

## **Compensation Committee Charter Of American Vanguard Corporation**

### **1. Status**

The Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of American Vanguard Corporation (the “Company”).

### **2. Purpose**

The Committee shall discharge the responsibilities of the Board of Directors relating to compensation of the Company’s executive officers and shall produce an annual report on executive compensation for inclusion in the Company’s proxy statement or, if the Company does not file a proxy statement, in the Company’s annual report on Form 10-K filed with the Securities and Exchange Commission, in accordance with applicable rules and regulations.<sup>1</sup>

### **3. Membership**

The Committee shall consist of at least three members of the Board, as the Board shall from time to time determine. Each member shall satisfy applicable independence requirements of The New York Stock Exchange and any other regulatory requirements. Additionally, no director may serve unless he or she is (1) a “non-employee director” as that term is defined for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended and (2) unless otherwise permitted by the Board, consistent with the Company’s Corporate Governance Guidelines and the Listing Rules of the NYSE, an “outside director” as that term is defined for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.<sup>2</sup>

### **4. Appointment and Removal**

The Board shall elect the members of the Committee at its first meeting following the annual meeting of stockholders. Unless the Board elects a Chairman, the members of the Committee shall designate a Chairman by a majority vote of the full Committee membership. A Committee member may resign by delivering his or her written resignation to the Chairman of the Board, or may be removed by majority vote of the Board by delivery to such member of written notice of removal, to take effect at a date specified therein, or upon delivery of such written notice to such member if no date is specified.<sup>3</sup>

### **5. Duties and Responsibilities**

The Committee shall have the following duties and responsibilities:

- to review and approve corporate goals and objectives relevant to the compensation for executive officers, including with respect to the Company’s performance and relative

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<sup>1</sup> NYSE rule proposal 5(b)(i).

<sup>2</sup> The Company may elect to define “independence” in the Company’s Corporate Governance Guidelines. Specific independence requirements will not be applicable if the Company qualifies for a “controlled company” exemption.

<sup>3</sup> Commentary to NYSE rule proposal 5.

- shareholder return, compensation practices of the relevant peer group of competitive companies, and awards given to the Company's executive officers in past years, to evaluate the performance of executive officers in light of those goals and objectives, and to set the compensation level of executive officers based on this evaluation;<sup>4</sup>
- to administer incentive-compensation plans and equity-based plans established or maintained by the Company from time to time (each, a "Plan");<sup>5</sup>
  - to make recommendations to the Board with respect to the amendment, termination or replacement of the Plans;<sup>6</sup>
  - to recommend to the Board the compensation for Board members, such as retainer, committee chairman fees, stock options and other similar items as appropriate, and pursuant to the Company's corporate governance guidelines;<sup>7</sup>
  - to recommend to the Board adjustments to director and officer insurance; and
  - to review the financial performance and the operations of the major benefit plans.

## **6. Powers and Authority**

The Board delegates to the Committee all powers and authority that are necessary or appropriate to fulfill its duties and obligations hereunder, including, without limitation:

- to interpret the provisions of the Plans;
- to establish such rules as it finds necessary or appropriate for implementing or conducting the Plans;
- to grant or to approve or disapprove participation of individual employees in the Plans;
- to make all other decisions and determinations required of the Committee by the terms of the Plans or as the Committee considers appropriate for the operation of the Plans and the distribution of benefits thereunder;
- to retain professionals (such as attorneys and compensation professionals) to assist in the evaluation of director and or senior executive compensation, including sole authority to retain and terminate any such professional and to approve the professional's fees and other retention terms;<sup>8</sup> and

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<sup>4</sup> NYSE rule proposal 5(b)(ii)(A). Under the NYSE proposed rules, the Committee shall have sole authority to determine the chief executive officer's compensation level; the Committee may make recommendations to the Board with respect to non-chief executive officer compensation.

<sup>5</sup> NYSE rule proposal 5(ii)(B).

<sup>6</sup> Id.

<sup>7</sup> Commentary to NYSE rule proposal 9.

<sup>8</sup> Commentary to NYSE rule proposal 5.

- to establish subcommittees for the purpose of evaluating special or unique matters.<sup>9</sup>

## **7. Meetings**

The Committee shall meet as often as may be deemed necessary or appropriate in its reasonable judgment, and in any event no fewer than **[two times]** per year, either in person or telephonically, and at such times and places as the Committee shall determine. The Committee shall report its minutes from each meeting to the Board.

## **8. Committee Action**

A majority of the Committee, but not fewer than two members, shall constitute a quorum for the transaction of business. A majority of the members present shall decide any question brought before the Committee. Unless the Committee by resolution determines otherwise, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Committee.

## **9. Procedures**

The Chairman of the Committee shall establish such rules as may from time to time be necessary or appropriate for the conduct of the business of the Committee. The Chairman shall appoint as secretary a person who may, but need not, be a member of the Committee or be eligible for benefits under one or more of the Plans. A certificate of the secretary of the Committee setting forth the names of the members of the Committee or actions taken by the Committee shall be sufficient evidence at all times as to the persons constituting the Committee or such actions taken.

## **10. Performance Review**

The Committee shall conduct an annual performance evaluation of itself, including a review of the compliance of the Committee with this Charter.<sup>10</sup> The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

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<sup>9</sup> Commentary to NYSE rule proposal 5.

<sup>10</sup> NYSE rule proposal 5(iii).

**11. Reporting**

The Committee shall prepare a statement each year concerning its compliance with this charter for inclusion in the Company's proxy statement.

APPROVED: BOARD OF DIRECTORS

DATE: March 8, 2006