



## **COMPENSATION COMMITTEE CHARTER**

### **I. INTRODUCTION**

Compensation Committee has primary responsibility for reviewing and approving the compensation of the Company's CEO and other executive officers; overseeing the Company's benefit plans; and reviewing and making recommendations to the board of directors regarding compensation of the non-employee directors.

This document sets out the roles, responsibilities, and authority of the Company's Compensation Committee; including the rules of procedures that shall guide the function of the Committee, as approved by the Board of Directors. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

### **II. PURPOSE**

The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities for:

- Determining appropriate compensation for the Company's executive officers
- Evaluating officer-compensation plans, policies and other programs
- Overseeing, administering and reviewing compensation, equity and benefit plans and programs for officers and employees.

### **III. MEMBERSHIP**

- The Committee shall be comprised of at least three (3) members of the Company's Board of Directors.
- No member of the Compensation Committee shall have a relationship that may interfere with his independence from management and the Company or with the exercise of his duties as a committee member.
- All members of the Committee shall be appointed by, and will serve at the discretion of the Board.
- The Committee shall be chaired by an Independent Director. The Chairman of the Committee shall be responsible for ensuring the effective interaction among Committee Members and with Management. The Chair is also responsible for



setting up the agenda for Committee meetings and conduct proceedings of those meetings.

- The members shall each serve until their respective terms as members of the board shall expire, subject to earlier resignation or removal by the Board.
- If a Member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

#### **IV. STRUCTURE**

- The assignment of responsibilities should be clear within the entity (including responsibilities specific to information systems processing and program development).
- The structure for assigning ownership of data, including who is authorized to initiate and/or change transactions is adequate.
- Policies and procedures for the authorization of transaction have been established at the appropriate level.
- The Committee shall have the authority to retain or obtain the advice of, and to terminate, any compensation consultant, independent legal counsel or other adviser to the Compensation Committee. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

#### **V. OPERATIONS**

- **MEETINGS**

- The Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting, subject to adjustments and/or revisions as needed.
- The Committee will meet at least twice a year or as often as may be deemed necessary or appropriate in its judgement.
- The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.
- Members of the Committee 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.

- Minutes will be prepared.

- **RESPONSIBILITIES**

The principal responsibilities and duties of the Committee in serving the purposes outlined in this Charter are set forth below. These duties are set forth as a guide, with the understanding that the Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

**A. Executive Compensation**

- Review the competitiveness of the Company's executive compensation programs, evaluate and take into consideration the results of stockholder advisory votes on executive compensation, and oversee the development and implementation of all compensation policies, plans and programs to attract, retain and motivate executive officers, and align the interests of such executive officers with the interests of the Company's stockholders, to ensure achievement of the Company's business and financial objectives.
- Develop guidelines for and annually review and approve (a) the annual base salary, (b) the annual incentive bonus, including the specific goals and amount, and (c) equity compensation, for the Chief Executive Officer and the other executive officers of the Company.
- Review and approve (a) employment agreements, severance arrangements, and change in control agreements/provisions, and (b) any other benefits, compensation or arrangements, for the Chief Executive Officer and the other executive officers of the Company.
- Ensure that the Chief Executive Officer is not present during the Compensation Committee's voting or deliberations regarding his or her compensation, benefits or other arrangements.
- Participate in the preparation of the Company's compensation discussion and analysis and related disclosures and the annual report regarding executive compensation for inclusion in the Company's Annual Report pursuant to the rules and regulations of the Securities and Exchange Commission.



- In consultation with outside consultants, evaluate and recommend the form and amount of director compensation and make recommendations to the Board.

## **B. Company Incentive and Benefit Plans**

- Provide independent oversight of and consult with Company management regarding the Company's compensation, bonus, pension, and other benefit plans, policies and practices applicable to the Company's executive management.
- Periodically review with management assessments conducted by management of the Company's compensation policies and practices for employees with respect to risk that may arise from such policies and practices, and make recommendations related thereto.
- Oversee the development of and administer the Company's long term incentive plans, including equity-based incentive plans and other similar incentive plans, and interpret and adopt rules for the operation thereof.
- Establish guidelines for and approve the granting of awards under the Company's long term incentive plans to key employees, officers, directors and consultants of the Company, including determination of the recipients of awards, the types of awards, the number of shares or other units to be covered by each award, the date, vesting schedule, and other terms and conditions of such awards.

## **C. Other Functions**

- Oversee the Company's compliance with regulatory requirements associated with compensation of its directors, executive Officers and other employees.
- Review with management the Company's major compensation related risk exposures and the steps management has taken, or should consider taking, to monitor or mitigate such exposure.
- Maintain written minutes of its meetings.
- Perform such other functions as may be delegated to it by the Board from time to time, and the scope of authority delegated herein to the Committee shall include the authority to engage in other activities falling within the general scope of the Committee's responsibilities.



- Review and re-assess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
- Perform annual evaluation of its own performance, which shall compare the performance of the Committee with the requirements of this Charter.

## **VI. REPORTING PROCESS**

- Regularly report to the Board of Directors on the exercise of its duties, about committee activities, issues, and other matters which it considers require action or improvement, and making recommendations as to the step to be taken.
- The report to the Board may take the form of an oral or written report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make the report.
- Report annually to the Stockholders, describing the Committee's composition, responsibilities and any other information required by rule.
- Report to the Board of Directors and issue certifications on critical compliance issues.
- Review any other reports the company issues that relate to committee responsibilities.

## **VII. RESOURCES**

- Retain or obtain the advice of a compensation consultant, independent legal counsel, or other adviser and approve the fees and other retention terms of such consultants, counsel, and advisers.
- Report the retention (and the terms thereof) or termination of any such consultant, counsel, or adviser to the Board.
- Responsible for the appointment, compensation, and oversight of the work of any such consultant, counsel, or other adviser retained by the Committee.
- The Company shall provide funding, as determined by the Committee, for payment of compensation to the external advisors or administrative support employed by the Committee as well as for the payment of ordinary administrative expenses of the Committee that are necessary in carrying out its duties.

## **VIII. OTHER RELEVANT INFORMATION**

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the Directors of the



Company or Members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.