



## **BMC STOCK HOLDINGS, INC.**

### **ORGANIZATION AND COMPENSATION COMMITTEE CHARTER**

**Revised on February 22, 2018**

#### **I. Membership**

The Organization and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of BMC Stock Holdings, Inc. (the “Company”) shall consist of at least three directors from the Company’s Board. All Committee members shall meet the applicable independence requirements of the Nasdaq Stock Market (“Nasdaq”). In addition, all Committee members must qualify as “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities and Exchange Act of 1934, as amended. Committee members shall be appointed by the Board in accordance with the Company’s Certificate of Incorporation and Bylaws, and may be removed by the Board at any time for any reason with or without cause. Each member of the Committee shall serve on the Committee until such member’s successor is duly elected and qualified or until his or her earlier death, resignation or removal.

#### **II. Purpose**

The Committee’s primary purposes are to: (a) assist the Board in discharging its responsibilities relating to compensation of the Company’s executive officers; (b) see that the executive officers of the Company are compensated in a manner consistent with the Company’s compensation philosophy and competitive with the Company’s peers; and (c) oversee management succession planning and development. The Committee shall also have the responsibility to (1) appoint, remove, and replace members of any employee benefit plan-related committees of the Company; and (2) have settlor and administrative powers over any such plans. The Committee’s settlor powers shall include, without limitation, the authority to amend, modify, or terminate the plans for any reason and at any time unless the plan(s) expressly provide to the contrary.

#### **III. Structure and Operations**

The Board shall designate one of the members of the Committee to serve as Chair of the Committee. The Committee shall meet periodically (but no less frequently than once yearly) at such times as it determines to be necessary or appropriate and shall periodically report to the Board regarding any issues, recommendations or findings as it deems appropriate. The Chair of the Committee or any two Committee members shall have the power to call a meeting of the

Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The action of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee. The Committee may act in writing by the unanimous consent of its members in lieu of a meeting. The Committee may invite members of management or others to attend all or a portion of its meetings. The Committee may designate a non-voting Secretary or Acting Secretary of the Committee, who shall assist in the administration of the Committee's meetings and prepare the minutes of such meetings, as requested by the Committee. The Committee shall have the opportunity at each regularly scheduled meeting to meet in executive session without the presence of management. The Committee may delegate any of its responsibilities to one or more subcommittees as it may deem appropriate to the extent allowed by applicable law and Nasdaq rules.

#### **IV. Authority and Resources**

The Committee has all powers necessary to carry out its purpose and discharge its responsibilities. These include: (a) the power to set the compensation of executive officers; (b) the power, after taking into consideration factors relevant to an advisor's independence from management, including as specified in Nasdaq Listing Rule 5605(d)(3), to retain directly in its sole discretion, or to obtain the advice of, outside legal counsel, consultants and other advisors as the Committee determines necessary to perform its responsibilities, without additional approval from the Board; and (c) the power to investigate any matter within the scope of its duties, with full access to books, records, facilities and personnel necessary to do so. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any advisors retained by the Committee, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors retained by the Committee.

#### **V. Responsibilities**

The responsibilities of the Committee shall include the following, along with any other matters as the Board may delegate to the Committee from time to time:

##### **a. Organizational**

1. Review the Company's processes to recruit, retain and develop management resources, including its executive personnel appraisal, development and selection processes, with a focus on the Company's commitment to diversity.
2. Oversee succession planning for positions held by executive officers, monitor development of qualified candidates for principal positions in the Company, and review succession planning and management development at least annually with the Board.
3. Review performance and promotability of all executive officers (except the Chief Executive Officer (the "CEO")) with the CEO at least annually and summarize such reviews for the Board.
4. Review the structure, staffing and operational processes of the Company's organization to ensure they are aligned to achieve the Company's strategic objectives.

5. Review the results of periodic assessments of the Company's employees' morale, opinions and internal culture.
6. Oversee the assessment of risks arising from the Company's compensation policies and programs applicable to executive officers and employees, report to the Board on the results of this assessment, and oversee risks arising from programs related to the assessment, selection, succession planning, training and development of executives of the Company.
7. Review the employee benefit plans and make any amendments that it deems necessary and appropriate with respect to a plan's design and administration. This power to amend may be delegated to various administrative committees with the Committee overseeing any amendments proposed and made.

**b. Compensation**

1. Periodically review the compensation system and structure to evaluate whether the cash compensation, stock-based compensation and benefit plans will attract, retain, and motivate executive officers to build stockholder value effectively.
2. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, approve the grant of equity awards to the CEO, and recommend to the independent directors of the Board the CEO's compensation based on this evaluation. In evaluating and making recommendations regarding CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation (the "Say on Pay Vote") required by Section 14A of the Exchange Act. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.
3. Set annual base compensation and approve incentive compensation, including the terms and grants of equity awards, for all executive officers. In evaluating and determining executive officer compensation, the Committee shall consider the results of the most recent Say on Pay Vote.
4. Administer the Company's equity and non-equity incentive compensation plans for executive officers and managers, including the delegation of routine or ministerial activities to management.
5. Review and approve employment agreements and severance agreements for executive officers, except for the CEO, which will be subject to seeking input from the Board when appropriate, including change in control provisions, plans or agreements.
6. Review developments in corporate benefit plans for employees to evaluate their equity, soundness and adequacy.
7. Receive periodic confirmation that no personal loans to directors or executive officers, or other inappropriate compensation under applicable law, are made.
8. Review and discuss with management the Compensation Discussion and Analysis and other executive compensation-related disclosures required by the SEC to be included in the Company's annual Form 10-K and annual proxy statement and recommend to the

Board whether the Compensation Discussion and Analysis should be included in the Company's annual Form 10-K and annual proxy statement.

9. Review and discuss with management the Company's compliance with SEC rules and regulations regarding stockholder approval of certain executive compensation matters, including the desired frequency of the Say on Pay Vote, and recommend to the Board the desired frequency of such vote, and review and discuss with management the requirement under the Nasdaq rules that, with limited exceptions, stockholders approve equity compensation plans.
10. Review and discuss issues relating to any benefit plan committees' activities, as the Committee may desire from time to time.
11. Oversee the Company's engagement efforts with stockholders on the subject of executive compensation.

**c. Governance**

1. Annually review the form and amount of director compensation and recommend appropriate adjustments to the Board for approval.
2. Annually review compliance by executives and directors with the Company's stock ownership guidelines.
3. Oversee preparation of the compensation committee report required by the SEC to be included in the Company's annual Form 10-K and annual proxy statement.
4. Conduct an advisor independence assessment at least annually. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.
5. Review and reassess the adequacy of this Charter at least once a year, and recommend any proposed changes to the Board.
6. Conduct an annual performance review of the Committee and present the results to the Board.
7. Perform any other activities consistent with this Charter as the Committee or the Board deem necessary or appropriate.

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