

**CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF AXOGEN INC.**

**A. Name**

There shall be a committee of the Board of Directors (the “Board”) of AxoGen Inc., (the “Company”) called the Compensation Committee (the “Committee”).

**B. Purpose of Committee**

The purpose of the Committee is to:

- (i) oversee the administration of the Company’s compensation programs;
- (ii) review and approve the compensation of Directors and executive officers;
- (iii) prepare an annual report on executive compensation for inclusion in the Company’s proxy statement as required by the rules and regulations of the Securities and Exchange Commission (“SEC”); and
- (iv) perform such other duties as assigned to it from time to time by the Board.

**C. Committee Membership**

The Committee members shall be appointed by the Board, on the recommendation of the Corporate Governance and Nominating Committee, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine, and the Board shall have the right to make changes to membership composition at any time with or without cause. The Committee shall be composed of at least two members, except as otherwise necessary to comply with the applicable provisions of the Sarbanes-Oxley Act of 2002, rules and regulations of SEC and the Nasdaq Capital Market listing rules. Each Committee member shall meet the independence requirements established by the Board, and other applicable trading exchange or quotation system and any other regulations applicable to the Committee from time to time, be an independent “non-employee Director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, qualify as an “outside Director” within the meaning of Section 162(m) of the Internal Revenue Code and be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The Board shall make determinations as to whether a particular Director satisfies the requirements for membership on the Committee.

**D. Committee Structure and Operations**

The Board shall designate one member of the Committee as its chairperson (the “Chair”). The Committee shall meet at least one time each year, with further meetings to occur when deemed necessary or desirable by the Committee or its Chair. The Committee may meet in person or by telephone or videoconference and may take action by written consent. The Committee may invite such members of management, legal counsel, its external audit firm or consultants to the Company to its meetings as it may deem desirable or appropriate, consistent with the

maintenance of the confidentiality of the issues under discussion. A simple majority of members in attendance in person or by teleconference will constitute a quorum for each meeting.

## **E. Committee Duties and Responsibilities**

The Committee shall:

1. Review and reassess the adequacy of this Charter at least annually, and more frequently as conditions dictate, and propose to the Board any amendments to the Charter as the Committee deems necessary or appropriate.
2. Periodically review the Company's compensation philosophy and the design of its compensation programs to ensure competitiveness, attract and retain talented management and Directors, and align motivation and interests of key leadership with long-term interests of the shareholders.
3. Establish, administer, oversee, approve amendments to and manage costs of the Company's incentive compensation plans, deferred compensation plans and retirement plans (together, the "Plans").
4. Administer, oversee, approve amendments to and manage costs of the Company's stock-based compensation plans (the "Stock Plans") and recommend to the Board the adoption of new Stock Plans as the Committee determines.
5. Recommend to the Board, a compensation and benefits package, including awards under the Stock Plans, if applicable, that will attract and retain qualified Directors. In discharging this duty, the Committee shall be guided by four goals:
  - a. compensation should align Directors' interests with the long-term interests of shareholders;
  - b. compensation should fairly pay Directors for the work required
  - c. compensation should be in line with the size and scope of the Company; and
  - d. the structure of compensation should be simple, transparent and easy for shareholders to understand.
6. At least annually, establish and review the CEO's management objectives, conduct the CEO's performance evaluation and communicate outcomes to the Board.
7. Review and approve payouts to participants as proposed by the CEO under the Plans and Stock Plans.
8. Review and approve, for the CEO and the other executive officers and senior managers of the Company, when and if appropriate, employment agreements, severance agreements, change in control provisions/agreements and any severance or similar termination payments proposed to be made to any current or former executive officer of the Company.

9. In consultation with senior management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Code.
10. Prepare the annual report on executive compensation required to be included in the Company's annual proxy statement.
11. Conduct an annual performance evaluation of the Committee.
12. To review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.
13. To review and recommend to the Board for approval the frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.
14. To develop and recommend to the Board for approval a CEO succession plan (the "Succession Plan"), to review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for CEO and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.
15. Perform such other duties or responsibilities, consistent with this Charter and governing laws, as may be delegated to the Committee from time to time by the Board.

## **F. Reports and Records**

The Committee Chair shall, as needed:

1. Prepare and provide a meeting agenda and applicable materials for review at Committee meetings.
2. Report to the Board with respect to the activities of the Committee; apprise the Board, through minutes, special presentations or otherwise as necessary, of any significant developments relating to the responsibilities of the Committee; and make such recommendations with respect to any of the above matters as the Committee deems necessary or appropriate.

## **G. Resources and Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain and terminate outside legal counsel, compensation consultants and other advisors or consultants and specify the duties and responsibilities they are to perform, upon unanimous vote by the members of the Committee. All related fees and costs of such advisors shall be paid promptly by the Company upon the Chair's approval in accordance with the Company's normal business practices.

Prior to the selection of or receipt of any advice from any such compensation consultant, legal counsel, or other adviser, other than in-house counsel, the Committee must first consider the following factors:

- The provision of other services to the Company by the advisor's employer;
- The amount of fees received from the Company by the advisor's employer, as a percentage of the total revenue of the employer;
- The policies and procedures of the advisor's employer that are designed to prevent conflicts of interest;
- Any business or personal relationship of the advisor with a member of the compensation committee;
- Any stock of the Company owned by the advisor; and
- Any business or personal relationship of the advisor or the advisor's employer with an executive officer of the listed company.

The compensation consultant(s), outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the Company's in-house counsel) shall be independent as determined in the discretion of the Committee after considering the factors specified above and any additional factors that may be required by the SEC and the Nasdaq Capital Market. The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

In addition, the Committee shall not be required to implement or act consistently with the advice or recommendations of any compensation consultant, legal counsel, or other adviser, but rather is expected to exercise its own independent judgment in fulfillment of its duties and responsibilities under this Charter, including whether to retain or obtain advice from any such adviser, including ones who are not independent, after considering the foregoing independence factors.

The Committee shall also periodically discuss such compensation philosophy with the Company's Audit Committee to review any risks associated with such compensation structure.

## **H. Amendment**

The Board shall have the authority to amend or modify any provision of this Charter at any time; provided, however, that the Board may make no such amendment or modification that is inconsistent with the provisions of the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC and The Nasdaq Capital Market listing rules.