

Remuneration Policy

Introduction

This proposed remuneration policy (the “Policy”) complies with the new law of 28 April 2020. This new law combines new rules that have been introduced in Belgian company law, implementing the EU Directive 2017/828 as regards the encouragement of long-term shareholder engagement.

Bone Therapeutics’ remuneration policy was prepared in accordance with the Belgian Corporate Governance Code 2020 and the article 3 of the Belgian Companies Code and Associations. It must be adopted at the General Meeting of Shareholders in June 2021 with retroactive effect to 1 January 2021.

Bone Therapeutics’ remuneration policy is aligned with the Company’s strategy and supports a strong and aligned performance culture. Our remuneration policy aims at attracting, motivating and retaining the best-qualified talent.

Remuneration of the Board of Directors Members

The remuneration of the Directors is determined by the shareholders’ meeting upon proposal of the Board of Directors on the basis of the recommendations made by the Nomination and Remuneration Committee (RemCo).

The Nomination and Remuneration Committee (or RemCo), set up by the Board, is responsible for outlining a remuneration policy for the executive and non-executive directors.

Directors Board members are remunerated based on a benchmarking exercise done on a regular basis by the RemCo with other peer companies to ensure that this remuneration is fair, reasonable and competitive and is sufficient to attract, retain and motivate the Directors of the Company. The Company strives to offer a competitive remuneration within the sector.

In this respect the RemCo and the Board shared the view that all board members independent and non-independent should be compensated equally with a fixed compensation.

The Policy is based on the following fixed components:

1. A fixed remuneration in consideration for their membership of the Board of Directors, consisting of a base fee. For the chairman and the chairs of the committees, the board proposed a supplementary compensation;
2. Warrants.

The remuneration of non-executive Directors does not contain any variable part and is not based on any performance conditions.

Without prejudice to the powers granted by law to the shareholders meeting, the Board of Directors may set and revise at regular intervals the rules and the level of compensation for its Directors.

Fixed remuneration

The Nomination and Remuneration Committee recommends the level of remuneration for Non-Executive Directors, subject to approval by the Board of Directors and, subsequently, by the shareholders' meeting. The Nomination and Remuneration Committee benchmarks Directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees. The remuneration package for the Non-Executive Directors was revised and approved by the shareholders' meeting of the Company held on 26 May 2016 and consists of:

- a fixed annual fee of €20,000 for the Non-Executive Directors and €40,000 for the Chairman;
- a supplemental fee with a fixed annual fee of €5,000 for members of the Audit Committee to be increased by €5,000 for the Chairman of the Committee;
- a supplemental fee with a fixed annual fee of €5,000 for members of the Nomination and Remuneration Committee, to be increased by €5,000 for the Chairman of the Committee.

The Board fees are paid in a quarterly basis.

All Directors will be entitled to a reimbursement of out-of-pocket expenses (such as, without limitation, travel, meals and lodging expenses) actually incurred as a result of participation in meetings of the Board of Directors.

Any changes to these fees will be submitted to the shareholders' meeting for approval. The Executive Directors will not receive any specific remuneration in consideration for their membership of the Board of Directors.

Warrants

The shareholders' meeting also decided on 12 June 2019 to approve the proposal of the Company's Nomination and Remuneration Committee to grant each year:

- 6,666 subscription rights to the Chairman of the Board of Directors;
- 1,000 subscription rights to each non-executive Director of the Company;
- 500 subscription rights to each committee or sub-committee Chairman;
- as well as 500 additional subscription rights to any Director in charge of a special mandate within the Board of Directors.

The shareholders' meeting confirms that the granting of subscription rights cannot be considered as variable remuneration. Any changes to these fees will be submitted to the shareholders' meeting for approval.

Remuneration of the Executive Committee

The remuneration of the Executive Committee is determined by the Board of Directors on recommendations made by the Nomination and Remuneration Committee, further to recommendations made by the Executive Directors (except where their own remuneration is concerned).

The RemCo designed the remuneration policy to align with the Company's strategy and to support its pay-for-performance culture, while aiming to be effective, transparent and simple.

The Company wants to offer a market competitive compensation to allow the recruitment, retention and motivation of expert and qualified professionals and considering the scope of their responsibilities.

The remuneration will be structured to allow linking an appropriate part of the remuneration to individual performance and the performance of the Company and to align the interest of the individual as much as possible with the interest of the Company and its shareholders.

The different elements of the compensation

The compensation provided to the Executive Committee are:

1. a base salary,
2. an annual cash incentive (Short term incentive – STI)
3. pension plan
4. fringe benefits and
5. a long-term equity-based program (LTI - warrants).

The structure of the remuneration policy aligns the focus of the Executive Committee with the interests of the Company's shareholders, the local communities and society at large. Compensation and awards are tied to and dependent on the delivery of the strategy in a responsible and sustainable way.

Market competitive pay

The competitiveness of the Executive Committee remuneration is benchmarked annually against a labor market peer group that reflects the Company's geographic operating areas and the markets most relevant in relation to the recruitment and retention of top management. As Bone Therapeutics is part of the NEXT Biotech index, the peer group consists of companies of that index having similarities with Bone Therapeutics (market cap, portfolio of products, clinical trials pipeline,...)

In anticipation of potential changes to the labor market peer group due to delisting, mergers or other extraordinary circumstances, the RemCo has the discretion to include substitute comparable companies if necessary.

The target Total Direct Compensation level is typically around the median, with base salary levels slightly below the median and long-term incentives at the higher end of the market to support the pay-for-performance culture and long-term focus.

Base salary

The level of the Executive Committee Members' base salary is derived from the benchmarking of Total Direct Compensation. Adjustment of the base salary is at the discretion of the RemCo.

Annual cash incentive plan:

The short-term incentive is focused on the key financial and operational metrics of a biotech organization: operating cash flow, clinical trial indicators, regulatory pathway, manufacturing development, strategic deals, ... The focus and goal are to succeed the clinical and commercial developments of our technologies and deliver innovative drugs to patients, while at the same manage capital and expenses prudently to secure strong and sustainable development of Bone Therapeutics.

The STI is an annual cash incentive plan that uses strategic key performance indicators: operating cash flow, underlying operating metrics related to clinical trials, regulatory pathway and market authorization development and business deal/partnership development (which represent 90%), and personal objectives (10%). The target payout as a percentage of base salary is between 20% and 50% depending on the role with the Executive Committee.

In accordance with Article 7:90 of the Belgian Companies Code and Associations, the criteria for granting variable remuneration to leaders must be included in the contractual or other provisions governing the relevant legal relationship. The variable remuneration can only be paid out if the milestones for the reference period have been met. If the aforementioned obligations are not complied with, the variable remuneration may not be taken into account for calculating the severance pay.

Pension plan

Each member of the Executive Committee working as an employee is entitled to participate in pension plans with defined contributions.

For Executive Committee members residing in Belgium, the defined contribution pensions are paid into a Group Insurance Plan which also includes disability, life and death insurance.

The Executive Committee members residing in the United States participate in an employer-sponsored defined contribution pension plan as defined in subsection 401(k) of the Internal Revenue Code, disability insurance and life insurance.

The Executive Committee members working under service or consulting contracts are not entitled to participate in a group insurance plan, an employer-sponsored defined contribution pension account as defined in subsection 401(k) of the Internal Revenue Code, or a health insurance plan.

Fringe benefits

Each member of the Executive Committee is entitled to several fringe benefits which may include:

1. A company car allowance;
2. A phone allowance;

Long-term equity-based program (warrants):

The long-term incentive is measured against (i) the internal measure on use of cash, (ii) the external measure of the Company's share performance relative to that of its peers and (iii) the Company's

contribution to society through sustainability objectives. Performance for the long-term incentives is measured over a revolving three-year period.

The members of the Executive Committee can be granted Stock Options or other instruments that allow the holder to acquire shares through schemes.

The Company has put in place the following warrant schemes (which are called inschrijvingsrechten/droits de souscription under the BCCA) of which the details (i.e., conditions for the granting, term, vesting period, exercise) are set out in the below table. The conditions for the granting of these warrants and the vesting period help to align the interests of the Executive Committee members with the long-term interests of the Company, its shareholders and other stakeholders.

ESOP Scheme 2020	
Conditions for Granting	Employees, directors or consultants of Bone Therapeutics and/or its subsidiaries
Term	7 years
Vesting Period	The Warrants will become <i>vested to</i> the Grantee upon acceptance by the Grantee (without any further conditions), i.e. upon receipt by the Company of the duly completed acceptance form within the time limit.
Exercise	The Warrants shall not become exercisable before the first day of the fourth calendar year following the Offer and after the last day of the seventh year following the date of issuance.

Article 7:91, first paragraph of the BCCA states that a director—within three years from the date of the grant—may not definitively acquire shares by way of remuneration or exercise share options or any other right to acquire shares. The company’s articles of association may deviate from this rule. Article 3 of the Articles of Association of Bone Therapeutics explicitly allows the Board to deviate from this rule when proposing the variable remuneration scheme.

The Executive Committee members must retain the warrants for a period of at least three years from the grant date.

Additional arrangements

In addition to the remuneration of the Executive Committee members, a number of additional arrangements apply. These include expense allowances, use of company cars and, if applicable, expatriate allowances, which apply to other senior associates and are in line with market practice.

The Company currently does not foresee in a specific pension plan neither for the CEO nor for the other members of the Executive Committee.

The Company’s articles of association explicitly allow to deviate from what has been defined under Article 7:91 of the Belgian Companies Code and Associations (by decision of the General meeting

date: 5 February 2015). Article 7:91 stipulates that: “Unless otherwise provided for in the articles of association or expressly approved by the general meeting, at least one quarter of the variable remuneration of an Executive Director in a listed company must be based on predetermined and objectively measurable performance criteria over a period of at least two years, and another quarter must be based on predetermined and objectively measurable criteria over a period of at least three years.

In accordance with Article 7:149 of the Belgian Companies Code and Associations, which applies to agreements with leaders entered into or extended after 3 May 2010, any such agreement which includes a provision providing for a severance package exceeding 12 months’ remuneration, or, on motivated advice of the Nomination and Remuneration Committee, exceeding 18 months, must be submitted for prior approval to the next annual shareholders’ meeting. Any proposal to grant a higher severance package must be communicated to the works council (or to other designated bodies or persons representing the employees, if this council does not exist; i.e., the employee representatives in the committee for the prevention and protection in the workplace or, in the absence of this committee, to the trade union delegation) at least thirty days prior to the publication of the convening notice of the next annual general shareholders meeting, which may then give its advice to the annual general shareholders meeting, at the latest on the day of publication of the convening notice of the annual general shareholders’ meeting. This advice is published on the website of the Company.