

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.

The remuneration policy of Bone Therapeutics (the “**Company**”) was prepared in accordance with the Belgian Corporate Governance Code 2020 and Article 3 of the Belgian Code on Companies and Associations. It must be adopted at the general meeting of shareholders to be held on 5 October 2022.

The Company's 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 RemCo, set up by the Board, is responsible for outlining a remuneration policy for the executive and Non-Executive 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.

The remuneration policy is based on the following fixed components:

- a fixed remuneration in consideration for their membership of the Board of Directors, consisting of a base fee. For the chairs of the Committees, the Board proposes a supplementary compensation;
- subscription rights (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 RemCo recommends the level of remuneration for Non-Executive Directors, subject to approval by the Board of Directors of Bone Therapeutics and, subsequently, by the shareholders' meeting.

The RemCo 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 Directors will be revised and approved by the shareholders' meeting of the Company to be held on 5 October 2022 and will consist of:

- a fixed annual fee for the Non-Executive Directors of EUR 20,000 ;
- an annual remuneration of a higher amount for the Executive Directors; as of 5 October 2022, the sole executive directors should be Mr François Rieger and Ms Véronique Pomi-Schneiter; subject to the deliberation of the Board of Directors of Bone Therapeutics, it will be proposed to grant an annual remuneration of EUR 40,000 for Mr François Rieger and EUR 30,000 for Ms Véronique Pomi-Schneiter; and
- an additional annual remuneration for membership of each Board Committee of EUR 5,000 for Committee members and EUR 10,000 for the Chairman of each Committee.

The Directors' 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 be remunerated as follows:

The management agreements entered into between Medsenic and Mr François Rieger and Ms Véronique Pomi-Schneiter respectively currently provide the following, namely:

- a gross fixed annual remuneration paid by Medsenic of EUR 115,000 for Mr François Rieger; and
- a gross fixed annual remuneration paid by Medsenic of EUR 125,000 for Ms Véronique Pomi-Schneiter.

Warrants

The shareholders' meeting will decide on 5 October 2022 to approve the proposal of the Company's RemCo to grant each year:

- 20,000 subscription rights to each Executive Director of the Company;
- 20,000 subscription rights to each Non-Executive Director of the Company;
- 5,000 subscription rights to each Committee or sub-Committee Chairman;
- as well as 5,000 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 members of the Executive Committee is determined by the Board of Directors upon recommendations made by the RemCo, 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 harmonise as far as possible the interest of the individual with the interest of the Company and its shareholders.

The different elements of the compensation

The compensation provided to the members of the Executive Committee are:

- a base salary;
- an annual cash incentive (Short term incentive – STI);
- a pension plan;
- social benefits; and
- 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 in general. Compensation and awards are tied to and dependent on the delivery of the strategy in an efficient, 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 labour market peer group due to delisting, mergers or other extraordinary circumstances, the RemCo has the discretion to exclude comparable substitute companies or to include comparable substitute 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 the total direct compensation. Adjustment of the base salary is at the discretion of the RemCo.

Annual cash incentive plan (STI):

The annual short-term incentive (bonus) 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 the 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 Code on Companies and Associations, the criteria for granting variable remuneration to managers 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 achieved. If the aforementioned obligations are not complied with, the variable remuneration may only be taken into account for calculating the severance pay on the basis of a reasoned decision of the Board of Directors.

Pension plan:

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

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

For the members of the Executive Committee who are employees residing in Switzerland (CEO and CIRO or other) the defined contribution pensions are paid into a group insurance plan which also includes health, life and death insurance.

The members of the Executive Committee 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, a disability insurance and a life insurance.

The members of the Executive Committee who are employee and residing in other countries will be aligned as far as possible with the rules adopted for Switzerland.

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

Social benefits:

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

- an allowance for transport costs / company car;
- a phone allowance;
- restaurant vouchers.

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 Belgian Code on Companies and Associations) of which the details (i.e., conditions for granting, term, vesting period, exercise) are set out in the below table. The conditions for 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, managers, directors or consultants of Bone Therapeutics and/or its subsidiaries
Term	7 years
Vesting Period	The warrants will become <i>vested</i> to the Beneficiary upon acceptance by the Beneficiary (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 Belgian Code on Companies and Associations 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 the Company explicitly allows the Board of Directors 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 members of the Executive Committee, a number of additional arrangements apply. These include expense allowances, use of company cars and, if applicable, expatriate allowances, which 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 Code on Companies and Associations (by decision of the shareholders' meeting of 5 February 2015). Article 7:91 stipulates that: *"Unless otherwise provided for in the articles of association or expressly approved by the shareholders' 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 Code on Companies and Associations, which applies to agreements with managers 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 30 days prior to the publication of the convening notice of the next ordinary shareholders meeting, which may then give its advice to the ordinary general shareholders meeting, at the latest on the day of publication of the convening notice of the ordinary shareholders' meeting. This advice is published on the website of the Company.

Remuneration of employees and managers of the Company

Upon proposal of the RemCo, the Board of Directors may decide to offer subscription rights to all employees and managers of the Company under the ESOP Scheme 2020 or future plans approved by the General Meeting of the Company.