

# **Balchem Corporation**

## **Compensation Committee Charter**

### **Mission/Charter**

Ensure that compensation and benefit plans are aligned with the interests of shareholders and meet the needs of Balchem Corporation (the “Company”) and its employees. Compensation plans should be designed to motivate employees to meet company objectives and to adequately and fairly reward employees for their efforts. Benefit plans should provide adequate health and insurance protection for all employees.

Both plans should be a balance between being affordable to the company and competitive within similar industries and like size companies, supported by independent research.

### **Membership:**

Ideally, a minimum of three (3) independent Directors of the Company will serve on the Committee. Membership will be reviewed annually with other members of the Board rotating onto the Committee, as appropriate, and in agreement with the Governance Committee. The Company’s management shall nominate the CEO to be the Company’s management contact.

### **Responsibilities of the Compensation Committee:**

1. Review and approve the various compensation plans, any amendments or changes thereto, and overall plan merit increases for all employees. This will be done annually.
  - a. Non-executive employee compensation will be approved as a percent of total payroll. Management will then allocate the monies accordingly.
  - b. CEO’s and other executives’ compensations will be specifically reviewed and approved by the Committee. The CEO may not be present during Committee deliberations or voting on his/her compensation.
2. Review and approve the various incentive compensation plans.
3. Review, approve and recommend for Board approval for all stock option plans/grants.
4. Review, approve and recommend for Board approval all benefit plans for all employees.
5. Interpret, construe and administer the Company’s Incentive-Based Compensation Recovery Policy, including reviewing such policy from time to time and recommending any changes to the Board for adoption.
6. The Committee will work with management, through the management contact, to guide and assist management in preparing and developing compensation, performance reviews and benefit programs. The goal will be to develop a complete performance/ compensation package.

7. Review and recommend to the Board the form and amount of Director compensation and any additional compensation to be paid for service on Board committees or for service as a chairperson of a committee. In making its recommendations, the Committee shall give due consideration to what is customary compensation for Directors of comparable companies, among such other factors it deems appropriate.
8. Review and re-assess the adequacy of the Charter of the Committee on an annual basis and recommend any changes to the Board for adoption.
9. Retain outside consultants, legal counsel, or other advisors, as necessary, in the discretion of the Committee. No less than annually, and prior to selection of, or receiving advice from, any such outside consultant, legal counsel or other advisor, the Committee will consider independence of such consultant, legal counsel or other advisor in accordance with NASDAQ rules.
10. The Committee will maintain compliance with all SEC and NASDAQ Compensation Committee rules and regulations.

**Responsibilities of Balchem Management:**

1. Prepare and submit compensation plans for all levels of employees. Management should obtain data on similar companies of similar size and from similar geographic areas. Inflation should also be a consideration. Total cost and a comparison to the previous year should be included.
2. Have or develop a performance appraisal system that takes into consideration job descriptions, job level ratings, salary ranges and salary range mid-points; utilize the system in determining and implementing salary increases.
3. Prepare and submit all incentive plans to the Committee. Incentive plans below the executive level can be submitted as a general plan. Incentive plans for executives should be submitted in complete detail and as a package, not individually. Total cost and a comparison to previous year should be included.
4. Administer the currently approved stock option plans, and make change proposals, based on industry norms, for Committee approval.
5. Administer the benefit plans, and make change proposals, based on industry norms, for Committee approval.
6. Annual compensation and benefit plans should be submitted to the Committee with adequate advance distribution, allowing time for review, approval and inclusion in the following year's budget.