

## **Hexion Holdings LLC**

### **ANNEX C COMPENSATION COMMITTEE CHARTER**

#### **Purpose**

To approve to the Board all compensation plans for the CEO of the Company (which, for purposes of this Charter, shall include all of the Company's direct and indirect subsidiaries), all employees of the Company who report directly to the CEO (collectively, the "Senior Management Group"), and for the Board; to approve the short-term compensation of the Senior Management Group and short-term compensation for members of the Board; to approve and authorize grants under the Company's incentive plans, including all equity plans and long-term incentive plans, to members of these groups; and, to the extent applicable as determined by the Company's registrant status with the SEC, to prepare any report on executive compensation required by Securities and Exchange Commission ("SEC") rules and regulations for inclusion in the Company's annual proxy statement.

In discharging its duties under this Charter, the Committee shall have the authority, to the extent it deems necessary, to retain and compensate independent legal, financial or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee, and payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. Any legal, financial or other consultant retained by the Committee may, but need not, be otherwise engaged by the Company for any other purpose. The Committee has the power and authority, in its discretion, to obtain such data and to use such internal and external resources as it deems necessary to fulfill its responsibilities and duties. This shall include, without limitation, the authority to consult with the Company's management and corporate staff, obtain external consultant reports, published salary surveys, and other materials.

#### **Membership**

The Committee shall consist of at least two managers. To the extent applicable as determined by the Company's position as a private or publicly held entity, its registrant status with the SEC or other regulatory body, or its listing status on any securities exchange, the membership of the Committee shall satisfy any and all applicable independence and experience requirements. Committee members will be appointed, and may be removed, by the Board in accordance with the By-Laws of the Company, as amended. Committee members shall serve for such term or terms as the Board may determine. The Board may appoint a Chairperson of the Committee. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of managers satisfying the foregoing independence standards (to the extent applicable).

#### **Meetings**

The Committee will meet with such frequency, but not less frequently than annually, and at such times as its Chairperson, or a majority of the Committee, determines to be

necessary or appropriate to carry out its duties hereunder. Special meetings of the Committee may be called by the Chairperson and will be called promptly upon the request of any two Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated, if practicable, to each member in advance of the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Company's By-Laws, as amended, applicable to meetings of Board committees (or if no such provisions exist, applicable to meetings of the Board) will govern meetings of the Committee. The Chairperson shall preside at each meeting. In the event the Chairperson is not present at a meeting, the Compensation Committee members present at that meeting shall designate one of its members as the acting chair of such meeting. The Compensation Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Minutes of each meeting will be kept with the regular corporate records.

### **Responsibilities**

The Committee's duties and responsibilities shall include the matters enumerated below, as well as such other matters as may be delegated to the Committee by the Board from time to time. In discharging its responsibilities, the Committee will act in reliance on management, the Committee's and the Company's other advisors and experts, as the Committee deems necessary or appropriate. The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties. The Committee shall have unrestricted access to the Company's employees, internal and outside counsel, and anyone else in the Company, and may require any officer or employee of the Company or representative of the Company's outside counsel or independent public accountants to attend any meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee.

1. Review management proposals regarding compensation philosophy and compensation plans and guidelines for members of the Board and the Senior Management Group, and report conclusions to the Board. Such review includes plans and administration of plans relative to base salary, short-term incentives, long-term incentives, and all executive benefits and perquisites.
2. Evaluate the performance of the CEO as it relates to all elements of compensation.
3. Review and approve Company goals and objectives relevant to the CEO's compensation and establish an appropriate compensation level, pertaining to all elements of compensation for the CEO, based on the Company's compensation philosophy, goals, objectives, and the CEO's performance. In determining the long-term incentive component of CEO compensation, factors that the Committee may, in its discretion, consider include the Company's performance and relative unitholder return (and the CEO's contribution thereto), the value of similar

incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years. The CEO shall not participate in any final determination of the CEO compensation, and may not be present during voting or deliberations at which his compensation is being determined.

4. Annually review with the CEO the performance scores and compensation of the other members of the Senior Management Group.
5. At least annually, review the CEO's recommendation for compensation, including base salary, short term incentive, and long term incentive and equity, for all members of the Senior Management Group other than the CEO and make determinations with respect to the same.
6. Review management proposals concerning additions, deletions or changes in existing qualified benefit plans, proposals for new qualified benefit plans and all other compensation proposals, to the extent required by applicable laws, regulations and rules, ensure submission to unitholders all new option and unit purchase plans and equity compensation arrangements.
7. Monitor and make recommendations with respect to succession planning for the CEO, CFO and other Senior Management Group members.
8. Consider policies and procedures pertaining to expense accounts of senior executives.
9. Review managers' and officers' indemnification and insurance matters and make such recommendations to the full Board as the Committee deems appropriate.
10. Approve employment agreements and separation packages and severance benefits for executive officers to the extent such packages are outside the ordinary plan limits.
11. If applicable based on the Company's status under the Sarbanes-Oxley Act of 2002, monitor the Company's compliance with the requirements under such Act relating to 401(k) plans and loans to managers and officers and with all other applicable laws affecting employee compensation and benefits.
12. Oversee the Company's regulatory compliance with respect to compensation matters, including the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been obtained for purposes of Section 162(m) of the Internal Revenue Code.
13. Possess sole authority to retain or terminate, as it deems necessary or appropriate, a compensation consultant or other advisors to assist in the evaluation of managers, the CEO or senior executive compensation. It may also, without further approval by the Board, obtain such advice and assistance from outside accounting, legal or other advisors as it determines to be necessary or advisable in connection with the discharge of its duties and responsibilities hereunder. Any accounting, legal or

other advisor retained by it may be, but need not be, in the case of an outside accountant, the same accounting firm employed by the Company for the purpose of rendering or issuing an audit report on the Company's annual financial statements, or in the case of outside counsel or other advisor, otherwise engaged by the Company for any other purpose. The Company will provide appropriate funding, as determined by the Committee, to compensate any such compensation consultant, outside accounting, legal or other advisors.

14. To the extent applicable as determined by the Company's status with the SEC, prepare, review and approve the "Report of the Compensation Committee" and its inclusion in any other document, including in the annual report to unitholders and in the annual proxy statement, if any.
15. Report regularly and propose any necessary action to the Board.
16. Annually evaluate its own performance and the adequacy of its position description.
17. Periodically review the compensation of the Company's managers.