

## **BELLUS HEALTH INC.**

### **COMPENSATION COMMITTEE CHARTER**

#### **1. ESTABLISHMENT OF COMMITTEE**

1.1 Establishment of Compensation Committee Confirmed – The establishment of the compensation committee of the Board (as defined herein) of the Corporation (as defined herein) is hereby confirmed with the purpose, constitution and responsibilities set forth herein.

1.2 Certain Definitions - In this Charter:

- (a) “Board” means the board of directors of the Corporation;
- (b) “Canadian Guidelines” means the corporate governance guidelines adopted by the Canadian securities regulatory authorities;
- (c) “CEO” means the Chief Executive Officer of the Corporation;
- (d) “Chair” means the chairperson of the Committee;
- (e) “Charter” means this written charter of the Committee and any such charter for the Committee which the Board resolves from time to time shall be the charter of the Committee;
- (f) “Committee” means the compensation committee of the Board;
- (g) “Corporation” means BELLUS Health Inc.; and
- (h) “Director” means a member of the Board.

#### **2. PURPOSE**

2.1 The Committee’s purpose is to assist the Board in discharging its oversight responsibilities relating to human resources management and executive compensation by:

- (a) reviewing and recommending to the Board compensation for Directors;
- (b) reviewing and making recommendations to the Board with respect to the compensation of the CEO;
- (c) reviewing and making recommendations to the Board with respect to non-CEO executive compensation;
- (d) reviewing executive compensation disclosure in public documents, including the Committee’s annual report on executive compensation for inclusion in the Corporation’s annual management proxy circular, in accordance with applicable

rules and regulations including the applicable rules of any exchange on which the securities of the Corporation are or may be listed;;

- (e) reviewing and assessing the management of succession and development plans for senior management and people and knowledge strategies;
- (f) assisting Board oversight of the Corporation's compliance with employment-related legal and regulatory requirements; and
- (g) performing any other activities consistent with this Charter.

### 3. COMMITTEE MEMBERSHIP

3.1 Number of Members - The Committee shall consist of not fewer than three members, each of whom shall be a Director.

3.2 Independence of Members - To the extent required by all applicable legal and stock exchange listing requirements, each member of the Committee shall be independent as defined under each of the Canadian Guidelines, the guidelines of any relevant securities regulatory authorities, and all other applicable law, including securities legislation, and the applicable rules of any exchange on which the securities of the Corporation are or may be listed.

3.3 Appointment of Members – The members of the Committee shall be appointed by the Board.

3.4 Removal of Members - Any member of the Committee may be removed from the Committee by a resolution of the Board.

### 4. COMMITTEE CHAIR

4.1 Board to Appoint Chair - The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

### 5. COMMITTEE MEETINGS

5.1 Quorum - A quorum of the Committee shall be a majority of its members.

5.2 Secretary - The secretary of the Committee shall be designated from time to time in accordance with the by-laws of the Corporation.

5.3 Time and Place of Meetings - The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet regularly during the year.

5.4 Right to Vote – Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.5 Invitees – The Committee may invite Directors, officers and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

## 6. **OUTSIDE ADVISORS**

6.1 Retaining and Compensating Advisors - The Committee shall have the authority to retain and oversee outside counsel and any other advisors as the Committee may deem appropriate in its discretion. The Committee shall have the authority to set and pay the compensation and to approve related fees and terms of engagement for any such advisors, without having to obtain the approval of the Board. Individual members of the Committee shall not be authorized to retain outside counsel or any other advisors at the expense of the Corporation without the prior consent of the Committee. The Committee shall consider all available guidance, including the guidance of any exchange on which the securities of the Corporation may be listed, in choosing to retain and retaining such outside advisors

## 7. **REMUNERATION OF COMMITTEE MEMBERS**

7.1 Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

## 8. **DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

8.1 Human Resources – The Committee shall:

- (a) perform an annual review of the human resources strategic plan and the contribution of the human resources function towards the achievement of corporate goals;
- (b) review and make recommendations to the Board concerning the form and effectiveness of performance management systems;
- (c) review proposed personnel changes involving officers reporting to the CEO;
- (d) review on a periodic or needs basis, the organization structure;
- (e) implement and review the results of Corporation-wide morale or attitude surveys;
- (f) perform a periodic review of the form and effectiveness of performance management systems; and
- (g) make recommendations to the Board with respect to the Corporation's incentive compensation plans and equity-based plans.

8.2 Executive Compensation – The Committee shall on an annual basis, and more often if it deems appropriate:

- (a) review the adequacy and form of the compensation of senior management and ensure that the compensation realistically reflects the responsibilities and risks of such positions; and
- (b) in particular, review and recommend for approval by the Board the level and all aspects of the compensation of the non-CEO executive officers, including incentive-compensation plans, equity-based plans, perquisites, employee benefits and pensions, which assessment shall be based on, among other things, a review of the Corporation's performance and relative shareholder return, the value of similar incentive awards to such executive officers at comparable companies and the awards given to the Corporation's executive officers in past years.

8.3 Director Compensation – The Committee shall on an annual basis, and more often if it deems appropriate:

- (a) review the adequacy and form of the compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks of such positions; and
- (b) in particular, review and recommend to the Board for approval the remuneration of the directors, considering the time commitment, comparative fees and responsibilities of the office.

8.4 Board's Relationship with the CEO – The Committee shall:

- (a) review and approve corporate goals and objectives relevant to CEO compensation;
- (b) evaluate the CEO's performance in light of those corporate goals and objectives;
- (c) make recommendations to the Board with respect to the CEO's compensation level (considering all elements of the compensation package) based on this evaluation; however, under no circumstances will the CEO be present during voting or deliberations on his or her compensation involving the Committee or the Board; and
- (d) make recommendations to the Board with respect to potential successors to the CEO.

8.5 Pension Plans – If the Corporation establishes any pension plan(s), the Committee shall be responsible for reviewing and assessing:

- (a) the investment performance of the pension funds' assets generally with particular concern for funding issues and the matching of assets and obligations;
- (b) the investment policy guidelines of the fund managers; and

- (c) the firms to be employed by the Corporation as the trustee, actuary and investment managers.

8.6 Succession Planning – The Committee shall:

- (a) perform an annual update of succession plans; and
- (b) review and make recommendations to the Board concerning the management succession processes.

8.7 Executive Compensation Disclosure – The Committee shall review and recommend to the Board for approval, any public disclosure of information relating to the Corporation’s executive compensation, including the disclosure to be included in the Corporation’s management proxy circular.

8.8 Report of the Compensation Committee – The Committee shall prepare and recommend to the Board for approval, the report of the Committee to be included in the Corporation’s annual management proxy circular.

9. **SUBCOMMITTEES**

9.1 The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

10. **REPORTING TO THE BOARD**

10.1 Regular Reporting - The Committee shall report to the Board following each meeting of the Committee and at such other times as the Chair may determine to be appropriate.

11. **PERFORMANCE EVALUATION**

11.1 The Committee shall follow the process established by the Nominating and Corporate Governance Committee of the Board for assessing the performance and effectiveness of the Committee.

12. **CHARTER REVIEW**

12.1 The Committee shall review and assess the adequacy of this Charter on a regular basis and recommend to the Board any changes it deems appropriate.

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*This charter is intended as a component of the flexible governance framework within which the board, assisted by its committees, directs the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's articles and by-laws, it is not intended to establish any legally*

*binding obligations. The Directors have the right to derogate from the provisions of this charter where the circumstances warrant it, to the extent permitted by applicable laws, regulations and listing requirements and the Corporation's articles and by-laws.*