



CARLSMED, INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose

The compensation committee (the “Committee”) of the Board of Directors (the “Board”) of Carlsmed, Inc., a Delaware corporation (the “Company”), is appointed by the Board for the purpose of assisting the Board with compensation and other organization and people matters, including:

- overseeing the Company’s compensation and employee benefit plans and practices, including its executive and director compensation plans, and its incentive-compensation and equity-based plans;
- to the extent the Company is required to include a “Compensation Discussion and Analysis” (the “CD&A”) in the Company’s Annual Report on Form 10-K or proxy statement, reviewing and discussing with management the CD&A;
- preparing the Committee report as required by the rules of the Securities and Exchange Commission (the “SEC”), which together with the CD&A may be included in the Company’s Annual Report on Form 10-K or proxy statement in accordance with applicable rules and regulations; and
- performing such further functions as may be consistent with this charter (the “Charter”) or assigned by applicable law, the Company’s certificate of incorporation or bylaws or the Board.

This Charter sets forth the authority and responsibility of the Committee in fulfilling its purpose. The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe. All powers of the Committee are subject to the restrictions designated in the Company’s bylaws and by applicable law.

II. Committee Membership

Committee members (each, a “Member” and collectively, the “Members”) shall be appointed by the Board in accordance with the Company’s bylaws and shall serve at the discretion of the Board. Members may be removed at any time by the Board. The Committee shall consist of at least two (2) members of the Board, each of which shall meet all applicable standards of independence under applicable laws, regulations and rules, which determination of independence will be made by the Board.

The following membership requirements shall also apply:

1. each Member must be “independent” as defined in Nasdaq Listing Rule 5605(a)(2);
2. each Member must be “independent” in accordance with the requirements of Rule 10c-1 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
3. each Member must be a “non-employee director” in accordance with the requirements of Rule 16b-3 promulgated under Section 16 of the Exchange Act; and

4. each Member shall not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than (i) fees received as a member of the Committee, the Board or any other committee of the Board or (ii) the receipt of fixed amounts of compensation under a retirement plan for prior service to the Company (provided that such compensation is not contingent in any way on continued service).

Unless a chairperson is elected by the full Board, the members of the Committee may designate a chairperson by majority vote of the full Committee membership.

Any member of the Committee may resign from the Committee at any time upon notice of such resignation to the Company. The Board shall have the power at any time to remove a member of the Committee with or without cause, to fill all vacancies, and to designate alternate members, upon the recommendation of the Committee, to replace any absent or disqualified members.

Notwithstanding the foregoing, the Company may avail itself of any phase-in rules or interpretations applicable to newly-listed companies in connection with an initial public offering.

III. Structure and Meetings

The Committee shall conduct its business in accordance with this Charter, the Company's bylaws and any direction by the Board. The chairperson of the Committee shall be designated by the Board or, in the absence of such a designation, by a majority of the Members. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. The designated chairperson shall preside at each meeting of the Committee and, in consultation with the other Members, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. In the absence of the designated chairperson at any meeting of the Committee, the Members present at such meeting shall designate a chairperson for the purposes of such meeting (not to include any adjournment thereof) by majority vote.

The Committee shall meet as often as it determines to be necessary and appropriate, but not less than twice annually. The Committee may establish its own schedule, provided that it shall provide such schedule to the Board in advance. The chairperson of the Committee or a majority of the Members may call special meetings of the Committee upon notice as is required for special meetings of the Board in accordance with the Company's bylaws. A majority of the appointed Members, but not less than two (2) Members, shall constitute a quorum for the transaction of business. The Committee shall approve matters by the affirmative vote of a majority of the Members of the Committee. Members may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

As necessary or desirable, the chairperson of the Committee may invite any director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee, to be present at meetings of the Committee, consistent with the maintenance of confidentiality of compensation discussions. The Chief Executive Officer should not be present during voting or deliberations on the Chief Executive Officer's compensation.

The Company will provide new members of the Committee with appropriate onboarding briefings, and the full Committee with educational resources and opportunities related to executive compensation and other matters may be appropriate or requested by the Committee.

Unless the Committee by resolution determines otherwise, any action required or permitted to be taken by the Committee may be taken without a meeting if all Members consent thereto in writing or via electronic transmission and the same are filed with the minutes of the proceedings of the Committee. The Committee may form and delegate authority to subcommittees when appropriate.

IV. Committee Authority and Responsibilities

In fulfilling its purposes as stated in this Charter, the Committee shall undertake the specific duties and responsibilities listed below and such other duties and responsibilities as the Board shall from time to time prescribe and shall have all powers necessary and proper to fulfill all such duties and responsibilities. Subject to applicable Board and stockholder approvals, the Committee shall:

A. Executive Compensation

1. No less frequently than annually, review and approve the Company's compensation programs and arrangements applicable to its officers (as defined in Rule 16a-1(f) of the Exchange Act) (other than the Chief Executive Officer), including without limitation salary, incentive compensation, equity compensation and perquisite programs, and amounts to be awarded or paid to individual officers under those programs and arrangements, or make recommendations to the Board regarding approval of the same. In evaluating executive compensation, the Committee will consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act, as applicable. Without limiting the generality of the foregoing, the Committee shall review and approve all other employment-related contracts, agreements or arrangements between the Company and its officers and all other contracts, agreements or arrangements under which compensatory benefits are awarded or paid to, or earned or received by, the Company's officers, including, without limitation, employment, severance, change of control and similar agreements or arrangements.
2. Review at least annually the objectives of the Company's executive officer compensation programs, identify what the programs are designed to reward, and modify (or recommend that the Board modify) the programs as necessary consistent with such objectives and intended rewards.
3. Ensure appropriate corporate performance measures and goals regarding executive officer compensation are set and determine the extent to which they are achieved and any related compensation earned.
4. No less frequently than annually review and establish the Company's goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of such goals and objectives, and, determine and approve, or recommend to the Board (as directed by the Board), the Chief Executive Officer's compensation level based on this evaluation to the extent not otherwise determined by an existing employment agreement or arrangement approved by the Board and/or the Committee. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to Chief Executive Officers at comparable companies, the awards given to the Company's Chief Executive Officer in past years, and the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act, as applicable.

5. Review at least annually the objectives and efficacy of the Company's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.
6. Administer the Company's incentive-compensation plans and equity-based plans as in effect and as adopted from time to time by the Board, to the extent such administration is not delegated, in whole or part, to any other committee of the Board or officers of the Company or otherwise retained by the Board.
7. Review and approve any new equity compensation plan or any material change to an existing plan where stockholder approval has not been obtained.
8. Review and approve any stock option award or any other type of award as may be required for complying with any tax, securities, or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Committee or Board.
9. Review perquisites or other personal benefits to the Corporation's executive officers and directors and recommend any changes to the Board.
10. Set the composition of the peer company group used for market comparison for executive compensation.

B. Compensation Disclosure

1. Review and discuss with the Company's management the CD&A and the related executive compensation information to the extent required to be included in the Company's annual proxy statement or Annual Report on Form 10-K filed with the SEC, and recommend to the Board whether or not to include such CD&A in such proxy statement or annual report.
2. Produce a Committee report on executive officer compensation to the extent required to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC, and approve such Committee report for inclusion therein.

C. Director Compensation

1. No less frequently than annually, review all director compensation and benefits for service on the Board and Board committees and recommend changes to the Board for approval as necessary.

D. Human Capital Management

1. Assist the Board in its oversight of human capital management, including corporate culture, key initiatives, inclusion, recruiting, retention, attrition, talent management, career development and progression, health and safety, succession and employee relations.

E. Other Responsibilities

1. Establish, review and oversee the Company's compensation clawback or similar policies, including a clawback policy that complies with the applicable rules and regulations of the SEC and the applicable Nasdaq listing rules.

2. 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.
3. 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, to 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.
4. Review this Charter regularly and propose any changes that are deemed appropriate for consideration to the Board.
5. Perform such other functions and have such other powers consistent with this Charter, the Company's bylaws and applicable law as the Committee or the Board may deem appropriate.

V. Role of the Chief Executive Officer

The Chief Executive Officer may make, and the Committee may consider, recommendations to the Committee regarding the Company's compensation and employee benefit plans and practices, including its executive compensation plans, and its incentive-compensation and equity-based plans with respect to executive officers other than the Chief Executive Officer and the Corporation's director compensation arrangements.

VI. Performance Evaluation

The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee shall also perform an evaluation of its own performance periodically, which shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other Member of the Committee designated by the Committee to make this report.

VII. Committee Resources

The Committee shall be empowered, without the approval of the Board or management, to engage and compensate such independent legal, accounting and other advisors and consultants ("Compensation Advisors") as it deems necessary or desirable to carry out its duties. In selecting Compensation Advisors, the Committee shall consider the applicable factors under applicable Nasdaq listing rules, including the factors specified in Nasdaq Listing Rule 5605(d)(3), or any successor provision. However, nothing in this provision requires that any advisers be independent, and the Committee need not conduct this independence assessment with respect to: (a) in-house legal counsel, or (b) any adviser whose role is limited to (i) consulting on any broad-based plan that does not discriminate in scope, terms, or operation in favor of executive officers or directors of the Company and that is available generally to all salaried employees; or (ii) providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the adviser and about which the adviser does not provide advice.

The Committee shall assess, no less frequently than annually, the nature of any conflicts of interest raised by the work of any compensation consultant retained by the Committee who had any role in determining or recommending the amount or form of compensation of the executive officers and/or directors during the applicable fiscal year.

To the extent required by the Nasdaq listing rules, unless the Company is otherwise exempt from such rules, the Committee shall have the sole authority to retain, obtain the advice of, and terminate any Compensation Advisor and shall have the authority to approve any Compensation Advisor's fees and other retention terms. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of: a) reasonable compensation to any Compensation Advisor retained by the Committee; and b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.