

VerifyMe, Inc.

Compensation Committee Charter

1. Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of VerifyMe, Inc. (the “Company”) is to assist the Board in meeting its responsibilities with regard to oversight and determination of executive, non-employee director and other compensation policies of the Company and to perform such other duties and responsibilities enumerated in and consistent with this Charter. Among other things, the Committee reviews, recommends and approves salaries and other compensation of the Company’s executive officers, and administers the Company’s equity incentive plans (including reviewing, recommending and approving stock option and other equity incentive grants to executive officers).

2. Organization

The Committee shall be a standing committee of the Board and shall consist of at least two members, each of whom shall be independent under the applicable rules of the Nasdaq Stock Market (“Nasdaq”) and meet any additional required independence standards for members of the Committee. The Board shall affirmatively determine the independence of any director who will serve on the Committee, and shall consider all factors specifically relevant to determining whether a director has a relationship to the Company or any subsidiary of the Company which is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including, but not limited to:

1. the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and
2. whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

3. Responsibilities

In carrying out its responsibilities hereunder, the Committee’s policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the compensation practices of the Company are in accordance with all current requirements and are of the highest quality.

In carrying out these responsibilities, the Committee shall:

1. Meet in executive session to determine the compensation of the Chief Executive Officer of the Company. In determining the amount, form, and terms of such compensation, the Committee shall consider the annual performance evaluation of the Chief Executive Officer conducted by the Board in light of company goals and objectives relevant to Chief Executive Officer compensation, competitive market data pertaining to Chief Executive Officer compensation at comparable companies, and such other factors as it shall deem relevant, and shall be guided by, and seek to promote, the best interests of the Company and its shareholders.

2. Subject to existing agreements, determine salaries, bonuses, and other matters relating to compensation of the executive officers of the Company. In determining the amount, form, and terms of such compensation, the Committee shall consider the officer's performance in light of company goals and objectives relevant to executive compensation, competitive market data pertaining to executive compensation at comparable companies, and such other factors as it shall deem relevant, and shall be guided by, and seek to promote, the best interests of the Company and its shareholders.
3. Set performance targets for determining periodic bonuses payable to executive officers.
4. Review and make recommendations with respect to shareholder proposals related to compensation matters.
5. Review and make recommendations to the Board regarding executive and employee compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs (except to the extent specifically delegated to a Board appointed committee with authority to administer a particular plan).
6. Review and approve compensation of non-employee directors and report it to the full Board.
7. Administer the Company's equity incentive plans, including the review and grant of stock options and other equity incentive grants to directors, executive officers, employees and consultants.
8. At such time as the Company is required to include a report of the Compensation Committee and a Compensation Disclosure & Analysis (the "Report"), review and approve the Report to be included in the Company's annual proxy statement.
9. When appropriate, be authorized to designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.
10. Perform such other activities and functions related to executive compensation as may be assigned from time to time by the Board, including, but not limited to, reviewing and discussing, the Corporation's strategies and supporting processes for executive retention and diversity and preparing or causing to be prepared any reports or other disclosure required with respect to the Committee by any applicable proxy or other rules of the Securities and Exchange Commission or any applicable listing standards.
11. Review this Charter on a periodic basis to assess its adequacy and make recommendations to the Board accordingly.

4. Meetings

The Committee shall meet at least once a year. Meetings of the Committee shall be held at such times and places as the Committee shall determine, including by written consent. The Committee shall regularly meet in executive session outside of the presence of any senior executive officer of the Company. The Chair of the Committee (or in the absence of the Chair, a member designated by the Chair) shall preside at each meeting of the Committee, set the agendas for Committee meetings and report on activities of the Committee to the full Board.

The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings, including special meetings, so long as they are not inconsistent with the provisions of the Company's bylaws.

5. Resources and Authority; Consultants and Other Advisors

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the exclusive authority to engage outside consultants, legal counsel and other advisors, as it determines necessary to carry out its duties. In furtherance of this responsibility:

1. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser to assist the Committee in carrying out its duties, including the review and determination of compensation for the Chief Executive Officer, other executive officers, non-employee directors and benefit plans and programs of the Company. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other adviser retained by the Committee.
2. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee.
3. The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser, other than in-house legal counsel, only after taking into consideration the following factors:
 - (i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
 - (ii) 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;
 - (iii) 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;
 - (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
 - (v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
 - (vi) 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.

Approved: Board of Directors

Date: December 16, 2020