

**CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF LSB INDUSTRIES, INC.**

**Amended and Approved May 2, 2019**

**Purpose**

The Compensation Committee (the “Committee” or the “Compensation Committee”) of the Board of Directors (the “Board”) of LSB Industries, Inc. (the “Company”) is appointed by the Board to discharge the Board’s responsibilities to:

1. Determine the individual elements of total compensation for the Company’s Chief Executive Officer and President (“CEO”) and approve specific corporate goals and objectives relevant to CEO compensation and evaluate the CEO’s performance in light of these goals and objectives;
2. Determine the compensation of the Company’s other executive officers and the Company’s non-employee directors;
3. Prepare annually the report that the Securities and Exchange Commission (the “SEC”) rules require be included in the proxy statement relating to the Company’s annual meeting of stockholders;
4. Oversee management’s compliance with the compensation reporting requirements of the SEC, the New York Stock Exchange (“NYSE”) and any other regulatory bodies, including to review and discuss with management the Compensation Discussion and Analysis (“CD&A”) to be included in the Company’s proxy statement for its annual meeting of stockholders or Annual Report on Form 10-K and determine whether to recommend to the Board that the CD&A be included in the proxy statement or Annual Report on Form 10-K;
5. Review, evaluate and oversee the incentive, equity-based and other compensation agreements, plans, policies and programs of the Company to compensate the Company’s executive officers and directors and, to the extent subject to Board approval, recommend such agreements, plans, policies and programs to the Board; and
6. Conduct an annual review of the CEO’s performance and discuss the CEO’s review of the other executive officers.

**Committee Membership**

The number of members of the Compensation Committee shall be determined by the Board, but in any event, shall not be less than three (3) members, all of whom shall be members of the Board. The members of the Compensation Committee shall be appointed by the Board on recommendation of the Nominating and Corporate Governance Committee and may be removed and replaced by a majority vote of the Board at any meeting at which there is a quorum present, in

its discretion. If a chairperson is not designated by the Board or present at a meeting, the members of the Compensation Committee shall designate a chairperson by majority vote of the Compensation Committee members then in office.

The members of the Compensation Committee shall each be “independent” pursuant to the independence requirements of applicable law, rules and regulations, and NYSE listing standards, each as in effect from time to time. Accordingly, the Board shall determine annually whether each member is free from any relationship with the Company that is material to that director’s ability to be independent from management in connection with the duties of the Compensation Committee member. In addition, at least two members of the Committee shall be a “Non-Employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Notwithstanding the foregoing membership requirements, no action of the Compensation Committee will be invalid by reason of any such requirement not being met at the time such action is taken.

### **Meetings**

The Compensation Committee shall meet at such times and from time to time as it deems necessary to fulfill its responsibilities. The Compensation Committee will meet at the call of its chairperson or two or more members of the Compensation Committee, in each case on at least 24 hours personal, written, telegraphic, cable, wireless or electronic notice to each member.

The Compensation Committee may request any other director, employee or officer of the Company, independent advisors, counsel and consultants to attend a meeting or to meet with the Compensation Committee or its advisors. Those in attendance who are not members of the Compensation Committee may observe, but may not participate in, any discussion or deliberation unless invited to do so by the Compensation Committee, and in any event are not entitled to vote at the meeting. The Compensation Committee may also exclude from its meetings any person it deems appropriate, other than members of the Compensation Committee.

The Compensation Committee may fix its own rules of procedure, subject to the requirements of this Charter, the Company’s Certificate of Incorporation and Bylaws, NYSE rules and applicable laws and regulations. The Compensation Committee shall establish a calendar for the annual work of the Compensation Committee. The Compensation Committee shall ensure that minutes and/or other records related to the meetings and activities of the Compensation Committee are maintained. The Compensation Committee shall report to the full Board with respect to its meetings.

The Compensation Committee may delegate to its chairperson, any one of its members or any subcommittee it may form, the responsibility and authority for any particular matter, as it deems appropriate from time to time under the circumstances. Each subcommittee will keep minutes and regularly report to the Compensation Committee.

At every meeting of the Compensation Committee, the majority of the members of the Compensation Committee shall constitute a quorum, and the affirmative vote of a majority of

members present shall be necessary for the adoption by it of any resolutions. The Compensation Committee may also act by unanimous written consent in lieu of a meeting.

Each director serving as a member of Compensation Committee shall be indemnified with respect to such director's service on the Compensation Committee pursuant to the Company's Certificate of Incorporation, Bylaws and any contractual arrangements between such director and the Company that provide for director indemnification.

### **Authorities and Responsibilities**

The Compensation Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Compensation Committee. The authority and responsibilities of the Committee shall include:

1. CEO and Executive Compensation and Performance
  - a. In consultation with management, establishing and periodically reviewing the Company's general policies and philosophy relating to executive officer compensation, and overseeing the development and implementation of compensation programs that align with those policies and philosophy.
  - b. Reviewing and determining the base salary, incentive and equity-based compensation and any other compensation for the CEO and other executive officers of the Company and other officers determined to be under the purview of the Compensation Committee. The Compensation Committee shall consider the CEO's recommendations for the compensation of certain executive officers and other elected officers (other than the CEO) and evaluation of their performance.
  - c. Annually reviewing and approving corporate goals, objectives and other factors relevant to the CEO's compensation. The Compensation Committee will also annually evaluate the CEO's performance in light of those factors and set the CEO's compensation levels based on this evaluation.
  - d. Annually engaging in a review of leadership talent development and succession planning for the CEO and other key management, including developing and updating the desired qualifications for CEO candidates, evaluating the development and progression of potential candidates against those qualifications, and making recommendations to the Board about succession of the CEO.
  - e. Recommending and approving severance, change in control and similar agreements with executive officers of the Company and its subsidiaries, as appropriate, and any amendments thereto.

- f. Annually reviewing and providing an independent assessment of the performance and compensation of (i) any employee who is an immediate family member or sharing the household of either the CEO or the Chairman of the Board or (ii) any senior member of management where the individual who would otherwise normally do the review is an immediate family member or sharing the household of the reviewee (whether or not the reviewee has a relationship to the CEO or Chairman of the Board).

2. Proxy Statement Matters

- a. As required under applicable securities laws and rules, reviewing and discussing with management the CD&A to be included in the Company's annual proxy statement or Annual Report on Form 10-K, and recommending to the Board that the CD&A be included in the Company's proxy statement or Annual Report on Form 10-K.
- b. Producing a report of the Compensation Committee for inclusion in the Company's annual proxy statement, stating that the Compensation Committee has taken the actions described in the preceding sentence.
- c. Reviewing and recommending to the Board how frequently the Company should permit stockholders to have an advisory vote on executive compensation ("say-on-pay"), taking into account any previous results of stockholder advisory votes on the frequency of say-on-pay resolutions at the Company.
- d. Following each stockholder meeting at which say-on-pay resolutions are proposed for a stockholder advisory vote, reviewing the results of the advisory vote and considering whether to make any changes to the Company's executive compensation policies and practices.
- e. Ensuring the stockholders are given the opportunity to vote on equity-based compensation plans to the extent required by applicable law and the NYSE listing standards.
- f. Overseeing management's engagement with stockholders, proxy advisory firms and others on executive compensation matters.

3. Director Compensation and Committee Matters

- a. Reviewing and making recommendations to the Board periodically with respect to the compensation of all non-employee directors, including any compensation for services as a member of a Board committee and under the Company's equity-based compensation plans, as applicable.

- b. Evaluating the Compensation Committee’s own performance and the adequacy of this Charter on an annual basis, and discussing such evaluation with the Board and recommending any proposed Charter changes to the Board for approval.

4. Advisors

- a. Retaining, approving the fees payable to, overseeing and terminating any professional advisors, including special legal counsel, compensation consultants and other experts and advisors (each, a “Compensation Advisor”), engaged to advise the Compensation Committee, as the Compensation Committee deems necessary for the fulfillment of its responsibilities. The Company will provide appropriate funding, as determined by the Compensation Committee in its sole discretion, for payment of compensation to any such Compensation Advisor and ordinary administrative expenses of the Compensation Committee that are necessary or appropriate in carrying out its duties.
- b. Prior to selecting any Compensation Advisor, considering the Compensation Advisor’s independence from management and other factors as may be required under applicable NYSE listing standards, SEC rules and such other factors as it deems relevant.

5. Equity and Other Compensation Plans

- a. Approving, subject where appropriate to submission to stockholders, all equity-based compensation plans, and performing such acts and duties as are necessary to administer such plans pursuant to their terms and conditions and in conformance with any further restrictions placed thereon by the Board.
- b. Monitoring and administering the Company’s non-qualified death benefits, salary continuation and welfare plans.

6. Other Powers and Responsibilities.

- a. Annually reviewing and evaluating the compensation policies and practices of the Company for all employees to ensure they do not pose risks that are reasonably likely to have a material adverse effect on the Company.
- b. Reviewing, as it deems necessary, appropriate matters related to the Company’s compliance with applicable laws and regulations affecting compensation and benefits, including but not limited to Rule 16b-3 under the Exchange Act and Section 162(m) of the Code.

- c. Administering, enforcing and periodically reviewing the Company's clawback policy for compliance with applicable rules and regulations, including the rules and regulations of the SEC and the NYSE listing standards. and, once adopted, administering and enforcing such policy in accordance with its terms.

The Committee also shall undertake such additional activities within the scope of its functions as the Committee may from time to time determine or as may otherwise be required by law, the Company's Certificate of Incorporation or Bylaws or by directive of the Board.

The duties and responsibilities of a member of the Compensation Committee are in addition to those duties set out for a member of the Board. It is not the duty of the Compensation Committee to conduct investigations or to resolve disagreements regarding compensation, if any, between the Company and its employees.

The Committee shall develop criteria for self-evaluation of its performance and annually conduct a Committee self-assessment. From such assessment the Committee shall make recommendations, as applicable, to improve its performance.

### **Website Posting**

The Company will make this Charter available on or through the Company's website. In addition, the Company will disclose in its proxy statement for its annual meeting of stockholders or in its Annual Report on Form 10-K, as appropriate, that a copy of this Charter is available on the Company's website and will provide the website address.

*Nothing contained in this Charter is intended to alter or impair the operation of the "business judgment rule" as interpreted by the courts under the Delaware General Corporation Law. Further, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the Compensation Committee members, except to the extent otherwise provided under federal or state law, or to alter or impair the right of the members of the Compensation Committee under the Delaware General Corporation Law to rely, in discharging their responsibilities, on the records of the Company and on other information presented to the Compensation Committee, the Board, or the Company by officers or employees or by outside experts.*