



## **22nd Century Group, Inc. - Board of Directors Compensation Committee Charter**

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### **1. AUTHORITY AND PURPOSE**

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The Board of Directors (“Board”) of 22nd Century Group, Inc, (“XXII” or the “Company”) has established the Compensation Committee (the “Committee”) to assist the Board in matters related to the compensation of the Company’s and its subsidiaries’ employees and directors. The Committee will have the authority to take all actions on behalf of the Board as is set forth in this Charter.

### **2. COMPOSITION**

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#### **2.1 Chair**

On an annual basis, the Board, upon the recommendation of the Governance and Nominating Committee, will appoint a Chair of the Committee. The Board may also appoint a member as Committee Vice Chair to act when the Chair is unavailable. The Chair will preside over and conduct Committee meetings or designate another Committee member to do so in the absence of the Chair and Vice Chair.

#### **2.2 Secretary**

XXII’s Corporate Secretary or his/her designee will be responsible for recording and drafting minutes of all meetings for distribution to Committee members for review and approval.

#### **2.3 Members**

The Committee shall be comprised of at least three directors as determined by the Board. All of the Committee members shall be “independent,” as defined by the NYSE American listing standards and the Securities and Exchange Commission (the “SEC”), and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All such Independent Directors shall also be outside directors within the meaning of Section 162 (m) of the Internal Revenue Code. \

The Board may replace Committee members at any time. Directors of XXII sign a Conflict of Interest policy and its principles and application shall extend to all work such director does for Board Committees.

### **3. OPERATIONS**

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#### **3.1 Committee Meetings**

The Committee will meet at least four times per year and at such times as the Chair deems necessary and appropriate. The Committee will provide a report to the Board no later than the regularly scheduled Board meeting immediately following a Committee meeting.

Meetings may include any participants the Committee deems appropriate and will be of sufficient duration and scheduled at such times as the Committee deems appropriate to discharge its duties. The Committee will allow for independent and separate discussions with Management and other resources as deemed necessary to ensure candid and open communication.

Attendance at any Committee meeting may be in-person, telephonic or via-internet enabled video conferencing.

#### **3.2 Committee Decisions**

Committee meetings require the presence of a quorum (at least one half of the Members) and Committee actions require a majority vote of all Members present. Unless Company policies or legal requirements provide otherwise, the Committee may also take action without a meeting upon receipt of unanimous written consent.

Unless otherwise specified by a resolution approving a decision of the Committee, any Member may execute, on behalf of the Committee, all documents that are necessary or desirable to implement Committee decisions.

#### **3.3 Agendas and Meeting Materials and Minutes**

Members may suggest agenda topics to the Chair. The Chair will circulate an Agenda and meeting materials sufficiently in advance of Committee meetings to allow for appropriate preparation and review by Members.

The Chair may call a special Committee meeting with twenty-four (24) hour notice to Members, or such shorter notice as the Chair deems appropriate in the circumstances.

Meeting minutes will identify all persons in attendance and adequately reflect all matters considered or acted upon by the Committee.

Meeting minutes should be prepared within a reasonable time after each meeting and may be approved through electronic voting. Committee records and minutes will be maintained by the Corporate Secretary in accordance with XXII's record retention requirements.

The Committee may establish such rules as it determines necessary or proper to

conduct Committee business which are not contrary to XXII's Bylaws, Corporate Governance Guidelines, policies or legal requirements.

### **3.4 Assistance from Management, Third Parties and Subcommittees**

The Committee will have reasonable access to, and complete and open communication with the Company's Management and access to XXII's corporate records relevant to the Committee's duties.

The Committee may form and delegate to one or more subcommittees all or any portion of the Committee's authority, duties, and responsibilities.

In addressing Committee business, the Committee may seek advice and assistance from and may delegate authority to Company employees and third parties, including advisers and consultants. The Committee may seek, in its sole discretion and authority, appropriate third-party expert advice and approve the related fees and terms.

The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel and other adviser retained by the Committee. The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Committee. The Committee shall conduct any evaluation of the independence of its advisors that is required by law, the rules of the U.S. Securities and Exchange Commission ("SEC") or the listing standards on the stock exchange on which it is listed from time to time and shall consider the following factors:

- The provision of other services to the Company by the firm that employs the compensation adviser;
- The amount of fees received from the Company by the firm that employs the compensation adviser, as a percentage of the total revenue of the firm that employs the compensation adviser;
- The policies and procedures of the firm that employs the compensation adviser that are designed to prevent conflicts of interest;
- Any business or personal relationship of the compensation adviser with a member of the Committee;
- Any stock of the Company owned by the compensation adviser or the adviser's immediate family members; and

- Any business or personal relationship of the compensation adviser or the firm employing the adviser with an executive officer of the Company.

#### **4. DUTIES AND RESPONSIBILITIES**

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The Committee will address all matters consistent with this Charter, and from time to time as the Board may request, including but not limited to the following areas set forth below:

- Board oversight functions which include reviewing, assisting and making recommendations to the Board on matters relating to:
  - Review and approval of the overall compensation policies for the Company.
  - Review and approval of corporate goals and objectives relevant to each of the Company's executive officer's compensation, evaluate each executive officer's performance in light of those goals and objectives, and review and recommend to the Board each executive officer's compensation level based on this evaluation. The applicable executive officer may not be present during voting or deliberations on his or her compensation.
  - Recommending to the Board incentive-compensation plans and equity-based plans that are subject to Board approval.
  - Reviewing and recommending to the Board the compensation of non-executive Board members.
- Serve as the Committee required under Section 162(m) of the Internal Revenue Code, and make all grants of stock options and restricted stock awards under the Company's equity incentive plans under Section 16(b) of the Securities Exchange Act of 1934.
- Administer the Company's equity compensation plans, and grant awards under such plans, with the authority to delegate all or part of such responsibilities to one or more subcommittees, including management members, to the maximum extent permitted by applicable laws.
- Oversee the administration of the Company's employee benefit plans.
- Prepare or cause to be prepared the Compensation Discussion and Analysis and the Compensation Committee Report on Executive Compensation to be included in the Company's annual proxy statement.
- At least once per year, evaluate the Company's performance in the area of diversity, equity and inclusion in the Company's workforce.
- Annually consider the compensation consultant or advisor's independence and potential conflicts pursuant to the rules of the stock exchange on which it is listed.
- Oversee regulatory compliance with respect to compensation matters.

- Review and approve employment or severance arrangements with senior management.
- Report to the Board following each Compensation Committee meeting as to actions taken and recommendations made to the full Board.

## 5. CHARTER

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### 5.1 Review

At least annually, the Committee shall review and assess the adequacy of this Charter and recommend changes to the Board for approval.

Revision Date	Comments
12/14/2020	Implementation of Revised Committee Charter.

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