



## Charter of the Compensation Committee of the Board of Directors

### I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Vericel Corporation (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary purpose of the Committee is to review and recommend to the Board the compensation and benefits for the Company’s executive officers and directors. In carrying out these responsibilities, the Committee shall review all components of executive officer and director compensation for consistency with the Committee’s compensation philosophy and strategy as in effect from time to time.

The Committee is also responsible for administering the Company’s Stock Option Plans and Stock Incentive Programs, and for producing an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations.

### II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

The Committee shall be comprised of three or more directors, each of whom shall meet the independence requirements established by the Nasdaq listing standards; provided, that one director who does not meet the independence criteria of Nasdaq may, subject to the approval of the Board, serve as the Committee pursuant to, and subject to the limitation under, the “exceptional and limited circumstances” exception provided under Nasdaq’s rules.

The Members of the Committee shall be appointed, and may be removed or replaced, by the Board at any time, with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. Vacancies occurring, for whatever reason, may be filled by the Board. Unless the Board elects a chairperson, the member of the Committee may designate a chairperson by majority vote of the full Committee membership. The Committee may delegate duties or responsibilities to subcommittees or to one member of the Committee.

A majority of the members shall represent a quorum of the Committee, and any action approved by at least a majority of the members shall represent the valid action of the Committee. In lieu of a meeting, the Committee may act by unanimous written consent in accordance with the Company’s Bylaws.

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate, provided that:

- The Compensation Committee is authorized to, and must, have direct responsibility for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Compensation Committee and the Company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to any such compensation consultant, legal counsel or other adviser; and
- Before any compensation consultant, legal counsel or other adviser (other than (1) in-house legal counsel or (2) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: (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 compensation consultant, legal counsel or other adviser and about which the compensation consultant, legal counsel or other adviser does not provide advice) is selected by, or provides advice to, the Compensation Committee, the Compensation Committee shall take into consideration the following factors:
  - The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
  - The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
  - The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
  - Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;
  - Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
    - Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.
    - Prohibit the Company from engaging a compensation consultant engaged by the Compensation Committee, or an affiliate of any such compensation consultant, to provide any other services to the Company without the approval of the Compensation Committee.

### III. MEETINGS

The Committee shall meet from time to time as it deems necessary, but not less frequently than once a year, to review the compensation of the executive officers, and directors and to fulfill its responsibilities hereunder, and may meet with management and directors at any time it deems appropriate to discuss any matters before the Committee. The Committee shall record minutes of the proceedings of all meetings.

### IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

To fulfill its responsibilities and duties, the Committee shall:

1. Review and reassess periodically (and where appropriate, make such recommendations to the Board as the Committee deems advisable with regard to) the Company's processes and procedures for the consideration and determination of director and executive compensation, and review and discuss with management any description of such processes and procedures to be included in the Company's proxy statement.
2. Determine and approve on at least an annual basis the compensation package for the Company's CEO including base salary, stock options, performance goals, and other compensation. The CEO may not be present during any deliberations or voting on his or her compensation package.
3. Review annual performance objectives and goals relevant to compensation with the CEO, and evaluate the performance of the CEO in light of these goals and objectives.
4. Consider, in determining the long-term incentive component of compensation for the CEO, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's CEO in past years.
5. Review periodically the aggregate amount of compensation being paid or potentially payable to the CEO and to the Company's executive officers through the use of tally sheets or such other method as the Committee may determine.
6. Make recommendations to the Board regarding incentive-based or equity-based compensation plans in which the Company's officers and employees participate.
7. On an annual basis, at least one member of the committee shall meet with individual company executives for input on general management and operational activities.
8. Approve all guidelines for employment, severance, or change-in-control agreements, special or supplemental benefits, or provisions including the same, applicable to all employees.

9. Periodically review both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's compensation programs for the CEO, other executive officers and directors, relative to comparable companies in the Company's industry.
10. Determine and approve on at least an annual basis the compensation package for the Company's executive officers, including base salary, stock options and other compensation.
11. Review and discuss with the Board corporate succession plans for the CEO and other key officers of the Company.
12. Review and approve all grants of incentive-based or equity-based grants for compensation and all grants of stock options (other than those specifically designated for approval by the full Board), in each case consistent with the terms of such plans.
13. Review and propose to the Board from time to time changes in director compensation.
14. Review and report to Board of Directors on any executive terminations (voluntary or involuntary).
15. Make regular reports to the Board concerning areas of the Committee's responsibility.
16. Provide oversight regarding the Company's public disclosure of director and executive compensation information, and prepare an annual report on executive and director compensation for inclusion in the Company's proxy statement for its annual meeting of shareholders or annual report on Form 10-K in accordance with the applicable rules and regulations of the Securities and Exchange Commission, any securities exchange on which the Company's securities are traded, and any other rules and regulations applicable to the Company.
17. Perform such other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
18. Review and reassess the adequacy of this Charter as appropriate, and recommend any proposed changes to the Board for approval.
19. Review and evaluate the Committee's own performance on an annual basis and report to the Board on the results of such evaluation.