Board
Compensation Policy

1. INTRODUCTION

ProQR Therapeutics N.V. (the "**Company**") has amended its governance structure from a two-tier board to a one-tier board, meaning the separate management board and supervisory board are replaced by one collective board of directors (the "**Board**") consisting of both executive directors (the "**Executive Directors**") and non-executive directors (the "**Non-Executive Directors**").

The Company is required by Dutch corporate law and its articles of association to have a policy (the "**Compensation Policy**") governing the compensation of the Board. This Compensation Policy reflects the remuneration principles with respect to both Executive Directors and Non-Executive Directors and fully replaces the previous separate compensation policy and compensation principles with respect to the Company's former management board and supervisory board respectively.

The Board established a compensation, nominating and corporate governance committee (the "**Compensation Committee**") from among its Non-Executive Directors to assist the Board, inter alia, in matters relating to the compensation of the Executive Directors and Non-Executive Directors.

The Compensation Committee submits a clear and understandable proposal to the Board concerning the compensation of the Executive Directors and Non-Executive Directors. The Board presents the Compensation Policy to the general meeting for adoption. This is done with due observance of Dutch corporate law, including sections 2:135 (6) and (8) DCC, this Compensation Policy and the Company's articles of association.

The Compensation Committee may invite members of the Board, other competent functions (for example, legal or finance) or other relevant employees to its meetings. In general, and in order to avoid any conflicts of interests, the Compensation Committee meetings take place behind closed doors, meaning only members of the Compensation Committee are present and other meeting attendees, including Executive Directors, are requested to leave. In this way, Executive Directors, other Board members and other meeting attendees are not involved in the Compensation Committee's decisions and are not present at any discussions regarding their own compensation to avoid any conflicts of interest. The same principle applies to any authorities attributed to the Board under this Compensation Policy to avoid any conflicts of interest.

1.1 Summary of changes

The compensation policy for former management board members and the compensation principles for former supervisory board members were last amended by the General

Meeting in June 2022. Other than the changes with respect to the Company's governance structure as set out above, no other material changes are made with respect to the previous compensation policy and compensation principles for the management board and supervisory board.

This Compensation Policy was adopted by the Company's general meeting of shareholders.

2. COMPENSATION POLICY EXECUTIVE DIRECTORS

This section will set out remuneration for Executive Directors. The remuneration for Non-Executive Directors will be set out in section 3.

2.1 Compensation principles Executive Directors

The Board is responsible for executing the Company's strategy (the "**Strategy**"). The Compensation Committee ensures that the performance metrics used in the Company's variable compensation plans hold the Board accountable for the successful delivery of the Strategy. Therefore, it is the view of the Compensation Committee that the Executive Directors' variable compensation components should be directly linked to the Company's strategic objectives, i.e., financial and non-financial performance measures, and, with respect to the STI (as defined below), individual performance objectives and company milestones. Under the Executive Directors' Compensation Policy, variable compensation shall be focused on sustainable performance.

Insofar the Compensation Policy relates to Executive Directors, it is designed based on the following principles:

- In principle, three compensation pillars apply, consisting of:
    - annual base salary ("**Annual Base Salary**");
    - Short Term Incentive ("**STI**") (annual cash bonus); and
    - Long Term Incentive ("**LTI**") (Equity Incentive Plan).

- Flexibility: the Executive Directors' Compensation Policy should provide flexibility to allow the Board, acting on the recommendation of the Compensation Committee, to reward the Executive Directors in a fair and equitable manner, including by awarding extraordinary awards ("**Extraordinary Awards**") as described in this Executive Directors' Compensation Policy;

- This Compensation Policy should drive the right kind of management behaviour, discourage unjustified risk taking and minimise any gaming opportunity;

- This Compensation Policy should enable paying for performance, taking into account not only the measurable financial performance of / or milestones achieved by the Company, but also, where appropriate, the efforts made by the Executive Directors, individually and as a whole, in managing the Company;

- Design of the Compensation Policy shall be based on current legislation applicable in the Netherlands;
- This Compensation Policy shall foster alignment of interests with our shareholders;
- The pension of the Executive Directors shall be based on the defined contribution system; and
- Pay differentials and position within the Company (internal pay ratios) shall also be taken into account and are considered and evaluated regularly.

2.1.1 Summary Overview of Compensation Components

The Executive Directors' Compensation Policy consists of the following key elements:

Compensation Component & Description	Objective
Annual Base Salary Fixed cash compensation based on level of responsibility and performance	• Compensate for performance of day-to-day activities
STI **Reward paid in cash for performance in the preceding financial year, measured against financial, non-financial/personal targets and company milestones (see below)**	• Compensate previous year's Company and individual performance • Award opportunities in consideration for substantial contributions to the success of the Company and/or to promote and continued service • Award for specific transactions of the Company
LTI	• Retention of management talent • Incentive to perform • Alignment with shareholders' interests
Extraordinary Awards	• Attract and retain management talent and/or award

	extraordinary circumstances, extraordinary performance or extraordinary Company results • Enhanced alignment with shareholders' interests
Pension Defined contribution plan	• Provide competitive post-retirement benefits

2.1.2 Compensation Reference Group

The Board has selected a compensation reference group of companies that reflects the competitive environment for talent in which the Company operates. The level of the above compensation components for the Executive Directors is compared with this balanced group of companies based on Biopharma and Life Sciences industry, research focus and size. The level of compensation of the Executive Directors is compared with compensation data of the compensation reference group. In determining the appropriate levels of compensation for each of the Executive Directors, the Board (and the Compensation Committee) considers the compensation levels applicable in the compensation reference group and the specific roles and responsibilities Executive Directors serve.

The compensation reference group will be reviewed by the Board and the Compensation Committee on a regular basis and updated if necessary to ensure an appropriate composition. The Board will update the compensation reference group based on market circumstances following mergers, acquisitions or other activities significantly affecting their comparability with the Company.

In establishing the compensation for Executive Directors, the Board (or the Compensation Committee) may consult independent professional external or internal compensation consultants.

2.1.3 Annual Base Salary

The Annual Base Salary, including the holiday allowance, for the Executive Directors, is determined by the Board upon the recommendation of the Compensation Committee after consideration of various factors and comparing with the median of the base salary levels of the above-mentioned compensation peer group. The Board also considers the historic salary levels of the individual and the nature of the individual's responsibilities.

2.1.4 Short Term Incentive (STI)

The Executive Directors may be eligible for an STI. The STI opportunity is determined by the Board and may vary per Executive Director. The STI is related to pre-determined quantified financial targets, non-financial/personal targets and/or company goals. The targets / goals will be determined by the Board annually prior to the start of the relevant financial year of the Company and may vary per Executive Director. The targets are predetermined, assessable and influenceable and are supportive to the long-term strategy and development of the Company.

The non-financial targets and goals of the Company are derived from the Company's strategic and organizational priorities and also include qualitative targets that are relevant for the responsibilities of the individual Executive Director. Achievement of the targets will be measured by the Board following the end of the relevant financial year.

The Company does not disclose the actual financial, non-financial targets/personal targets and milestones as this is considered commercially and competitive sensitive information.

The CEO will be eligible for an annual maximum STI that is set at 75% of gross Annual Base Salary. Other Executive Directors will be eligible for an annual maximum STI of up to 50% of gross Annual Base Salary.

2.1.5 Long Term Incentive (Stock Option Plan)

The LTI for Executive Directors consists of grants of options to acquire ordinary shares in the capital of the Company ("**Options**"), or restricted share units ("**RSUs**") under the Company's Equity Incentive Plan as adopted by the general meeting of shareholders (the Options and RSUs together the "**Awards**"). Options are conditional rights to acquire ordinary shares in the capital of the Company against an exercise price. RSUs are conditional right to receive ordinary shares in the capital of the Company. The Board may select Executive Directors and the type of Award and effect such grants.

The amount of Awards as total LTI to be granted will be determined by the Board depending on the contribution to the Strategy, the long term development of the Company, the individual performance of the Executive Directors and to ensure alignment of the Executive Directors' total compensation to the median of the compensation reference group above (together, the **"LTI Factors"**), in accordance with the applicable LTI plan rules. In case the assessment of the Board is that the contribution of the Executive Directors meets target levels, this will be reflected in the amount of Awards to be granted.

The CEO will be eligible to receive Awards with a maximum value up to 800% of the gross Annual Base Salary, while other Executive Directors will be eligible to receive Awards with a maximum value up to 400% of the gross Annual Base Salary. At the discretion of the Board, Executive Directors may receive RSUs, Options or a combination of RSUs and Options. The number of Options, RSUs or combination of RSUs and Options to be granted will be based on a face value approach and in such a way that the fair value (Black-Scholes) of the grant does not exceed the fair value of a grant that would be granted in Options only. The grant date, or grant dates, as the case may be, within a certain year may be set at the discretion of the Board, taking into account the LTI Factors. The LTI Factors will be leading in the decision of the Board to decide upon multiple grants within a certain year.

An important objective of the Awards is to provide an incentive to the Executive Directors to continue their employment relationship with the Company and to focus on the creation of sustainable shareholder value.

Options will only deliver value to the Executive Directors if, and to the extent, over a certain period of time, the value of the underlying stock exceeds the exercise price of the Options. Any Options granted have a 10-year term following the grant date. Unless determined otherwise by the Board, the Options granted will vest in four annual equal tranches of 25% starting for the first time on the first anniversary of the date of grant. Vesting of the stock options may be subject to other conditions which are specified in the notice of grant. In the event of a change of control of the Company, the vesting of Options shall be accelerated, and/or the Board may decide to exchange, or cancel and settle in cash the outstanding Options, or the Board may take whatever step considered appropriate with respect to the outstanding Options. The exercise price of Options will be equal to the closing price on the NASDAQ Stock Market the business day preceding each date of grant, unless determined otherwise by the Board.

Each RSU gives, upon vesting, right to one ordinary share in the capital of the Company. Unless determined otherwise by the Board, the RSUs granted will vest in quarterly tranches over a period of three years, starting for the first time on the first anniversary of the date of grant. Vesting of the RSUs may be subject to other conditions which are specified in the notice of grant. In the event of a change of control of the Company the vesting of RSUs shall be accelerated, and/or the Board may decide to exchange, or cancel and settle in cash the outstanding RSUs, or the Board may take whatever step considered appropriate with respect to the outstanding RSUs.

2.1.6 Pensions

Retirement benefits under the defined contribution plan is set in the context of the annual base salary for each Executive Director taking into account the relevant country competitive practice, tax and legal environment.

Any other compensation elements for the Executive Directors, such as expense allowance for example, are in line with benefits for regular employees of the Company.

2.2 Scenario analysis

The Dutch Corporate Governance Code requires that the Board "shall analyse possible outcomes of the variable income components and the effect on the Executive Directors' compensation". This scenario analysis will be conducted on an annual basis to test whether the level of compensation that could be earned at different levels of performance (threshold, target and maximum), and at different Company share price levels (low, average and high growth) is fair and appropriate in the context of value delivered to shareholders. Based on the analysis, the Compensation Committee, if necessary, will recommend amendments to the Executive Directors' Compensation Policy to the Board.

2.3 Periodical revision of the compensation

The Board will review and determine annually prior to the Company's annual general meeting of shareholders the total compensation level for that calendar year. The compensation will be determined by the Board following the recommendation of the Compensation Committee within the limits of the applicable Executive Directors' Compensation Policy. An increase or decrease, as the case may be, of the Annual Base Salary, the STI or the LTI, or any other part of the compensation of an Executive Director, may be determined by the Board at its sole discretion within the boundaries set in this Executive Directors' Compensation Policy.

2.4 Extraordinary Awards

To attract and retain talent and/or to recognize and reward extraordinary performance of the Company and/or Executive Directors, and/or reward performance under extraordinary circumstances, as well as to further enhance alignment with shareholder interests, the Board may, at its discretion, grant an Extraordinary Award to the Executive Directors , for which the conditions will be laid down in an Extraordinary Award letter between the Company and the relevant Executive Director(s) in accordance with this Executive Directors' Compensation Policy.

Extraordinary Awards may consist of sign-on bonuses, retention bonuses or other bonuses, including in the form of additional STI or LTI Awards. The Board may, at its discretion, determine that the grant of an Extraordinary Award is contingent upon achievement of additional performance or retention criteria.

It will be at the discretion of the Board to determine the value of an Extraordinary Award following the Board's assessment of the specific circumstances justifying the Extraordinary Award.

2.5 Service conditions for Executive Directors

The following policy statements apply to the Executive Directors only and are included in the existing management services agreements.

2.5.1 Severance arrangements

In the management services agreements of the Executive Directors, it is stated that the management services agreements contain a termination notice period of two months. The management services agreements can be terminated in the event of an urgent reason at any time without advance notice. The management services agreements provide for a lump-sum payment in case of termination at the initiative of the Company following a change in control subject to certain conditions. Such payment is equal to 24 months of the individual's monthly gross fixed salary in effect at the time of the change in control.

Other than in case of termination following a change in control, the following applies: if an individual's management services agreements ends at the initiative of the Company, the Board acting on the advice of the Compensation Committee will determine the appropriate severance payment.

2.5.2 Loans

The Company does not grant any loans or guarantees to any of the Executive Directors.

3. COMPENSATION POLICY NON-EXECUTIVE DIRECTORS

This section will set out remuneration for Non-Executive Directors. The remuneration for Executive Directors is set out in section 2 above.

3.1 Summary Overview of Compensation Components

In compliance with the Dutch Corporate Governance Code, the compensation of the Non-Executive Directors is not dependent on the financial results of the Company (without prejudice to the development of the value of the equity compensation) and the Non-Executive Directors do not receive benefits upon termination of their Board membership.

3.2 Fee levels

The annual fee levels of the Non-Executive Directors shall have as a reference the median of the fee levels for supervisory board positions or non-executive director positions in comparable companies and are set at the following gross amounts:

Role	Annual Fixed fee (EUR)	Audit Committee (EUR)	Compensation, Nominating and Corporate Governance Committee (EUR)	Research & Development Committee (EUR)
Chairperson	63,000	15,000	12,000	12,000
Member	34,000	7,000	5,500	5,500

The fee levels shall be reviewed annually, taking into account developments in the International Biotechnology / Pharma sector.

Non-Executive Directors may be granted an annual compensation in cash as part of their annual fixed fee instead of a grant of equity awards as referred to in section 3.4 below. In that event the value of the additional fixed fee will be set at 50% of the value of the alternative equity award. For example, if the overall annual grant of equity is set at an underlying value of EUR 143,000 per Non-Executive Director, the annual fixed fee will be increased by EUR 71,500 gross.

3.3 Equity Compensation

Based on market practice within the biotechnology sector, but in deviation of the best practice provisions of the Dutch Corporate Governance Code, the Non-Executive Directors may be granted equity awards, in accordance with this Non-Executive Directors' Compensation Policy.

The equity awards are granted under the terms and conditions of the Company's Equity Incentive Plan as adopted by the general meeting of shareholders and may consist of either grants of options to acquire ordinary shares in the capital of the Company ("**Options**") or grants of restricted stock units ("**RSUs**") (the Options and RSUs together the "**Awards**"), or a combination thereof. Stock Options are conditional rights to acquire ordinary shares in the capital of the Company against a pre-determined exercise price. RSUs are conditional rights to receive ordinary shares in the capital of the Company.

The amount of Awards to be granted will be determined annually by the Board and the overall annual grant is set at an underlying value of EUR 143,000 per Non-Executive Director. The number of Awards to be granted will be based on a fair value approach (Black-Scholes).

Non-Executive Directors may also elect an additional equity-based compensation instead of the cash component, with a value equal to the cash fee, based on a fair value approach (Black-Scholes). Non-Executive Directors electing such additional equity compensation shall notify the Company in writing of such decision each year before December 31 for the following year and shall subsequently receive such grant as per the first day of the first month after the annual General Meeting held in that following year. In case the Non-Executive Director concerned elects equity compensation instead of cash and this is granted in Options, the average share price of the 20-day period preceding such following year's annual General Meeting shall serve as the exercise price for such Option grant, and if it is granted in RSUs the amount shall be determined based on the closing price on the day of such following year's annual General Meeting.

This equity compensation policy will apply to all Non-Executive Directors for equity awards made on or after January 1, 2022.

Options will only deliver value to the Non-Executive Directors if, and to the extent, the value of the underlying stock exceeds the exercise price of the Options. The Options granted have a 10-year term following the grant date. In the event of a change of control of the Company the vesting of Options shall be accelerated, and/or the Board may decide to exchange, or cancel and settle in cash the outstanding Options, or the Board may take whatever step considered appropriate with respect to the outstanding Options. The exercise price of Options will be equal to the closing price on NASDAQ Global Market the business day preceding the date of grant, unless specified otherwise in these principles.

Each RSU gives, upon vesting, a right to one ordinary share in the capital of the Company. The RSUs granted vest in quarterly tranches over a period of three years, starting for the first time on the first anniversary of the date of grant. In the event of a change of control of the Company the vesting of RSUs shall be accelerated, and/or the Board may decide to exchange, or cancel and settle in cash the outstanding RSUs, or the Board may take whatever step considered appropriate with respect to the outstanding RSUs.

For an overview of all outstanding rights under the Equity Incentive Plan, please refer to section 4.1 "Current outstanding rights" below.

3.4 Share ownership

In deviation of principle 3.3.2 of the Dutch Corporate Governance Code, Non-Executive Directors are free to acquire or dispose shares or execute vested Options for their own account, provided they comply with the applicable Securities Trading Policy of the Company.

3.5 Loans

The Company does not grant any (personal) loans or guarantees to any of the Non-Executive Directors.

4. GENERAL

The implementation of the Compensation Policy in each financial year will be accounted for in the annual remuneration report.

4.1 Adjustment and Claw-Back

The Board has the discretionary authority to upwards or downwards adjust the pay out of any variable compensation component, including an Extraordinary Award, conditionally granted if such component would produce an unfair or unintended result as a consequence of extraordinary circumstances during the period in which the pre-determined performance criteria have been or should have been achieved.

In addition, the Company has the right to recover variable compensation components on account of amongst others incorrect financial data in accordance with article 2:135(8) Dutch Civil Code. Any application of malus or claw-back will be disclosed and explained in the Company's annual remuneration report.

4.2 Minor Changes

For regulatory, exchange control, tax or administrative purpose or to take account of a change in legislation, the Board may make minor amendments to this Compensation Policy without obtaining shareholder approval for that amendment. Prior to making such amendment, the Board receives input and support from the other Board committees, such as but not limited to the Compensation Committee.

4.3 Derogation

The Board may, in exceptional circumstances as deemed by the Board and within the statutory limits, decide to temporarily derogate from this Compensation Policy, and ultimately until a new policy is approved by a shareholders' meeting. Exceptional circumstances shall cover only situations in which the derogation from this Compensation Policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. Amongst others, by making its decision, the Board intends to take into account stakeholder support.

In the event of a derogation, the Board will present the derogation and proposed new compensation policy to the General Meeting as soon as reasonably possible where it will be subject to a binding approval vote.

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