

VerifyMe, Inc.
Compensation Committee Charter

Purpose

The purpose of the Compensation Committee (the “Committee”) is to aid the Board of Directors (the “Board”) of VerifyMe, Inc. (the “Company”) in meeting its responsibilities with regard to oversight and determination of executive compensation. 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).

Membership and Structure

The Committee shall consist of at least three members, each of whom shall be independent directors (as defined in the applicable rules of the NASDAQ Stock Market independence standards for directors, including the additional requirements applicable to members of compensation committees). Appointment to the Committee, including designation of the Chair of the Committee, shall be made on an annual basis by the full Board. 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 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.

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 shall report on activities of the Committee to the full Board.

Term

Subject to the Board’s discretion to change the composition of the Committee at any time, the members of the Committee shall be appointed by the Board after the Annual Meeting of Shareholders and serve until the expiration of their term as a director.

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. 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 executive officers and other 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. Annually review and reassess the adequacy of this Charter and recommend any changes to the full Board.

Compensation Consultants and Other Advisors

1. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser. 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 compensation 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.