

# COMPENSATION COMMITTEE CHARTER

## ACME UNITED CORPORATION

### **Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to assist the Board in discharging the Board’s responsibilities relating to compensation of Acme United Corporation’s (the “Company”) Chief Executive Officer (the “CEO”) and the Company’s other executive officers (collectively, including the CEO, the “Executive Officers”).

### **Membership**

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence requirements of the Securities and Exchange Commission (the “SEC”) and those of any applicable stock exchange rules. One member of the Committee shall be appointed as Committee Chairman by the Board. Committee members may be replaced by the Board.

### **Meetings**

The Committee shall meet at least one time per year but may meet more often as necessary to carry out its responsibilities. A majority of the members of the Committee will constitute a quorum. A majority of the members in attendance at a meeting where a quorum is present shall decide any question brought before any meeting of the Committee. The Committee Chairman shall preside at each meeting. In the event the Committee Chairman is not present at a meeting, the Committee members present at that meeting shall designate one of its members as the acting chair of such meeting. The Committee may meet by telephonic conference and may also take action by unanimous written consent.

### **Responsibilities and Authority**

1. The Committee shall annually review and approve corporate goals and objectives relevant to Executive Officer compensation, evaluate the performance of the Executive Officers in light of those goals and objectives and, at least annually, review and make recommendations to the Board regarding the annual base salaries, annual equity incentive compensation, bonuses and benefits of the Executive Officers. In determining the incentive components of Executive Officer compensation, the Committee may consider such factors as it deems relevant, which factors may include, for example, the Company’s performance and relative shareholder return, the value of similar incentive awards to Executive Officers at comparable companies and the awards given to the Executive Officers in past years.
2. In addition, the Committee shall, periodically and as and when appropriate, review and make recommendations to the Board regarding the following as they affect the Executive Officers: (a) any employment agreements and severance agreements or plans; (b) any change in control agreements and change in control provisions in any other agreements or

plans relating to any elements of compensation and benefits; and (c) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment.

3. The Committee shall administer the Company's Non-Salaried Director Stock Option Plans.
4. The Committee shall: (a) review the Company's compensation policies and practices to determine whether they encourage excessive risk-taking; and (b) evaluate compensation policies and practices that could mitigate any such risk.
5. The Committee shall review and discuss with management the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement and annual report on Form 10-K by the rules and regulations of the SEC and, based on such review and discussion, determine whether to recommend to the Board that the CD&A be so included.
6. The Committee shall produce the annual Compensation Committee Report for inclusion in the Company's proxy statement as required by rules promulgated by the SEC.
7. The Committee shall, in consultation with the Company's legal counsel, oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under applicable rules that, with limited exceptions, shareholders approve equity compensation plans.
8. The Committee shall report to the Board on a regular basis regarding its activities.
9. The Committee shall have the authority to retain or obtain the advice of (and to terminate) a compensation consultant, legal counsel or other adviser to assist it in the performance of its duties, but only after taking into consideration all factors relevant to the adviser's independence from management, including those specified by any applicable stock exchange rules. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such adviser retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.
10. The Committee may form and delegate authority and duties to subcommittees as it deems appropriate.