

LSB INDUSTRIES, INC.
POLICY FOR RECOUPMENT OF INCENTIVE COMPENSATION

**(Adopted March 18, 2019,
but effective January 1, 2019)**

1. INTRODUCTION

The Board of Directors (the “*Board*”) of LSB Industries, Inc. (the “*Company*” or “*LSB*”) has determined that it is in the best interests of the Company to adopt a policy (the “*Policy*”) providing for the Company’s recoupment of certain Incentive Compensation (as defined below) paid to Affected Key Employees (as defined below) of the Company under certain circumstances. The Board may delegate determinations to be made under the Policy to the Compensation Committee of the Board (the “*Compensation Committee*”), and the Board and the Compensation Committee are collectively referred to in this Policy as the “*Board*.”

This Policy shall be administered by the Board and, except as specifically provided herein, the Board shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Board with respect to this Policy shall be final, conclusive and binding on all interested parties. The Board may amend or terminate this Policy at any time.

This Policy may be revised upon the adoption of federal regulations implementing the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation paid or awarded on or after the January 1, 2019 (the “*Effective Date*”). For the avoidance of doubt, this Policy shall not apply to any equity awards granted prior to the 2019 calendar year that vest during or after such year.

3. DEFINITIONS

For purposes of this Policy, the following terms shall have the meanings set forth below: “*Affected Key Employees*” shall mean the Company’s Chief Executive Officer, Chief Financial Officer, Executive Vice President, General Counsel and Secretary, Executive Vice President of Manufacturing and Chief Operating Officer (if applicable), collectively, and “*Affected Key Employee*” means each such individual.

“*Incentive Compensation*” shall mean any compensation that is granted, earned or vested based in whole or in part on the attainment of a financial reporting measure (including stock price and total shareholder return). For clarity, this includes but is not limited to (i) stock options, (ii) restricted stock, and (iii) restricted stock unit awards where, in either case, the number of shares subject to the grant was determined based on the Company’s stock price.

4. RECOUPMENT

If the Company is required to prepare an accounting restatement for any fiscal quarter or year commencing after the adoption of this Policy due to the material noncompliance of the Company with any financial reporting requirement, the Company may seek to recover from any Affected Key Employee the

Incentive Compensation listed in A, B and C below to the extent received by the Affected Key Employee during the three fiscal years preceding the date on which the Company was required to prepare such accounting restatement:

- A. With respect to any Incentive Compensation that constitutes bonus compensation, up to the full amount of the difference between any such bonus compensation received by the Affected Key Employee that was calculated based on the financial statements that were subsequently restated and the lower bonus compensation to which the Affected Key Employee would have been entitled had the financial statements been properly reported;
- B. With respect to any Incentive Compensation that constitutes an equity incentive award, up to the full amount of such award that was granted to the Affected Key Employee or that vested, in each case based on the reporting measure or measures that were subsequently restated (or on stock price or total shareholder return that were affected by such restatement);
- C. With respect to any Incentive Compensation that constitutes an equity incentive award, if, after the release of earnings for any period with respect to which financial statements were subsequently restated and prior to the announcement of such restatement, the Affected Key Employee sold any shares of Company common stock acquired pursuant to an option or other equity award granted on or after January 1, 2019, the excess of (i) the actual aggregate sales proceeds from the Affected Key Employee's sale of those shares, over (ii) the aggregate sales proceeds the Affected Key Employee would have received from the sale of those shares at a price per share determined appropriate by the Board in its discretion to reflect what the Company's common stock price would have been if the restatement had occurred prior to such sales; provided, however, that the aggregate sales proceeds determined by the Board under this clause (ii) with respect to shares acquired upon exercise of an option shall not be less than the aggregate exercise price paid for those shares.

For purposes of clarity, the Company shall not be required to award any Affected Key Employee an additional payment, award or other compensation if the restated or accurate financial results would have resulted in the grant, payment or vesting of compensation that is greater than the Incentive Compensation actually received by the Affected Key Employee. The Board may, in its discretion, determine that such an award is merited.

In addition, if an incorrect additional amount or value of Incentive Compensation was paid or granted to an Affected Key Employee as a result of an error or omission by the Company, then the Board in its discretion may recover the additional amount paid or granted due to such error or omission, provided that any such recoupment is properly documented and explained.

5. SOURCES OF RECOUPMENT

To the extent permitted by applicable law, the Board, in its discretion, may seek recoupment from the Affected Key Employee(s) from any of the following sources: prior Incentive Compensation payments; future Incentive Compensation payments; cancellation of outstanding Incentive Compensation; and direct repayment. To the extent permitted by applicable law, the Company may offset such amount against any compensation or other amounts owed by the Company to the Affected Key Employee.

Determinations of whether to seek recoupment shall be made by the Board in its sole and absolute discretion independently of management, following appropriate investigation and, to the extent practicable,

within a reasonable time following preparation of the accounting restatement; provided, however, that, in the event of any litigation, pre-suit demand, government investigation or similar proceeding relating to such restatement, the determination of whether to seek recoupment shall be deferred until such time as the Board determines to be appropriate.

If an amount repaid to the Company under this Policy will not be fully deductible by the Affected Key Employee, the Board may, in its discretion, reduce the amount to be repaid by the amount determined by the Board to reasonably take into account the adverse tax consequences of such repayment to the Affected Key Employee.

6. SEVERABILITY

If any provision of this Policy or the application of any such provision to any Affected Key Employee shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

7. NO IMPAIRMENT OF OTHER REMEDIES

This Policy does not preclude the Company from taking any other action to enforce an Affected Key Employee's obligations to the Company, including termination of employment, institution of civil proceedings, or reporting to appropriate government authorities. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer.