrs. Terrillion and Reilly, and the respective weighting thereof, were as set forth below.

Frédérique Menzaghi, Ph.D.

For Dr. Menzaghi, the 2021 performance goals, and respective weightings of each, were:

- Approval of KORSUVA™ (difelikefalin) injection, or KORSUVA injection, NDA by the end of September 2021 (50%);
- Approval of label for non-scheduling of KORSUVA injection by the end of September 2021 (25%);
- Initiate bridging Oral KORSUVA Phase 1 trials to support CKD/AD Phase 3 programs by the end of September 2021 (15%); and

- Initiate Phase 3 Oral KORSUVA program for CKD-aP NDD by the end of 2021 (10%).

Joana Goncalves, M.D.

For Dr. Goncalves, the 2021 performance goals, and respective weightings of each, were:

- Approval of KORSUVA injection NDA by the end of September 2021 (50%);
- Complete End-of-Phase 2 Meeting for AD program by the end of September 2021 (15%);
- Initiate Phase 3 program for AD by the end of 2021 (10%); and
- Enroll 70% (120 patients) for NP Phase 2 trial by the end of 2021 (25%).

Scott Terrillion

For Mr. Terrillion, the 2021 performance goals, and respective weightings of each, were:

- Provide legal support to NDA review and commercial launch of IV KORSUVA including (1) engage with Vifor at multiple touchpoints, including legal-to-legal, JSC, JCC and reimbursement strategy teams and (2) complete legal support internal work for launch, e.g., supply chain and other commercial vendor agreements (40%);
- Lead "KORSUVA" end-stage renal disease reimbursement team and plan for U.S. Center for Medicare & Medicaid Services, or CMS, interaction including (1) complete at least 4 meetings (telephonic or in person) with government stakeholders by the end of 2021 and (2) assess feasibility of contingency plans depending on CMS action and prepare for implementation as appropriate (40%);
- Complete intellectual property assignments including (1) engage additional IP outside counsel to prepare for commercialization and set strategy for Orange Book listing and patent term extension and (2) lead LCM project regarding Oral KORSUVA with research and development (10%); and
- Provide general corporate support including (1) review and revise as needed general corporate policies and procedures and (2) establish and implement key policies and procedures, including promotional material review, heath care fraud and abuse, transparency laws, and privacy (10%).

Thomas Reilly

For Mr. Reilly, the 2021 performance goals, and respective weightings of each, were:

- Establish inventory system, IT support systems & appropriate financial reporting system for successful KORSUVA injection commercial launch by the end of September 2021 (30%);
- Ensure compliant control environment by maintaining successful SOX 404 & 302 controls by the end of 2021 (20%);
- Maintain accurate cash forecast, ensure quarterly cash management within 10% of forecast or $3 million by the end of 2021 (20%); and
- Complete more than 150 investor meetings and add 1 sell-side analyst coverage by the end of 2021 (30%).

Dr. Goncalves was also eligible for a stretch bonus equal to 50% of her target annual bonus if full enrollment of the NP trial was completed by the end of 2021.

In February 2022, the Compensation Committee reviewed Drs. Menzaghi's and Goncalves and Messrs. Terrillion's and Reilly's 2021 performance and determined that the performance objectives under the 2021 executive bonus plan were achieved at 90% for Drs. Menzaghi and Goncalves and 100% for Messrs. Terrillion and Reilly. The Compensation Committee also determined that Dr. Goncalves did not achieve the applicable performance goal required to receive the stretch bonus that she was eligible to receive for 2021.

Based on this performance and these assessments, the applicable named executive officers were paid the following cash bonuses under the 2021 executive bonus plan:

Named Executive Officer	2021 Annual Bonus Payment	Percent of Target Bonus
Frédérique Menzaghi, Ph.D.	$167,400	90%
Joana Goncalves, M.D.	167,400	90
Scott Terrillion	169,600	100
Thomas Reilly	164,800	100

Long-Term Incentive Equity Awards

We use equity awards to motivate our executive officers, including the named executive officers, to increase the long-term value of our common stock and, thereby, to align the interests of our executive officers with those of our stockholders. These equity awards are intended to further our success by ensuring that sustainable value creation is a key factor in our executive officers' management of our business.

The size and form of these equity awards is determined by the Compensation Committee in its discretion. As described below, in 2021, we granted equity awards in the form of stock options, time-based RSUs and performance-based RSUs to our named executive officers as part of our long-term incentive compensation program.

Stock Options. The Compensation Committee uses stock options as a key tool in serving to align the interests of our executive officers and our stockholders. Stock options are inherently performance based, and automatically link executive pay to stockholder return, as the value realized, if any, by the executive from an award of stock options, is dependent upon, and directly proportionate to, appreciation in stock price. Executives will only receive value from the stock option awards if the price of the stock increases above the stock price at time of grant, and remains above as the stock options continue to vest. Stock options also do not have downside protection, and the awards will not provide value to the holder when the stock price is below the exercise price.

Time-based Restricted Stock Units. The Compensation Committee elected to use time-based RSUs covering shares of our common stock as long-term incentives because they reward our executive officers for superior stock price performance, but also encourage executive retention as these awards vest over multiple years and can maintain value even during periods when there is volatility in our stock price.

Performance-based Restricted Stock Units. The Compensation Committee elected to use performance-based RSUs covering shares of our common stock as long-term incentives because they reward our executive officers for the achievement of corporate performance objectives, which aligns the interests of management with our stockholders by rewarding them upon the Company's achievement of value-creating milestones.

The annual equity grants to our named executive officers are evaluated and approved by the Compensation Committee in the context of each named executive officer's total compensation and take into account the market data provided by compensation consultants in addition to the individual officer's responsibilities and performance. The Compensation Committee also takes into account the recommendations of the Chief Executive Officer with respect to appropriate grants (other than for the Chief Executive Officer) and any particular individual circumstances.

As noted above, the Compensation Committee has the discretion to determine which executive officers will receive equity awards, as well as the amount of any such awards. Typically, the Compensation Committee approves equity award grants only on the dates of its regularly-scheduled committee meetings, without regard to the timing of the release of material information about us.

2021 Stock Option Awards

In March 2021, the Compensation Committee approved the following stock option grants to our named executive officers (other than Mr. Posner, who did not join us as an executive until late 2021, and Mr. Reilly, who had recently joined us in late 2020) as part of our annual executive compensation review process, at a per share exercise price equal to the fair market value of a share of our common stock on the grant date. Each of the stock options vest in 48 equal monthly installments, measured from March 30, 2021, in each case subject to the named executive officer's continued service through each applicable vesting date.

Executive	Stock Option Grant (# shares)
Derek Chalmers, Ph.D., D.Sc.	103,000
Frédérique Menzaghi, Ph.D.	32,000
Joana Goncalves, M.D.	32,000
Scott Terrillion	32,000

In October 2021, the Board approved the grant of a stock option to purchase 566,000 shares of our common stock to Mr. Posner in connection with him joining us as our new President and Chief Executive Officer, at a per share exercise price equal to the fair market value of a share of our common stock on the grant date. The stock option vests as to 25% of the underlying shares on the one-year anniversary of the grant date, with the remaining underlying shares vesting in 12 equal quarterly installments thereafter, subject to Mr. Posner's continued service on each applicable vesting date.

2021 Time-based Restricted Stock Unit Awards

In March 2021, the Compensation Committee approved the following RSU grants to our named executive officers (other than Mr. Posner and Mr. Reilly) as part of our annual executive compensation review process. These RSUs vest in three equal annual installments from the date of grant, in each case subject to the named executive officer's continued service through each applicable vesting date.

Executive	Time-based RSUs (# shares)
Derek Chalmers, Ph.D., D.Sc.	52,000
Frédérique Menzaghi, Ph.D.	16,000
Joana Goncalves, M.D.	16,000
Scott Terrillion	16,000

In October 2021, the Board approved a grant of 142,000 RSUs and an additional grant of 5,941 RSUs to Mr. Posner in connection with him joining us as our new President and Chief Executive Officer. The grant of 142,000 RSUs vests as to 25% of the RSUs on the one-year anniversary of the date of grant, with the remaining RSUs vesting in 12 equal quarterly installments thereafter, subject to Mr. Posner's continued service through each applicable vesting date. The grant of 5,941 RSUs vested as to 100% of the RSUs on March 31, 2022, which was subject to Mr. Posner's continued service through the vesting date.

2021 Performance-based Restricted Stock Unit Awards

In March 2021, the Compensation Committee approved the following performance-based RSU grants to our named executive officers (other than Mr. Posner, who joined us as an executive officer in late 2021) as part of our annual executive compensation review process. These performance-based RSUs are scheduled to vest upon the satisfaction of certain performance conditions, which consist of certain drug development milestones, as described in more detail below. In December 2021, the Compensation Committee amended the vesting schedule of the performance-based RSU grants made to our named executive officers in March 2021 as indicated below (with a strikethrough denoting a deletion to the original vesting schedule and an underline denoting an addition to the original vesting schedule).

Executive	Performance-based RSUs (# shares)	
	Target	Stretch(2)
Derek Chalmers, Ph.D., D.Sc.	52,000(1)	10,000
Frédérique Menzaghi, Ph.D.	16,000(3)	10,000
Joana Goncalves, M.D.	16,000(4)	10,000
Scott Terrillion	16,000(1)	10,000
Thomas Reilly	16,000(1)	10,000

(1) The target performance-based RSUs vest as follows: 1/3 of the RSUs vest upon the certification by the Compensation Committee that the NDA for IV KORSUVA has been approved by September 30, 2021, reduced by 25% if the NDA is approved in the fourth quarter of 2021 and reduced by 50% if the NDA is approved by 2022 (with the reduction only applied to NDA delays determined by the Compensation Committee that are not related to pandemic or FDA scheduling issues); 1/3 of the RSUs vest upon the certification by the Compensation Committee of confirmation of TDAPA status and receipt of HCPCS code for IV KORSUVA by March 31, 2022; and 1/3 of the RSUs vest upon the certification by the Compensation Committee that the first site initiation visit has been conducted for the AD pivotal phase 3 program by March 31, 2022, subject to the named executive officer's continuous service through each applicable vesting date. The first two vesting milestones described in this paragraph were achieved in August 24, 2021 and February 28, 2022, respectively.

(2) The stretch performance-based RSUs vest as to 100% of the RSUs upon certification by the Compensation Committee that the first patient has been dosed in the AD pivotal phase 3 program by December 31, 2021, subject to the named executive officer's continued service through the vesting date.

(3) The target performance-based RSUs vest as follows: 60% of the RSUs vest upon the certification by the Compensation Committee that the NDA for IV KORSUVA has been approved by September 30, 2021, reduced by 25% if the NDA is approved in the fourth quarter of 2021 and reduced by 50% if the NDA is approved by 2022 (with the reduction only applied to NDA delays that are not related to pandemic or FDA scheduling issues, as determined by the Compensation Committee); and 40% of the RSUs vest upon the certification by the Compensation Committee that the first patient has been dosed in the non-HD CKD pivotal phase 3 program by ~~December 31, 2021~~ March 31, 2022, subject to the named executive officer's continuous service through each applicable vesting date. The first vesting milestone described in this paragraph was achieved in August 24, 2021.

(4) The target performance-based RSUs vest as follows: 40% of the RSUs vest upon the certification by the Compensation Committee that the NDA for IV KORSUVA has been approved by September 30, 2021, reduced by 25% if the NDA is approved in the fourth quarter of 2021 and reduced by 50% if the NDA is approved by 2022 (with the reduction only applied to NDA delays that are not related to pandemic or FDA scheduling issues, as determined by the Compensation Committee); and 60% of the RSUs vest upon the certification by the Compensation Committee that the first site initiation visit has been conducted for the AD pivotal phase 3 program by March 31, 2022, subject to the named executive officer's continuous service through each applicable vesting date.

Other Features of Our Executive Compensation Program

Employment Agreements with our Named Executive Officers

Christopher Posner

Under an executive employment agreement entered into in October 2021, Christopher Posner serves as our President and Chief Executive Officer. The agreement provides for an initial annual base salary of $680,000. Mr. Posner received $116,167 in base salary for the year ended December 31, 2021. The agreement also provides for a signing bonus of $400,000, which, consistent with the terms of the agreement was paid to Mr. Posner in two equal installments on the first regular payroll date following his first day of employment and on the last regular payroll date before March 15, 2022, subject to Mr. Posner's continuous employment with the Company as of each payment date with exceptions for a termination of Mr. Posner's employment by the Company without Cause and Mr. Posner's resignation of his employment for Good Reason (each such term as defined in the agreement). He is also eligible to earn an annual incentive cash bonus, based upon the achievement of individual and corporate goals determined by our Board, with a target amount equal to 60% of his then-current annual base salary. However, for 2021, Mr. Posner was instead eligible to receive the target bonus amount prorated for the number of days he was employed through 2021, subject only to him remaining employed and in good standing through the end of 2021. He also was eligible to be reimbursed for up to $15,000 of reasonable legal expenses incurred in the review and negotiation of his executive employment agreement with us, but did not receive any such reimbursements in 2021 He is also eligible to participate in our employee benefit plans and programs, and to receive reimbursement for reasonable business expenses in accordance with our standard expense reimbursement policy.

Derek Chalmers, Ph.D., D.Sc.

Under an executive employment agreement entered into in February 2014, Dr. Chalmers previously served as our President and Chief Executive Officer until November 8, 2021. The agreement provided that Dr. Chalmers was entitled to receive an initial annual base salary of $440,000, subject to adjustment by our Board. Dr. Chalmers received $570,062 in base salary for the year ended December 31, 2021. He was also eligible to receive an incentive cash bonus, based upon the criteria as may be determined by our Board, with an initial target bonus of 50% of his base salary. As described above, for 2021, the Compensation Committee established Dr. Chalmers's target bonus at 60% of his base salary. He was also eligible to participate in our employee benefit plans and programs, and to receive reimbursement for reasonable business expenses in accordance with our standard expense reimbursement policy.

In November 2021, we entered into a separation agreement ("Separation Agreement") with Dr. Chalmers in connection with his departure as our President and Chief Executive Officer. Pursuant to the Separation Agreement, Dr. Chalmers was retained by us as a non-employee consultant to provide such services as may reasonably be requested by our Chief Executive Officer from November 8, 2021 (i.e., the date of his termination of employment as our President and Chief Executive Officer) until June 30, 2022. Dr. Chalmers receives $400 per hour, up to a maximum of 20 hours per month, for any services he provides to the Company during such period.

The agreement also provides that if Dr. Chalmers timely executes the Separation Agreement, timely executes and does not revoke a specified general release of claims, and complies with his obligations under the Separation Agreement, then he will receive (i) continuation of his base salary (as in effect on his last day of employment with the Company) for 12 months; (ii) payment of premiums for continued coverage under COBRA for himself and his eligible dependents for up to 12 months; and (iii) an amount equal to Dr. Chalmers's full 2021 target bonus (or $356,400). In addition, the Separation Agreement provides that (a) the unvested portion of all time-based equity awards held by Dr. Chalmers as of his termination of employment with the Company that would have vested in the 12-month period following June 30, 2022 (or such earlier date that Dr. Chalmers's service under the Separation Agreement is terminated by him or us) had Dr. Chalmers remained in continuous service with the Company through such period will automatically vest as of June 30, 2022 (or such earlier date that Dr. Chalmers's service under the Separation Agreement is terminated by him or us); (b) all options held by Dr. Chalmers as of his termination of employment from the Company may be exercised as to any vested shares subject to the options through the earlier of the date that is 18 months following the date of his termination of employment from the Company or the original expiration date applicable to each of the options; and (c) the period in which to achieve the applicable performance milestones for the performance-based RSUs granted to Dr. Chalmers on March 30, 2021 was extended through March 31, 2022.

Thomas Reilly

Under an executive employment agreement entered into in October 2020, Mr. Reilly serves as our Chief Financial Officer. The employment agreement provides for an annual base salary of $400,000, subject to adjustment by our Board. Mr. Reilly received $412,000 in base salary for the year ended December 31, 2021. Pursuant to his employment agreement, Mr. Reilly received, shortly after his start date, a signing bonus of $30,000, which amount was subject to recoupment in the event that Mr. Reilly's employment with the Company terminated before October 1, 2021. Under the employment agreement, Mr. Reilly is also eligible to receive an incentive cash bonus of up to 40% of his base salary, based upon the criteria and payable at such times as determined by our Board. Mr. Reilly is also eligible to participate in our employee benefit plans and programs, and to receive reimbursement for reasonable business expenses in accordance with our standard expense reimbursement policy.

Frédérique Menzaghi, Ph.D.

Under an executive employment agreement entered into in February 2014, Dr. Menzaghi serves as our Chief Scientific Officer and Vice President — Research and Development. The employment agreement provides for an annual base salary of $302,500, subject to adjustment by our Board. Dr. Menzaghi received $465,000 in base salary for the year ended December 31, 2021. Under the employment agreement, Dr. Menzaghi is eligible to receive an incentive cash bonus, based upon the criteria as may be determined by our Board, with an initial target bonus of 35% of her base salary. As described above, for 2021, the Compensation Committee established Dr. Menzaghi's target bonus at 40% of her base salary. Dr. Menzaghi is also eligible to participate in our employee benefit plans and programs, and to receive reimbursement for reasonable business expenses in accordance with our standard expense reimbursement policy.

Joana Goncalves, M.D.

Under an executive employment agreement entered into in October 2018, Dr. Goncalves serves as our Chief Medical Officer. The employment agreement provides an annual base salary, subject to adjustment by our Board. Dr. Goncalves received $465,000 in base salary for the year ended December 31, 2021. Under the employment agreement, Dr. Goncalves is eligible to receive an incentive cash bonus, based upon the criteria as may be determined by our Board, with a target bonus of 40% of her base salary. Dr. Goncalves is also eligible to participate in our employee benefit plans and programs, and to receive reimbursement for reasonable business expenses in accordance with our standard expense reimbursement policy.

Scott Terrillion

Under an offer letter entered into in October 2016, Mr. Terrillion serves as our General Counsel. The offer letter provides that Mr. Terrillion was entitled to receive an initial annual base salary of $325,000, which base salary is subject to adjustment. Mr. Terrillion received $424,000 in base salary for the year ended December 31, 2021. Pursuant to the offer letter, Mr. Terrillion is also eligible to receive an initial target cash bonus of up to 35% of his annual base salary. As described above, for 2021, the Compensation Committee established Mr. Terrillion's target bonus at 40% of his annual base salary. In addition to the salary and bonus, Mr. Terrillion is also eligible to participate in our employee benefits plans and programs, and to receive reimbursement for reasonable business expenses in accordance with our standard expense reimbursement policy.

Severance Agreement with our Named Executive Officers

In December 2021, we entered into participation agreements with each of Messrs. Reilly and Terrillion and Drs. Menzaghi and Goncalves, pursuant to which each of them is eligible to receive severance benefits under our Severance Plan (as defined below) upon a termination of employment under certain circumstances, as described below under "Potential Payments Upon Termination or Change in Control." In addition, Mr. Posner is eligible to receive severance benefits under his executive employment agreement with us upon termination of his employment under certain circumstances, as described in more detail below under "Potential Payments Upon Termination or Change in Control."

Retention Agreements with our Named Executive Officers

In December 2021, we entered into retention agreements providing for cash retention bonuses and retention RSUs for Messrs. Reilly and Terrillion and Drs. Menzaghi and Goncalves. Our Board approved these agreements in recognition of our named executive officers' collective commitment to our Company demonstrated during the recent transition of our Company to our new Chief Executive Officer, Christopher Posner, and to further incentivize the named executive officers to maintain this commitment, during which time KORSUVA™ (difelikefalin) injection, or KORSUVA injection, will be commercially launched in the United States for the treatment of moderate-to-severe pruritus associated with chronic kidney disease in adults undergoing hemodialysis, and we will continue the development of the oral formulation of KORSUVA in multiple indications.

For the cash retention bonuses, each of the applicable named executive officers was awarded an aggregate cash retention bonus equal to the named executive officer’s 2021 target bonus amount, which was $164,800 for Mr. Reilly, $186,000 for each of Drs. Menzaghi and Goncalves, and $169,600 for Mr. Terrillion. The cash retention bonuses are payable to the applicable named executive officers in two equal installments, in each case subject to the named executive officer’s continuous employment through the applicable payment date, except as described below. The first installment was paid in December 2021, and the second installment is scheduled to be paid on the first regularly-scheduled payroll date to occur after December 15, 2022. The retention agreements each provide that if the named executive officer’s employment is terminated without Cause or the named executive officer resigns for Good Reason (each such term as defined in the Severance Plan, as described below) on or before December 15, 2022, then the named executive officer will remain eligible to receive the second installment of the cash retention bonus, so long as the named executive officer timely executes and delivers a general release to us and allows the release to become effective and irrevocable.

For the retention RSU grants, on December 17, 2021, each of the applicable named executive officers was granted retention RSUs covering shares of our common stock, with the number of RSUs having an aggregate grant date value equal to the named executive officer’s 2021 target bonus amount. The number of retention RSUs granted to each applicable named executive officer was determined by dividing the named executive officer’s respective dollar amount by the average closing market price on the Nasdaq Global Market of our common stock over the 30 trading-day period ending five business days before the date of grant, resulting in 11,170 retention RSUs for Mr. Reilly, 12,607 retention RSUs for each of Drs. Menzaghi and Goncalves, and 11,495 retention RSUs for Mr. Terrillion. The retention RSUs granted to each applicable named executive officer vest as follows: (1) 50% of the retention RSUs vest on December 15, 2022; and (2) the remaining 50% of the retention RSUs vest on June 15, 2023, subject to the named executive officer’s continued service with us through each applicable vesting date. However, if the named executive officer’s employment is terminated by us without Cause or the named executive officer resigns for Good Reason (each such term as defined in the Severance Plan) on or before December 15, 2022, the retention RSUs will accelerate and vest in full, provided the named executive officer timely executes and delivers a general release to us.

Special NDA Bonuses

In November 2020, the Compensation Committee established a special bonus program for Drs. Menzaghi and Goncalves to recognize their significant responsibility with respect to the NDA for KORSUVA injection, and to reward them for the submission of the NDA by year-end and the FDA’s acceptance of the NDA for filing by the first half of 2021. Under this program, the Compensation Committee approved the payment of a special bonus of up to $180,618 to each of Drs. Menzaghi and Goncalves. This special bonus would be payable in two tranches upon the achievement of performance objectives as follows:

- One-half, or $90,309, in the event that the NDA for KORSUVA injection was submitted to the FDA before the end of 2020; and
- One-half, or $90,309, in the event that the NDA for KORSUVA injection was accepted for filing by the FDA during the first half of 2021.

The NDA was submitted in late December 2020, and accordingly, the first half of this special bonus became payable to Drs. Menzaghi and Goncalves at that time. These amounts are included for 2020 in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table.

The NDA was accepted for filing in the first quarter of 2021, and accordingly, the second half of this special bonus became payable to Drs. Menzaghi and Goncalves at that time. These amounts are included for 2021 in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table.

Other Benefits

Limited Perquisites and Other Personal Benefits

Our named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, group life, disability and accidental death and dismemberment insurance plans, in each case on the same basis as all of our other employees. We provide a 401(k) plan to our employees, including our named executive officers, as discussed in the section below entitled "401(k) Plan." We do not generally provide perquisites or personal benefits to our named executive officers. We do, however, pay the premiums for term life insurance and disability insurance for all of our employees, including our named executive officers. In addition, we provide our executive officers with reserved parking spaces at our corporate headquarters.

401(k) Plan

We maintain the Cara Therapeutics Savings and Retirement 401(k) Plan (the "401(k) Plan"), a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. All employees over the age of 21 are eligible to participate in the plan on the first day of the month after completing three consecutive months of service. Employees are able to defer a portion of their pay into the plan on the first day of the month after the day all age and service requirements have been met. All eligible employees receive an employer contribution equal to 3% of their salary up to the annual Internal Revenue Code limit. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participant's directions.

Contributions that we may make are subject to a vesting schedule; employees are immediately and fully vested in their contributions. The 401(k) Plan is intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, contributions to the 401(k) Plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) Plan and all contributions are deductible by us when made.

Clawbacks

As a public company, if we are required to restate our financial results due to our material noncompliance with any financial reporting requirements under the federal securities laws as a result of misconduct, the Chief Executive Officer and Chief Financial Officer may be legally required to reimburse our Company for any bonus or other incentive-based or equity-based compensation they receive in accordance with the provisions of section 304 of the Sarbanes-Oxley Act of 2002. Additionally, we intend to implement a Dodd-Frank Wall Street Reform and Consumer Protection Act-compliant clawback policy to the extent that the requirements of such clawbacks are finalized by the SEC.

Accounting and Tax Considerations

Accounting for Stock-Based Compensation. Under ASC 718, we are required to estimate and record an expense for each award of equity compensation over the vesting period of the award. We record share-based compensation expense on an ongoing basis according to ASC 718.

Section 162(m). Under Section 162(m) of the Internal Revenue Code ("Section 162(m)"), compensation paid to each of our "covered employees" that exceeds $1 million per taxable year is generally non-deductible. Although the Compensation Committee will continue to consider tax implications as one factor in determining executive compensation, the Compensation Committee also looks at other factors in making its decisions and retains the flexibility to provide compensation for our named executive officers in a manner consistent with the goals of our executive compensation program and the best interests of our stockholders, which may include providing for compensation that is not deductible due to the deduction limit under Section 162(m).

Policy Regarding Hedging and Pledging of Our Common Stock

Our executive officers and directors are also subject to our insider trading policy, which prohibits all employees and directors from purchasing financial instruments designed to hedge or offset any decrease in the market value of the Company's common stock or engage in any transaction that would have the effect of reducing or eliminating the economic risk of holding the Company's common stock and which prohibits all employees and directors from engaging in short-term or speculative transactions in the Company's securities, as well as pledging the Company securities, including as collateral for margin loans.

Risk Analysis of Our Compensation Policies and Practices

The Compensation Committee has reviewed the Company's compensation policies and practices, in consultation with Radford and outside Company counsel, to assess whether they encourage employees to take inappropriate risks. After reviewing and assessing the Company's compensation philosophy, terms and practices, including the mix of fixed and variable, short and long-term incentives and overall pay, incentive plan structures, and the checks and balances built into, and oversight of, each plan and practice, the Compensation Committee determined that any risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on our Company as a whole. The Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks; the mix of short-term compensation (in the form of salary and annual bonus, if any, which is based on a variety of performance factors), and long-term compensation (in the form of stock options or RSUs) prevents undue focus on short-term results and helps align the interests of the Company's executive officers with the interests of our stockholders. In addition, the Company's insider trading policy's prohibition against hedging and pledging in Company stock protects against short-term decision making.

Executive Compensation Tables 2021

Summary Compensation Table

The table below shows for the periods presented, compensation awarded to or paid to, or earned by, our named executive officers.

Name and Principal Position	Year	Salary	Bonus	Stock Awards[1]	Option Awards[2]	Non-Equity Incentive Plan Compensation[3]	All Other Compensation[4]	Total
Christopher Posner [5] *President and Chief Executive Officer*	2021	$116,167[10]	$268,000[6]	$2,583,896	$6,885,579	—	$47,734[7]	$ 9,901,376
Derek Chalmers, Ph.D., D.Sc. *Former President and Chief Executive Officer*	2021	570,062	—	1,665,680	7,950,174	—	10,869	10,196,785
	2020	576,800	86,520[8]	818,000	1,075,130	346,080	11,079	2,913,609
	2019	560,000	—	—	2,551,783	310,800	11,034	3,433,617
Thomas Reilly[5] *Chief Financial Officer*	2021	412,000	82,400[9]	139,067	—	164,800	11,736	810,003
	2020	100,000[10]	70,000[11]	—	1,417,868	—	590	1,588,458
Frédérique Menzaghi, Ph.D. *Chief Scientific Officer and Senior*	2021	465,000	93,000[9]	486,397	423,776	257,709	11,229	1,737,111
	2020	451,200	—	261,760	344,042	323,349	10,959	1,391,310
	2019	438,000	—	—	1,628,797	148,920	10,914	2,226,631
Joana Goncalves, M.D.[5] *Chief Medical Officer*	2021	465,000	93,000[9]	486,397	423,776	257,709	11,061	1,736,943
	2020	451,200	—	261,760	344,042	270,789	10,911	1,338,702
Scott Terrillion *General Counsel, Secretary and Chief Compliance Officer*	2021	424,000	84,800[9]	472,553	423,776	169,600	11,229	1,585,958
	2020	412,000	—	261,760	344,042	164,800	11,079	1,193,681
	2019	400,000	—	—	814,399	160,000	11,034	1,385,433

(1) Stock awards represent RSUs granted to the named executive officers. Each RSU represents the contingent right to receive one share of our common stock upon the satisfaction of the vesting conditions of the award, subject to the recipient's continuous service through the vesting events. For 2021 and 2020, the RSU grants consisted of a combination of time-based RSUs, which vest based on time of service, and performance-based RSUs, which vest upon the achievement of certain performance conditions. For 2019, RSUs consisted entirely of performance-based awards. In accordance with SEC rules, these amounts in footnote (1) reflect the grant date fair values of the RSUs granted, calculated in accordance with ASC 718 for stock-based compensation transactions. In the case of performance-based awards, this grant date fair value is based on the probable outcome of the vesting conditions of these RSUs, determined as of the grant date.

For 2021, as of the grant date, the performance vesting conditions for the RSUs granted to our named executive officers were considered not probable of occurring and, as a result, the grant date fair value of those RSUs, for purposes of this table, is $0. Accordingly, the amounts in this table represent the grant date fair values of time-based RSUs granted to the named executive officers. Assuming that all of the performance vesting conditions of the performance-based RSUs were met as of the grant date, the value of all RSUs granted during 2021 would have been $2,347,260 for Dr. Chalmers, $674,407 for Mr. Reilly, $1,021,737 for Dr. Menzaghi, $1,021,737 for Dr. Goncalves, and $1,007,893 for Mr. Terrillion.

For 2021, the amount reported for Dr. Chalmers includes an aggregate of $595,000 of incremental fair value, calculated in accordance with ASC 718, of RSUs previously granted to Dr. Chalmers, resulting from the amendment of the vesting provisions of such awards in connection with Dr. Chalmers's separation from the Company in November 2021.

For 2020, as of the grant date, the performance vesting conditions for the RSUs granted to our named executive officers were considered not probable of occurring and, as a result, the grant date fair value of those RSUs, for purposes of this table, is $0. Accordingly, the amounts in this table represent the grant date fair values of time-based RSUs granted to the named executive officers. Assuming that all of the performance vesting conditions of the performance-based RSUs were met as of the grant date, the value of all RSUs granted during 2020 would have been $1,799,600 for Dr. Chalmers, $687,120 for Dr. Menzaghi, $687,120 for Dr. Goncalves, and $687,120 for Mr. Terrillion.

For 2019, as of the grant date, the performance vesting conditions for the RSUs granted to our named executive officers were considered not probable of occurring and, as a result, the grant date fair value of those RSUs, for purposes of this table, is $0. Assuming that all of the performance vesting conditions of these RSUs were met as of the grant date, the value of these RSUs would have been $966,000 for Dr. Chalmers, $1,207,500 for Dr. Menzaghi, and $402,500 for Mr. Terrillion.

See *Note 14. Stock-Based Compensation* in the notes to our financial statements included in the Form 10-K for a further description of our valuation methodology for equity awards.

(2) Amounts reflect the grant date fair value of each option award granted, calculated in accordance with ASC 718. All of the options awards reported in the table above were granted under our 2014 Plan and have a term of ten years from the date of grant. The vesting conditions are specified in the 2021 Grants of Plan-Based Awards table below. Assumptions used in the calculation of the grant date fair values of these awards are set forth in *Note 14. Stock-Based Compensation* in the notes to our financial statements in the Form 10-K.

For 2021, the amount reported for Dr. Chalmers includes an aggregate of $6,586,145 of incremental fair value, calculated in accordance with ASC 718, of options previously granted to Dr. Chalmers, resulting from the amendment of the vesting provisions of such awards in connection with Dr. Chalmers's separation from the Company in November 2021.

(3) Amounts reflect annual performance-based cash bonus awards earned by each applicable executive officer based on the Board's assessment of each such officer's individual performance and our overall performance against objectives determined by the Board and communicated to such officer around the beginning of the fiscal year. For the fiscal years presented, the annual cash incentive bonuses were

based on our achievement of clinical, regulatory, financial and operational objectives. For Drs. Menzaghi and Goncalves, the amounts also include an $90,309 paid to each of them in 2020 upon the achievement of the first of two performance objectives and an additional $90,309 paid to each of them in 2021 upon the achievement of the second of the two performance objectives, under a special “NDA Bonus” program, as described in “Compensation Discussion and Analysis — Other Features of Our Executive Compensation Program — Special NDA Bonuses.” As previously disclosed, the 2021 amount for each of Drs. Menzaghi and Goncalves includes an amount of $90,309, paid in 2021 upon the achievement of the first performance objectives under the special NDA Bonus. Also as previously disclosed, the 2020 amount for Dr. Menzaghi also includes an additional $52,560 bonus payable as a result of our achievement during the first half of 2020 certain “stretch” goals from our 2019 executive bonus plan. Because the goal was met in 2020, this amount is reported in the summary compensation table for Dr. Menzaghi in 2020, despite the fact that it relates to the 2019 executive bonus plan, rather than the 2020 executive bonus plan.

(4) Amounts reflect for 2021: (a) for Dr. Chalmers, $1,500 for parking, $8,700 for 401(k) Plan safe harbor contribution, and $669 of life insurance premiums; (b) for Mr. Reilly, $1,800 for parking, $8,700 for 401(k) Plan contributions, and $609 of life insurance premiums; (c) for Dr. Menzaghi, $1,800 for parking, $8,700 for 401(k) Plan safe harbor contribution, and $729 of life insurance premiums, (d) for Dr. Goncalves, $1,800 for parking, $8,700 for 401(k) Plan safe harbor contribution, and $561 of life insurance premiums; and (e) for Mr. Terrillion, $1,800 for parking, $8,700 for 401(k) Plan safe harbor contribution, and $729 of life insurance premiums.

(5) 2019 compensation information is omitted for each of Dr. Goncalves and Messrs. Posner and Reilly, and 2020 compensation information is omitted for Mr. Posner, as these individuals were not named executive officers (as defined in Item 402 of Regulation S-K) for such years.

(6) Consists of a (1) $200,000 signing bonus, paid to Mr. Posner upon his appointment as our President and Chief Executive Officer and (2) a $68,000 guaranteed prorated bonus that was paid to Mr. Posner in 2021 under our executive employment agreement with Mr. Posner.

(7) For Mr. Posner, amount in 2021 also reflect $47,500 in director compensation for the portion of the year before Mr. Posner became our Chief Executive Officer and President.

(8) This amount represents a discretionary bonus in the amount of 25% of Dr. Chalmers’s target bonus for 2020 that was awarded in recognition of exceptional performance by Dr. Chalmers during 2020 that was not fully captured by Dr. Chalmers’s original performance objectives.

(9) Consists of the first installment of a cash retention bonus, which was subject to the named executive officer’s continuous employment through the payment date in 2021, as described in “Compensation Discussion and Analysis — Other Features of Our Executive Compensation Program — Retention Agreements with our Named Executive Officers.”

(10) The amount included for (a) Mr. Posner’s base salary reflects the prorated amount of compensation he received during the year ended December 31, 2021, calculated from the date he was appointed as President and Chief Executive Officer in November 2021; and (b) Mr. Reilly’s base salary reflects the prorated amount of compensation he received during the year ended December 31, 2020, calculated from the date he was appointed as Chief Financial Officer in October 2020.

(11) Consists of (a) a $30,000 signing bonus, which amount was subject to recoupment in the event that Mr. Reilly’s employment with the Company terminates before October 1, 2021; and (b) a $40,000 bonus for 2020, representing a prorated portion of Mr. Reilly’s target annual bonus for 2020.

2021 Grants of Plan-Based Awards

The following table provides information regarding grants of plan-based awards to our named executive officers during the fiscal year ended December 31, 2021:

		Estimated Future Payouts under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options(#)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards($)[3]
Name	**Grant Date**	**Threshold ($)**	**Target (#)**	**Maximum (#)**	**Threshold ($)**	**Target (#)**	**Maximum (#)**				
Christopher Posner	6/3/2021							7,200[4]			94,032
	6/3/2021								10,800[4]	13.06	100,654
	10/29/2021								566,000	16.83	6,784,925
	10/29/2021							5,941[5]			100,004
	10/29/2021							142,000[6]			2,389,860
Derek Chalmers, Ph.D.., D. Sc.	3/30/2021	—	356,400	—	17,333	52,000	62,000				0
	3/30/2021							52,000[7]			1,070,680
	3/30/2021								103,000	20.59	1,364,029
	11/1/2021							33,333			595,000[10]
	11/1/2021								1,224,007		6,586,145[11]
Thomas Reilly	3/30/2021	—	164,800	—	5,333	16,000	26,000				0
	12/17/2021							11,170[8]			139,067
Frédérique Menzaghi, Ph.D.	3/30/2021	—	186,000	—	6,400	16,000	26,000				0
	3/30/2021							16,000[9]			329,440
	3/30/2021								32,000	20.59	423,776
	12/17/2021							12,607[8]			156,957
Joana Goncalves, M.D.	3/30/2021	—	186,000	—	6,400	16,000	26,000				0
	3/30/2021							16,000[9]			329,440
	3/30/2021								32,000	20.59	423,776
	12/17/2021							12,607[8]			156,957
Scott Terrillion	3/30/2021	—	169,600	—	5,333	16,000	26,000				0
	3/30/2021							16,000[9]			329,440
	3/30/2021								32,000	20.59	423,776
	12/17/2021							11,495[8]			143,113

(1) These columns set forth, for the 2021 executive bonus program, the target cash bonus amounts for each named executive officer for the year ended December 31, 2021 (other than Mr. Posner, who was not eligible for a bonus under the 2021 executive bonus program and was instead eligible for a guaranteed annual bonus for 2021 under his executive employment agreement). There was no threshold or maximum bonus amount for the applicable named executive officers established under the 2021 executive bonus program. Target bonuses were set as a percentage of each applicable named executive officer's base salary earned for the year ended December 31, 2021. The dollar value of the actual bonus award earned for the year ended December 31, 2021 for each named executive officer is set forth in the

"Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table" As such, the amounts set forth in this column do not represent either additional or actual compensation earned by the named executive officers for the year ended December 31, 2021.

(2) Represents shares that may be earned pursuant to performance-based RSUs granted to certain of our named executive officers in 2021. Actual shares to vest will be based on achievement of pre-defined goals, described in "Compensation Discussion and Analysis — 2021 Executive Compensation Program — 2021 Performance-based Restricted Stock Unit Awards." Threshold payout amounts assume only the attainment of the goal with the lowest weighting (for Dr. Chalmers and Messrs. Terrillion and Reilly, 33%; for Drs. Menzaghi and Goncalves, 40%). Target payout amounts assume attainment of 100% of the target goals in the specified timeframes. Maximum payout assumes achievement of 100% for the target goals in the specified time period, as well as the achievement of the "stretch" goal.

(3) Amounts shown in this column do not reflect compensation actually received or amounts that may be realized in the future by the named executive officers. The amounts shown in this column reflect the aggregate grant date fair value for the stock options or RSUs granted to our named executive officers in 2021 as computed in accordance with ASC 718. In the case of performance-based RSUs, the grant date fair value of these awards is based upon the probable outcome of the vesting conditions of the award at the time of grant, which was $0. For a discussion of valuation assumptions, see *Note 14. Stock-Based Compensation* in the notes to our financial statements in the Form 10-K.

(4) Represents time-based RSUs and stock options granted to Mr. Posner pursuant to our non-employee director policy prior to his appointment as our President and Chief Executive Officer, which vest in full on the earlier of (i) June 3, 2022 and (ii) immediately prior to the Annual Meeting, subject to Mr. Posner's continuous service as of the vesting date.

(5) Represents time-based RSUs that vested in full on March 31, 2022.

(6) Represents time-based RSUs, of which 25% will vest on October 29, 2022 and the remainder will vest in 12 equal quarterly installments, subject to the named executive officer's continuous service as of each vesting date.

(7) Pursuant to the Separation Agreement Dr. Chalmers entered into with us, as described above, (a) all unvested time-based options and time-based RSUs that would have vested in the 12-month period following the end of June 30, 2022 (or such earlier date that Dr. Chalmers's service under the Separation Agreement is terminated by him or us) will automatically vest as of June 30, 2022 (or such earlier date that Dr. Chalmers's service under the Separation Agreement is terminated by him or us); and (b) the period in which to achieve the applicable performance milestones for the performance-based RSUs granted to Dr. Chalmers on March 30, 2021 was extended through March 31, 2022.

(8) Represents time-based RSUs, of which 50% will vest on December 15, 2022 and 50% will vest on June 15, 2023, subject to the named executive officer's continuous service as of each vesting date.

(9) Represents time-based RSUs vesting over three years, subject to the named executive officer's continuous service as of each vesting date.

(10) In connection with Dr. Chalmers separation from the Company in November 2021, we amended the vesting provisions of certain RSUs previously granted to Dr. Chalmers. The amendment of 33,333 RSUs resulted in incremental fair value of $595,000, calculated in accordance with ASC 718.

(11) In connection with Dr. Chalmers separation from the Company in November 2021, we amended the vesting provisions of certain options previously granted to Dr. Chalmers. The amendment of 1,224,007 options resulted in incremental fair value of $6,586,145, calculated in accordance with ASC 718.

Outstanding Equity Awards at 2021 Fiscal-Year End

The following table shows certain information regarding outstanding equity awards held by our named executive officers at December 31, 2021.

		Option Awards				Stock Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Option (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)[1]**	**Market Value of Shares of Units of Stock That Have Not Vested($)[2]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(#)[3]**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested($)[2]**
Christopher Posner	8/2/2018	35,000	—	17.94	8/2/2028	—	—	—	—
President and Chief Executive Officer	6/4/2019	9,000	—	20.47	6/4/2029	—	—	—	—
	6/4/2020	10,800	—	15.62	6/4/2030	—	—	—	—
	6/3/2021	—	10,800[4]	13.06	6/3/2031	7,200[5]	87,696	—	—
	10/29/2021	—	566,000[6]	16.83	10/29/2031	147,942[7]	1,801,934	—	—
Derek Chalmers, Ph.D., D.Sc.	1/30/2014	80,000	—	11.00	1/30/2024	—	—	—	—
Former President and Chief Executive Officer	6/15/2015	165,000	—	10.82	6/15/2025	—	—	—	—
	3/30/2016	191,000	—	6.00	3/30/2026	—	—	—	—
	3/8/2017	225,000	—	17.41	3/8/2027	—	—	—	—
	3/9/2018	175,781	11,719[8]	14.39	3/9/2028	—	—	—	—
	3/6/2019	161,562	73,438[8]	16.10	3/6/2029	—	—	—	—
	2/24/2020	45,833	54,167[8]	16.36	2/24/2030	—	—	—	—
	2/24/2020	—	—	—	—	33,333[8]	405,996	—	—
	3/30/2021	19,312	83,688[8]	20.59	3/30/2031	52,000[8]	633,360	—	—
	3/30/2021	—	—	—	—	—	—	44,666[8]	544,032
Thomas Reilly	10/01/2020	51,041	123,959[9]	12.74	10/1/2030	—	—	—	—
Chief Financial Officer	3/30/2021	—	—	—	—	—	—	20,666	251,712
	12/17/2021	—	—	—	—	11,170[10]	136,051	—	—
Frédérique Menzaghi, Ph.D.	1/30/2014	40,000	—	11.00	1/30/2024	—	—	—	—
Chief Scientific Officer and Senior Vice President, Research and Development	6/15/2015	60,000	—	10.82	6/15/2025	—	—	—	—
	3/30/2016	65,000	—	6.00	3/30/2026	—	—	—	—
	3/8/2017	75,000	—	17.41	3/8/2027	—	—	—	—
	3/9/2018	54,140	3,610[11]	14.39	3/9/2028	—	—	—	—
	3/6/2019	103,125	46,875[11]	16.10	3/6/2029	—	—	—	—
	2/24/2020	14,666	17,334[11]	16.36	2/24/2020	—	—	—	—
	2/24/2020	—	—	—	—	10,666[12]	129,912	—	—
	3/30/2021	6,000	26,000[11]	20.59	3/30/2031	16,000[12]	194,880	—	—
	3/30/2021	—	—	—	—	—	—	16,400	199,752
	12/17/2021	—	—	—	—	12,607[10]	153,553	—	—
Joana Goncalves, M.D.	10/22/2018	197,916	52,084[9]	19.27	10/22/2028	—	—	—	—
Chief Medical Officer	2/24/2020	14,666	17,334[11]	16.36	2/24/2030	—	—	—	—
	2/24/2020	—	—	—	—	10,666[12]	129,912	—	—
	3/30/2021	6,000	26,000[11]	20.59	3/30/2031	16,000[12]	194,880	19,600	238,728
	3/30/2021	—	—	—	—	—	—	—	—
	12/17/2021	—	—	—	—	12,607[10]	153,553	—	—

		Option Awards				Stock Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Option (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)[(1)]**	**Market Value of Shares of Units of Stock That Have Not Vested($)[(2)]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(#)[(3)]**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested($)[(2)]**
Scott M. Terrillion *General Counsel, Secretary and Chief Compliance Officer*	11/28/2016	135,000	—	9.22	11/28/2026	—	—	—	—
	3/9/2018	43,593	2,907[(11)]	14.39	3/9/2028	—	—	—	—
	3/6/2019	51,562	23,438[(11)]	16.10	3/6/2029	—	—	—	—
	2/24/2020	14,666	17,334[(11)]	16.36	2/24/2030	—	—	—	—
	2/24/2020	—	—	—	—	10,666[(12)]	129,912	—	—
	3/30/2021	6,000	26,000[(11)]	20.59	3/30/2031	16,000[(12)]	194,880	—	—
	3/30/2021	—	—	—	—	—	—	20,666	251,712
	12/17/2021	—	—	—	—	11,495[(10)]	140,009	—	—

(1) Awards in this column consist of time-based RSUs that were unvested as of December 31, 2021.

(2) Market value is calculated based on the closing price of our common stock on December 31, 2021, which was $12.18 per share, as reported on Nasdaq.

(3) Awards in this column consist of performance-based RSUs that were unvested as of December 31, 2021.

(4) Shares underlying these stock options vest in full on the earlier of (i) June 3, 2022 and (ii) immediately prior to the Annual Meeting, subject to the named executive officer’s continuous service as of such vesting date.

(5) These time-based RSUs vest in full on the earlier of (i) June 3, 2022 and (ii) immediately prior to the Annual Meeting, subject to the executive officer’s continuous service through such date.

(6) 25% of the shares underlying the option vest on the first anniversary of the date of grant, with the remainder vesting in 12 equal quarterly installments thereafter, subject to the named executive officer’s continuous service through each such date.

(7) 5,941 of these time-based RSUs vested on March 31, 2022 and of the 142,000 remaining RSUs, 25% will vest on October 29, 2022 and the remainder will vest in 12 equal quarterly installments, subject to the named executive officer’s continuous service as of each vesting date.

(8) Pursuant to the Separation Agreement Dr. Chalmers entered into with us, as described above, (a) all unvested time-based options and time-based RSUs that would have vested in the 12-month period following the end of June 30, 2022 (or such earlier date that Dr. Chalmers’s service under the Separation Agreement is terminated by him or us) will automatically vest as of June 30, 2022 (or such earlier date that Dr. Chalmers’s service under the Separation Agreement is terminated by him or us); and (b) the period in which to achieve the applicable performance milestones for the performance-based RSUs granted to Dr. Chalmers on March 30, 2021 was extended through March 31, 2022.

(9) Shares underlying these stock options vest over a four-year period as follows: 25% of the shares underlying the option vest on the first anniversary of the date of grant, with the remainder vesting in equal monthly installments over the 36 months thereafter, subject to the named executive officer’s continuous service through each such date.

(10) Represents time-based RSUs, of which 50% will vest on December 15, 2022 and 50% will vest on June 15, 2023, subject to the named executive officer’s continuous service as of each vesting date.

(11) Shares underlying these stock options vest monthly over a four-year period from the grant date, subject to the named executive officer's continuous service through each such date.

(12) These time-based RSUs vest in three equal annual installments on the first, second and third anniversary date of the grant, subject to the officer's continuous employment with the Company.

2021 Option Exercises and Stock Vested

The following table provides information regarding vesting of stock awards held by our named executive officers in 2021. Our named executive officers did not exercise any stock options during 2021.

	Stock Awards	
Name	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	($)
Christopher Posner	—	—
Derek Chalmers, Ph.D., D.Sc.	62,751	1,138,257
Thomas Reilly	5,334	79,370
Frédérique Menzaghi, Ph.D.	32,934	586,888
Joana Goncalves, M.D.	25,734	460,512
Scott M. Terrillion	26,668	484,030

Potential Payments Upon Termination or Change in Control

In December 2021, we entered into participation agreements with each of Messrs. Reilly and Terrillion and Drs. Menzaghi and Goncalves with respect to a new Severance Plan that our Board approved in October 2021 upon the recommendation of the Compensation Committee (the "Severance Plan").

The Severance Plan provides for certain severance benefits for each employee of our Company who (i) is the Chief Executive Officer or has been designated by the Board or Compensation Committee to participate in the Severance Plan, (ii) has executed our Company's standard confidentially and inventions assignment agreement, and (iii) has timely and properly executed and delivered a participation agreement to us (each, a "Covered Employee") in the event the Covered Employee's employment is terminated by us without Cause or the Covered Employee resigns for Good Reason (each such term as defined in the Severance Plan), so long as, in either case, such termination is not due to the Covered Employee's death or disability (any such termination, a "Covered Termination"). Mr. Reilly, Mr. Terrillion, Dr. Menzaghi and Dr. Goncalves are all Covered Employees under the Severance Plan. In the event of a Covered Termination outside of the Change in Control Period (as defined below), each such individual will be eligible to receive: (a) cash severance in an amount equal to the Covered Employee's base salary for nine months; (b) a prorated portion of the Covered Employee's target annual bonus (if any), for the year in which the Covered Termination occurs; and (c) payment of the applicable premiums for the Covered Employee and the Covered Employee's eligible dependents to continue coverage under COBRA following the date of the Covered Termination for up to nine months. If a Covered Termination occurs within the Change in Control Period, then each such individual will be eligible to receive the following enhanced severance benefits: (a) the base salary and COBRA severance described in clauses (a) and (c) above, except the amount of the base salary severance and duration of the COBRA severance will be calculated based on a 12-month period; (b) a cash amount equal to the Covered Employee's target annual bonus for the year of the Covered Termination; and (c) each of the Covered Employee's then-outstanding equity awards subject to time-based vesting will accelerate and vest as to all unvested shares subject to the equity award. The Covered Employee must timely execute, deliver to us and allow to become effective a general release of claims, to be eligible for any of the severance benefits described above. The Severance Plan contains certain covenants regarding confidential information and non-disparagement.

Mr. Posner does not currently participate in the Severance Plan and instead is eligible for severance benefits under his executive employment agreement. Under the terms of his agreement, upon execution and effectiveness of a general release of claims, Mr. Posner will be entitled to severance payments if we terminate his employment without Cause (as defined in the executive employment agreement), or if he resigns his employment with us for Good Reason (as defined in the executive employment agreement). If such termination occurs other than during the 12 month period following a Change in Control (as defined in the executive employment agreement), Mr. Posner will be eligible to receive the following enhanced severance benefits: (a) an amount equal to 12 months of continued base salary, payable on our regular payroll dates; (b) payment of applicable COBRA premiums for up to 12 months following termination; (c) a lump-sum payment equal to his target bonus, pro-rated for the portion of the year he was employed; and (d) 12 additional months of equity vesting. If such termination occurs during the 12 month period following a Change in Control, Mr. Posner will be eligible to receive the following enhanced severance benefits: (a) an amount equal to 18 months of continued base salary, payable on our regular payroll dates; (b) payment of applicable COBRA premiums for up to 18 months following termination; (c) a lump-sum payment equal to 1.5 times his target bonus; and (d) to the extent Mr. Posner's equity awards have been continued, assumed, or substituted by the surviving entity in the Change in Control, then the equity awards will accelerate and vest in full effective as of his termination or resignation.

The following table sets forth the estimated incremental payments and benefits that would be payable to Mr. Posner, Dr. Menzaghi, Dr. Goncalves, Mr. Terrillion, and Mr. Reilly upon termination of employment without Cause or for Good Reason, including in connection with a Change in Control (as these terms are defined in the Severance Plan, or in the case of Mr. Posner, in his executive employment agreement), assuming that the triggering event occurred on December 31, 2021. Due to the number of factors that affect the nature and amount of any potential payments or benefits, actual payments and benefits may differ from those presented in the table below.

Name	Benefit	Termination without Cause	Resignation for Good Reason	CIC Termination
Christopher Posner	Severance Payments	$ 680,000	$ 680,000	$1,020,000
	Payment of Employer Health Insurance Continuation	47,319	47,319	71,979
	Target Bonus	408,000	408,000	612,000
	Vesting Acceleration[(1)]	592,460	592,460	1,889,630
	Benefit Total	**$1,727,779**	**$1,727,779**	**$3,593,609**
Frédérique Menzaghi, Ph.D.	Severance Payments	$ 348,750	$ 348,750	$ 465,000
	Payment of Employer Health Insurance Continuation	1,648	1,648	2,198
	Target Bonus	186,000	186,000	186,000
	Vesting Acceleration[(1)]	—	—	478,345
	Benefit Total	**$ 536,398**	**$ 536,398**	**$1,131,543**
Joana Goncalves, M.D.	Severance Payments	$ 348,750	$ 348,750	$ 465,000
	Payment of Employer Health Insurance Continuation	31,932	31,932	42,575
	Target Bonus	186,000	186,000	186,000
	Vesting Acceleration[(1)]	—	—	478,345
	Benefit Total	**$ 566,682**	**$ 566,682**	**$1,171,920**
Thomas Reilly	Severance Payments	$ 309,000	$ 309,000	$ 412,000
	Payment of Employer Health Insurance Continuation	31,838	31,838	42,450
	Target Bonus	164,800	164,800	164,800
	Vesting Acceleration[(1)]	—	—	136,051
	Benefit Total	**$ 505,638**	**$ 505,638**	**$ 755,301**

Name	Benefit	Termination without Cause	Resignation for Good Reason	CIC Termination
Scott Terrillion	Severance Payments	$ 318,000	$ 318,000	$ 424,000
	Payment of Employer Health Insurance Continuation	32,054	32,054	42,739
	Target Bonus	169,600	169,600	169,600
	Vesting Acceleration(1)	—	—	464,801
	Benefit Total	**$ 519,654**	**$ 519,654**	**$1,101,140**

(1) The value of accelerated vesting for stock option awards is equal to the closing share price of our common stock of $12.18 per share on December 31, 2021, as reported on the Nasdaq, less the exercise price of the unvested stock options subject to acceleration. Stock options that have exercise prices at or above $12.18 per share are reflected as having $0 value for purposes of this table. For the RSUs, the value of accelerated vesting of unvested RSUs is based upon the closing price of our common stock on December 31, 2021, as reported on the Nasdaq, multiplied by the number of units.

Pay Ratio Disclosure

Under SEC rules, we are required to calculate and disclose the annual total compensation of our median employee, excluding our Chief Executive Officer, and the ratio of the annual total compensation of our median employee as compared to the annual total compensation of our Chief Executive Officer (“CEO Pay Ratio”). To identify our median employee, we used the following methodology:

- To determine our total population of employees, we included all full-time, part-time, and temporary employees as of December 31, 2021.
- To identify our median employee from our employee population, we calculated the aggregate amount of each employee’s 2021 base compensation, 2021 employee bonuses, and the value of equity awards granted in 2021.
- We calculated the value of 2021 equity awards as follows:
  - stock option awards were calculated in accordance with generally accepted accounting principles (i.e., ASC 718); and
  - RSU awards were calculated based on the grant date fair value of the awards determined in accordance with the U.S. generally accepted accounting principles (i.e., ASC 718)
- We annualized the base compensation of all permanent (full-time and part-time) employees who were employed by us for less than the entire calendar year.

Using this approach, we determined our median employee. Once the median employee was identified, we then calculated the annual total compensation of this employee for 2021 in accordance with the requirements of the Summary Compensation Table.

For 2021, the median of the annual total compensation of our employees (other than Mr. Posner) was $192,240 and the annual total compensation of Mr. Posner, as reported in the Summary Compensation Table included in this proxy statement, was $9,901,376. Based on this information, the ratio of Mr. Posner’s annual total compensation to the median of the annual total compensation of all employees was 52:1.

Indemnification Agreements with Executive Officers and Directors

Our amended and restated certificate of incorporation (the “Charter”) limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for any:

- breach of their duty of loyalty to the corporation or its stockholders;

- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- transaction from which the directors derived an improper personal benefit.

Our Charter does not eliminate a director’s duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. These limitations also do not affect a director’s responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Our Bylaws provide that we will indemnify our directors and executive officers, and may indemnify other officers, employees and other agents, to the fullest extent permitted by law. Our Bylaws also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding and also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in connection with their services to us, regardless of whether our Bylaws permit such indemnification. We have obtained a directors’ and officers’ liability insurance policy.

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our Bylaws. These agreements, among other things, require us to indemnify our directors and executive officers for certain expenses, including attorneys’ fees, judgments, fines and settlement amounts incurred by a director or executive officer in any action or proceeding arising out of their services as one of our directors or executive officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our Charter and Bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder’s investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes our equity compensation plan information as of December 31, 2021. Information is included for equity compensation plans approved by our stockholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)[2]	Number of securities remaining available for future issuance under equity compensation plans (excluding shares of common stock reflected in column (a))(c)
Equity compensation plans approved by security holders[1]	6,464,780	$15.50	70,157[3]
Equity compensation plans not approved by security holders[4]	47,500	$25.88	252,500
Total	6,512,280	$15.58	322,657

(1) Includes our 2014 Plan.

(2) The weighted average exercise price is calculated based solely on outstanding stock options, and does not take into account stock underlying RSUs, which have no exercise price.

(3) All of these shares are available for future issuance under the 2014 Plan. Further, pursuant to the terms of the 2014 Plan, the aggregate number of shares of common stock reserved for issuance under the 2014 Plan automatically increases on January 1 of each year, through and including January 1, 2024, by 3% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Board. Accordingly, on January 1, 2022, the number of shares of common stock available for issuance under our 2014 Plan increased by 1,604,424 shares. This increase is not reflected in the table above.

(4) Includes our 2019 Inducement Plan.

2019 Inducement Plan

The Board adopted the 2019 Inducement Plan (the "Inducement Plan") effective as of November 20, 2019. The Inducement Plan is a non-stockholder approved stock plan adopted pursuant to the "inducement exception" provided under Nadsaq Listing Rule 5635(c)(4) for the purpose of awarding (i) non-statutory stock options, (ii) restricted stock awards, (iii) restricted stock unit awards, and (iv) other stock awards to new employees as inducement material to such new employees entering into employment with us. The only persons eligible to receive grants of awards under the Inducement Plan are individuals who satisfy the standards for inducement grants in accordance with the Nasdaq listing rules, including individuals who were not previously an employee or director of Cara, or following a bona fide period of non-employment, as an inducement material to such persons entering into employment with Cara. An aggregate of 300,000 shares of our common stock were reserved for issuance under the Inducement Plan.

2014 Equity Incentive Plan

The Board and our stockholders approved and adopted our 2014 Plan in January 2014. The 2014 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards and other forms of equity compensation, or collectively, stock awards. Additionally, the 2014 Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other awards may be granted to employees, including officers, non-employee directors and consultants.

Initially, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under the 2014 Plan was 1,600,000 shares. Additionally, the number of shares of our common stock reserved for issuance under the 2014 Plan has automatically increased on January 1 of each year, beginning on January 1, 2015 and continuing through and including January 1, 2024, by 3% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by the Board. On January 1, 2022, the aggregate number of shares of common stock that may be issued pursuant to stock awards under our 2014 Plan automatically increased to 10,589,103. The maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2014 Plan is 30,000,000 shares.

PROPOSAL 3

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has selected Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2022 and has further directed that management submit the selection of its independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. In 2006, Ernst & Young LLP first audited the Company's financial statements, which included the financial statements for the period from May 2004 (inception) to December 31, 2004 and the year ended December 31, 2005. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither the Company's Bylaws nor other governing documents or law require stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm. However, the Audit Committee of the Board is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board will reconsider whether or not to retain Ernst & Young LLP. Even if the selection is ratified, the Audit Committee of the Board in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

Vote Required: The affirmative vote of the holders of a majority of the shares present at the meeting (by virtual attendance) or represented by proxy and entitled to vote on the matter at the annual meeting will be required to ratify the selection of Ernst & Young LLP. Abstentions will be counted towards the vote total, and will have the same effect as "Against" votes.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 3.

Independent Registered Public Accounting Firm's Fees

The following table represents aggregate fees billed to the Company for the fiscal years ended December 31, 2021 and 2020, by Ernst & Young LLP, the Company's principal accountant:

	Year ended December 31,	
	2021	2020
	(in thousands)	
Audit fees[(a)]	$732	$616
Tax fees[(b)]	15	—
Total	$747	$616

(a) Audit fees for the years ended December 31, 2021 and 2020 consist of the aggregate fees billed for professional services rendered for (i) the audit of our annual report on Form 10-K for that year; (ii) the review of our quarterly reports on Form 10-Q for each of the first three quarters of that year; and (iii) accounting consultations. Audit fees for the year ended December 31, 2021 also included fees for procedures performed in connection with the filing of our universal shelf registration statement and entering into an open market sales agreement to issue and sell additional common stock.

(b) Tax fees for the year ended December 31, 2021 pertained procedures performed for our Section 382 analysis conducted in the first quarter of 2021.

All fees described above for the years ended December 31, 2021 and 2020 were pre-approved by the Audit Committee.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by the Company's independent registered public accounting firm, Ernst &

Young LLP. The policy generally pre-approves specified services in the defined categories of audit services, audit- related services and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee's approval of the scope of the engagement of the independent auditor or on an individual, explicit, case-by-case basis before the independent auditor is engaged to provide each service. The pre- approval of services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

The Audit Committee has determined that the rendering of services other than audit services by Ernst & Young LLP is compatible with maintaining the principal accountant's independence.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the ownership of our common stock as of April 5, 2022 by: (1) each director; (2) each of our named executive officers; (3) all of our current executive officers and directors as a group; and (4) all those known by us to be beneficial owners of more than 5% of our common stock.

Name of beneficial owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% stockholders:		
Vifor (International) Ltd.[1]	7,396,770	13.8%
Blackrock, Inc.[2]	7,199,126	13.4
The Vanguard Group[3]	3,032,762	5.7
Directors and named executive officers:		
Christopher Posner[4]	93,193	*
Thomas Reilly[5]	82,057	*
Frédérique Menzaghi, Ph.D.[6]	567,508	1.1
Scott M. Terrillion[7]	325,558	*
Joana Goncalves, M.D.[8]	282,578	*
Martin Vogelbaum[9]	153,860	*
Harrison M. Bains, Jr.[10]	132,500	*
Jeffrey L. Ives, Ph.D.[11]	90,800	*
Susan Shiff, Ph.D.[12]	40,166	*
Derek Chalmers, Ph.D., D.Sc.[13]	2,060,905	3.8
All current executive officers and directors as a group (9 persons)[14]	1,768,220	3.2%

* Less than 1%.

This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13G filed with the SEC. Unless otherwise indicated in the footnotes to this table and subject to community property laws where applicable, we believe that each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned. Applicable percentages are based on 53,591,225 shares outstanding on April 5, 2022. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we have deemed outstanding shares of common stock subject to options held by that person that are exercisable within 60 days after April 5, 2022. We have not deemed these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o Cara Therapeutics, Inc., 4 Stamford Plaza, 107 Elm Street, Stamford, Connecticut 06902.

(1) Based solely on Schedule 13G/A filed by Vifor (International) Ltd., Vifor Fresenius Medical Care Renal Pharma Ltd., and Vifor Pharma Ltd. (collectively, the “Reporting Persons”) on October 21, 2021. Vifor (International) Ltd. and Vifor Pharma Ltd. have shared voting power and dispositive power as to all of the shares. Vifor Fresenius Medical Care Renal Pharma Ltd.’s beneficial ownership of the common stock referred to herein is being reported solely because Vifor Fresenius Medical Care Renal Pharma Ltd. may be deemed to beneficially own such shares as a result of its right to acquire such shares upon exercise of an option granted to it by Vifor (International) Ltd. Vifor Pharma Ltd.’s beneficial ownership of the common stock referred to herein is being reported solely because Vifor

Pharma Ltd. may be deemed to beneficially own such shares as a result of its indirect ownership of 100% of the equity interests of Vifor (International) Ltd. and 55% of the equity interests of Vifor Fresenius Medical Care Renal Pharma Ltd. The address of the Reporting Persons is Rechenstrasse 37 CH-9014, St. Gallen Switzerland.

(2) Based solely on Schedule 13G/A filed by BlackRock, Inc. on January 28, 2022. BlackRock, Inc. has sole voting power as to 7,090,304 of the shares and sole dispositive power as to 7,199,126 of the shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(3) Based solely on Schedule 13G filed on February 9, 2022 by The Vanguard Group. The Vanguard Group has shared voting power as to 37,232 of the shares, shared dispositive power as to 67,107 of the shares, and sole dispositive power as to 2,965,655 of the shares. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(4) Consists of 12,831 shares held directly by Mr. Posner, 7,200 RSUs that vest within 60 days of April 5, 2022 and 73,162 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(5) Consists of 6,641 shares held directly by Mr. Reilly and 75,416 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(6) Consists of 121,175 shares held directly by Dr. Menzaghi and 446,333 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(7) Consists of 54,850 shares held directly by Mr. Terrillion and 270,708 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(8) Consists of 26,287 shares held directly by Dr. Goncalves and 256,291 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(9) Consists of 5,760 shares held directly by Mr. Vogelbaum, 14,400 RSUs that vest within 60 days of April 5, 2022 and 133,700 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(10) Consists of 13,200 shares held directly by Mr. Bains, 7,200 RSUs that vest within 60 days of April 5, 2022 and 112,100 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(11) Consists of 7,200 shares held directly by Dr. Ives and 83,600 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(12) Consists of 7,200 shares held directly by Dr. Shiff and 32,966 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(13) Consists of 940,073 shares held directly by Dr. Chalmers and 1,120,832 shares of common stock underlying options that are vested and exercisable within 60 days of April 5, 2022.

(14) Consists of the shares listed in footnotes (4), (5), (6), (7), (8), (9), (10), (11) and (12).

TRANSACTIONS WITH RELATED PERSONS

Related Person Transactions Policy and Procedures

In 2014, we adopted a written Related Person Transactions Policy that sets forth our policies and procedures regarding the identification, review, consideration and approval or ratification of "related-persons transactions." For purposes of our policy only, a "related-person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any "related person" are participants involving an amount that exceeds $120,000. Transactions involving compensation for services provided to us as an employee, director, consultant or similar capacity by a related person are not covered by this policy. A related person is any of our executive officers, directors, or more than 5% stockholders, including any of their immediate family members, and any entity owned or controlled by such persons.

Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to the Audit Committee (or, where Audit Committee approval would be inappropriate, to another independent body of the Board) for consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether any alternative transactions were available. To identify related-person transactions in advance, we rely on information supplied by our executive officers, directors and certain significant stockholders. In considering related-person transactions, the Audit Committee takes into account the relevant available facts and circumstances including, but not limited to (a) the risks, costs and benefits to us, (a) the impact on a director's independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated, (c) the terms of the transaction, (d) the availability of other sources for comparable services or products and (e) the terms available to or from, as the case may be, unrelated third parties or to or from employees generally. In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval. The policy requires that, in determining whether to approve, ratify or reject a related-person transaction, the Audit Committee consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and our stockholders, as the Audit Committee determines in the good faith exercise of its discretion.

Certain Related Person Transactions

Except as set forth below and compensation arrangements described under "Executive Compensation" and "Director Compensation," there were no transactions during the fiscal year ended December 31, 2021 in which the Company has participated in which the amount exceeded or will exceed $120,000, and in which any of the Company's directors, executive officers or holders of more than 5% of its capital stock or any members of their immediate family had or will have a direct or indirect material interest.

Transactions With Vifor (International) Ltd.

License Agreement

On October 15, 2020, we entered into a license agreement (the "Vifor Agreement") with Vifor (International) Ltd. ("Vifor Pharma"), under which we granted Vifor Pharma an exclusive license solely in the United States to use, distribute, offer for sale, promote, sell and otherwise commercialize Cara's product candidate KORSUVA injection for all therapeutic uses relating to the inhibition, prevention or treatment of itch associated with pruritus in hemodialysis and peritoneal dialysis patients in the United States. Under the Vifor Agreement, Cara retains all rights with respect to the clinical development of, and activities to gain regulatory approvals of, KORSUVA injection in the United States.

Under the terms of the Vifor Agreement, Cara received from Vifor Pharma an upfront payment of $100 million in cash and a $50 million investment in Cara's common stock at a price of $17.0094 per share. By virtue of the purchase of such shares, Vifor Pharma became the beneficial owner of greater than 5% of our outstanding common stock and, therefore, a "related person," as described above. In connection with the Vifor Agreement, the parties entered into a securities purchase agreement (the "Purchase Agreement") dated October 15, 2020, governing the issuance of the common stock described herein.

After U.S. regulatory approval of KORSUVA injection in August 2021, we received an additional $50 million in October 2021 pursuant to the sale of 3,282,391 shares of our common stock at a price of $15.23 per share, which represents a 20% premium to the 30-day trailing average price of our common stock as of the date of regulatory approval. In addition, pursuant to the Vifor Agreement, Cara is eligible to receive payments of up to $240 million upon the achievement of certain sales-based milestones. As of April 5, 2022, Vifor owned 7,396,770, or 13.8%, of our common stock as a result of upfront payments received and subsequent milestones achieved in accordance with the Vifor Agreement.

The Vifor Agreement provides full commercialization rights in dialysis clinics to Vifor Pharma in the United States under a profit-sharing arrangement. Pursuant to the profit-sharing arrangement, Cara will generally be entitled to 60% of the net profits (as defined in the Vifor Agreement) from sales of KORSUVA injection in the United States (excluding sales to Fresenius Medical Center dialysis clinics, compensation for which is governed by a separate license agreement dated May 17, 2018 between Cara and Vifor Fresenius Medical Care Renal Pharma Ltd. (“VFMCRP”)) and Vifor Pharma is entitled to 40% of such net profits, subject to potential temporary adjustment in future years based on certain conditions. Under the Vifor Agreement, in consideration of Vifor Pharma’s conduct of the marketing, promotion, selling and distribution of KORSUVA injection in the United States, Cara will pay a marketing and distribution fee to Vifor Pharma based on the level of annual net sales. This fee will be deducted from product sales in calculating the net profits that are subject to the profit-sharing arrangement under the agreement. Vifor Pharma has simultaneously entered into an option agreement with VFMCRP pursuant to which the license may be transferred from Vifor Pharma to VFMCRP.

The Vifor Agreement shall continue in effect until its expiration upon the cessation of commercial sale of KORSUVA injection in the United States by Vifor Pharma and its affiliates and sublicensees, or until the earlier termination of the Vifor Agreement.

In addition, beginning October 15, 2023, the Vifor Agreement may be terminated by Vifor Pharma in its entirety, with such termination effective upon 12 months’ notice.

Securities Purchase Agreement

Pursuant to the Purchase Agreement, Vifor Pharma will not, and will not cause any direct or indirect affiliate to, during the period beginning on October 15, 2020 and ending at the close of business on October 15, 2022 (the “Restricted Period”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock of Cara or any securities convertible into or exercisable or exchangeable for common stock of Cara (including without limitation, common stock or such other securities which may be deemed to be beneficially owned by Vifor Pharma in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) owned by Vifor Pharma as of the date hereof or acquired prior to the end of the Restricted Period (collectively with the Common Stock, “Lock-Up Securities”), except any such sale, option or contract by and between Vifor Pharma and one of its affiliates (including Vifor Pharma Group Ltd. or VFMCRP), (2) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise, (3) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities, or (4) publicly disclose the intention to do any of the foregoing.

Under the Purchase Agreement, the parties also agreed that, in certain circumstances, upon the request of Vifor Pharma, the parties will enter into a registration rights agreement prior to the end of the Restricted Period that would provide Vifor Pharma (or its affiliate transferee) customary registration rights with respect to the shares of common stock issued pursuant to the Purchase Agreement following the expiration of the Restricted Period.

The descriptions of the Vifor Agreement and the Purchase Agreement contained herein do not purport to be complete and are qualified in their entirety by reference to the complete text of the Vifor Agreement and Purchase Agreement which were filed as exhibits to the Form 10-K.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for Notices of Internet Availability of Proxy Materials or other Annual Meeting materials with respect to two or more stockholders sharing the same address by delivering a single Notice of Internet Availability of Proxy Materials or other Annual Meeting materials addressed to those stockholders. This process, which is commonly referred to as “householding,” potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Cara stockholders will be “householding” the Company’s proxy materials. A single Notice of Internet Availability of Proxy Materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be “householding” communications to your address, “householding” will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in “householding” and would prefer to receive a separate Notice of Internet Availability of Proxy Materials, please notify your broker or Cara. Direct your written request to Cara Therapeutics, Inc., Scott Terrillion, Corporate Secretary, 4 Stamford Plaza, 107 Elm Street, 9th Floor, Stamford, CT 06902, or you may call (203) 406-3700. Stockholders who currently receive multiple copies of the Notices of Internet Availability of Proxy Materials at their addresses and would like to request “householding” of their communications should contact their brokers.

OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

SCOTT M. TERRILLION
Corporate Secretary

April 22, 2022

A copy of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, filed with the SEC on March 1, 2022, is available without charge upon written request to: Corporate Secretary, Cara Therapeutics, Inc., 4 Stamford Plaza, 107 Elm Street, 9th Floor, Stamford, CT 06902.

CARA THERAPEUTICS, INC.
4 STAMFORD PLAZA
107 ELM STREET, 9TH FLOOR
STAMFORD, CT 06902

SCAN TO
VIEW MATERIALS & VOTE

VOTE BY INTERNET
Before The Meeting - Go to **www.proxyvote.com or scan the QR Barcode above**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on June 1, 2022. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to **www.virtualshareholdermeeting.com/CARA2022**

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on June 1, 2022. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D79290-P72107 KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY

CARA THERAPEUTICS, INC.

The Board of Directors recommends you vote FOR ALL of the following nominees:

	For All	Withhold All	For All Except
1. Election of the Board of Directors' two nominees for director to serve until the 2025 Annual Meeting and until their successors are duly elected and qualified.	▢	▢	▢

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

Nominees:

01) Jeffrey L. Ives, Ph.D.
02) Christopher Posner

The Board of Directors recommends you vote FOR the following proposal:	**For**	**Against**	**Abstain**
2. Advisory vote to approve the compensation of our named executive officers.	▢	▢	▢

The Board of Directors recommends you vote FOR the following proposal:	**For**	**Against**	**Abstain**
3. Ratification of the appointment of Ernst & Young LLP as the registered public accounting firm for the fiscal year ending December 31, 2022.	▢	▢	▢

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

You may attend and vote during the Annual Meeting via the Internet. Have the information that is printed in the box marked with the arrow on your proxy card or Notice of Internet Availability of Proxy Materials available and follow the instructions.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com.

D79291-P72107

CARA THERAPEUTICS, INC.
Annual Meeting of Stockholders
June 2, 2022 12:00 PM EDT
This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Christopher Posner and Thomas Reilly, or either of them, as proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of CARA THERAPEUTICS, INC. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held live via webcast www.virtualshareholdermeeting.com/CARA2022 at 12:00 PM EDT on June 2, 2022, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side