

Balchem Corporation Compensation Committee

Mission/Charter:

Ensure that all compensation and benefit plans meet the needs of the company and its employees. Compensation plans should be designed to motivate employees to meet company objectives and to adequately and fairly reward them 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.

Membership:

A minimum of three (3) outside Directors of Balchem Corporation as appointed on a biennial basis, with at least one member replaced every third (3rd) year by a new member. The Corporation management shall nominate the CEO and/or the COO to be the Corporation management contact.

Responsibilities of the Compensation Committee:

1. Review and approve all compensation plans for all employees. This will be done annually.
2. Review and approve all changes in compensation plans for all employees. This includes annual increases.
 - a. Non-executive increases will be approved as a percent of total payroll. Management will then allocate the monies accordingly.
 - b. Executive increases will be specifically reviewed and approved by the Committee.
3. Review and approve all incentive plans.
4. Review and get full Board approval for all stock option plans.
5. Review and get full Board approval for all benefit plans for all employees.
6. The Committee will work with management through the management representative 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.

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. Again, total cost and a comparison to previous year should be included.
4. Prepare and submit a stock option plan.
5. Prepare and submit a benefit plan.
6. Annual compensation and benefit plans should be submitted to the Committee by December 1, allowing time for approval and inclusion in the following year's budget.