



## **Compensation Committee Charter**

### **I. PURPOSE**

The Compensation Committee (the “Compensation Committee”) is created by the Board of Directors (the “Board”) of Pangaea Logistics Solutions Ltd. (the “Company”) to discharge the responsibilities set forth in this Charter. The Compensation Committee shall have the authority and membership set out in this Charter and shall operate according to the procedures provided in this Charter.

### **II. MEMBERSHIP**

The Compensation Committee shall consist of at least three members, comprising solely directors deemed by the Board to be independent and who meet the independence and other applicable requirements of The Nasdaq Capital Market, as amended from time to time (“Nasdaq”) and the Securities Exchange Commission (the “SEC”). In addition, members must also qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. The Board shall recommend nominees for appointment to the Compensation Committee annually and as vacancies or newly created positions occur. Compensation Committee members shall be appointed by the Board and may be removed by the Board at any time. Unless a chair is elected by the Board, the members of the Compensation Committee shall designate a chair by majority vote of the full Compensation Committee membership.

### **III. RESPONSIBILITIES**

In addition to any other responsibilities which may be assigned from time to time by the Board, the Compensation Committee is responsible for the following matters.

#### **Executive Compensation**

The Compensation Committee shall review and approve the compensation of the CEO and each of the Company’s other executive officers. In reviewing and approving CEO and executive officer compensation, the Compensation Committee shall, among other things:

- identify, review and approve corporate goals and objectives relevant to the CEO and each executive officer’s compensation;
- evaluate the CEO’s and each executive officer’s performance in light of such goals and objectives and determine the CEO’s and each executive officer’s compensation based on such evaluation, including such other factors as the Compensation Committee deems appropriate and in the best interests of the Company; and

- determine any long-term incentive component of the CEO's and each executive officer's compensation.

The foregoing shall not be interpreted to limit the freedom of the Compensation Committee to consult and discuss with the CEO regarding compensation matters or for the CEO to present proposals regarding compensation to the Compensation Committee.

#### Management Succession

The Compensation Committee shall, in consultation with the Company's CEO, periodically review the Company's management succession planning, including policies for CEO selection and succession in the event of the incapacitation, retirement or removal of the CEO, and evaluations of, and development plans for, any potential successors to the CEO.

#### Board of Directors Compensation

The Compensation Committee shall review and approve the compensation of the members of the Board of Directors. In reviewing and approving board compensation, the Compensation Committee shall, among other things:

- identify, review and approve corporate goals and objectives relevant to the board members' compensation;
- consider compensation for board members of similarly situated companies, taking into account industry sector, company size, company resources, board size, and other relevant attributes; and
- determine any long-term equity based component of the board members' compensation.

#### Compensation Policies and Plans

The Compensation Committee shall review and evaluate the Company's executive compensation and benefits policies generally (subject, if applicable, to shareholder approval), including the review and recommendation of any incentive-compensation and equity-based plans of the Company that are subject to Board approval. In reviewing such compensation and benefits policies, the Compensation Committee may consider the recruitment, development, promotion, retention and compensation of executive officers of the Company and any other factors that it deems appropriate.

#### Disclosure

The Compensation Committee shall prepare the Compensation Committee Report required by SEC rules to be included in the Company's annual Form 10-K, and the Compensation Committee shall review and discuss the Company's Compensation Disclosure and Analysis as required by SEC rules ("CD&A") with management and provide a recommendation to the Company's Board regarding the inclusion of the CD&A within the Company's Form 10-K and/or proxy statement.

#### Reporting to the Board

The Compensation Committee shall report to the Board periodically.

At least annually, the Compensation Committee shall evaluate its own performance and report to the Board on such evaluation.

The Compensation Committee shall periodically review and assess the adequacy of this charter and recommend any proposed changes to the Board for approval.

#### Risk Assessment

The Compensation Committee shall review and assess risks arising from the Company's compensation policies and practices for its employees and whether any such risks are reasonably likely to have a material adverse effect on the Company.

#### **IV. AUTHORITY AND DELEGATIONS**

The Compensation Committee has the sole authority to retain and terminate any advisors, compensation consultant or legal counsel (each an "Advisor"), including sole authority to approve all such Advisors' fees and other retention terms, which fees shall be borne by the Company. The Committee may retain an Advisor only after assessing such Advisor's independence in accordance with applicable Nasdaq and SEC rules and regulations.

The Compensation Committee may delegate its authority to subcommittees or the chair of the Compensation Committee when it deems it appropriate and in the best interests of the Company.

The Compensation Committee may delegate to one or more officers of the Company the authority to make grants and awards of stock rights or options to any non-Section 16 officer of the Company under such of the Company's incentive-compensation or other equity-based plans as the Compensation Committee deems appropriate and in accordance with the terms of such plans.

#### **V. PROCEDURES**

The Compensation Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter, but at least annually. The Chairman of the Compensation Committee, in consultation with the other Compensation Committee members, shall determine the frequency and length of the Compensation Committee meetings and shall set meeting agendas consistent with this charter.

No executive officer should attend that portion of any meeting where such executive's performance or compensation is discussed, unless specifically invited by the Compensation Committee. The CEO may not be present during voting or deliberations related to his or her compensation. Any members of the Compensation Committee that are not independent may not be involved in the determination or recommendation of the compensation provided to the CEO or any of the other executive officers.

Adopted and approved by the Committee and the Board on November 14, 2014.