

**DEPARTMENT: BOARD OF DIRECTORS****SOP# I-050**

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Approved by: Board

**Title:           COMPENSATION COMMITTEE CHARTER**

This Compensation Committee Charter governs the operations of the Compensation Committee (the “Committee”) of the Board of Directors (“Board”) of Alto Ingredients, Inc. (the “Company”). This Charter is intended as a component of a flexible corporate governance framework within which the Board, assisted by its committees, directs the affairs of the Company. Although this Charter should be interpreted in the context of all applicable laws, regulations and listing requirements of the NASDAQ Capital Market, as well as the Company’s Certificate of Incorporation and Bylaws, as the same may be amended or restated from time to time, it is not intended to establish by its own force any legally binding obligations.

**GENERAL PURPOSE AND AUTHORITY**

The general purpose of the Committee is to (i) establish and administer a compensation policy for executive officers; (ii) review and approve the compensation policy for all employees of the Company and its subsidiaries other than executive officers; (iii) review and monitor the Company’s financial performance as it affects the compensation policies of the Company or the administration of such policies; (iv) establish and review a compensation policy for the Board and Board committee members; and (v) act as the administrator for the Company’s equity compensation plans as designated by the Board.

**COMMITTEE MEMBERSHIP**

The Committee shall be comprised of a minimum of three members of the Board, each of whom shall be appointed by the Board. Each member shall be “independent” in accordance with applicable law, including the rules of the Securities and Exchange Commission and The NASDAQ Stock Market (“NASDAQ”). Each member of the Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Committee members are prohibited from interlocking or insider participation with any member of the board or compensation committee of another company. Committee members shall qualify as “Non-employee Directors” for the purpose of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. At least two Committee members shall qualify as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code.

The members of the Committee shall be elected by the Board at the meeting of the Board following each annual meeting of stockholders and shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full

Committee membership. Any member may be removed, with or without cause, by the Board at any time.

### **COMMITTEE MEETINGS**

The Committee shall meet as often as it deems appropriate, but not less frequently than twice per year, to perform its duties and responsibilities under this Charter. Meetings of the Committee may be held telephonically. A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the Committee. The Chairman of the Board, any member of the Committee, or the Secretary of the Company may call meetings of the Committee. The Chair of the Committee, in consultation with the Committee members and members of management, will determine the frequency and length of Committee meetings and develop the Committee's agenda. The Committee shall maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board.

### **AUTHORITY AND RESPONSIBILITIES**

The Committee may request any officer or employee of the Company or the Company's legal counsel to attend a Committee meeting. The Committee shall ensure that the Company's internal or external legal counsel attends each meeting at which equity award grants are to be considered or approved. The Committee has the right at any time to obtain advice, reports or opinions from internal or external counsel and expert advisors (including compensation consultants) and has the authority to hire and terminate independent legal, financial and other advisors as it may deem necessary, at the Company's expense, without consulting with, or obtaining approval from, any officer of the Company in advance.

The functions and responsibilities of the Committee are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances. In that regard, the Committee shall:

- Establish and administer a compensation policy for executive officers that is competitive with compensation paid by other companies for comparable responsibilities and performance and is designed to be supportive of the Company's strategy and stockholders' interests. The Committee shall periodically review and modify this compensation policy as necessary to ensure it remains consistent with these objectives.
- Conduct and review with the Board an annual evaluation of the performance of the Chief Executive Officer. In conducting the evaluation of the Chief Executive Officer, the Committee shall meet with the independent directors of the full Board to solicit input and to discuss the specific performance of the Chief Executive Officer. The Chief Executive Officer shall not be present at any meeting of the Committee and/or Board during which the compensation of the Chief Executive Officer is discussed.
- Coordinate, and review with the Chief Executive Officer, the Board's annual review of the performance of other executive officers.

- Review and approve periodically the salaries, bonuses and perquisites of elected officers (including the Chief Executive Officer) and employees of the Company and its subsidiaries.
- Review annually and make recommendations to the Board regarding the compensation of the Board and Board committee members and chairs.
- Review and monitor the Company's financial performance as it affects the compensation policies of the Company or the administration of such policies.
- Act as administering committee of the Company's various bonus plans, stock plans or equity arrangements that may be adopted by the Company from time to time, with such authority and powers as are set forth in the respective plans' instruments including but not limited to establishing performance metrics, determining bonus payouts and the granting of equity awards to employees and executive officers, in each case subject to all other applicable policies adopted by the Board.
- Review and make recommendations to the Board with respect to stockholder proposals related to compensation matters.
- Review and, to the extent it deems necessary, make recommendations to the Board with respect to amendments to the Company's bonus plans, stock plans or equity arrangements.
- To the extent it deems necessary, make recommendations to the Board regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to the Company's employees, directors and consultants.
- Review and comment on management's Compensation Discussion & Analysis and prepare an annual Compensation Committee Report for inclusion in the Company's proxy statement, including disclosure of the policy for the timing and rationale of the Company's option grants, to the extent such disclosure is required to be included in the Company's proxy statement pursuant to the rules and regulations of the SEC.
- Report to the Board concerning the Committee's activities with such recommendations as the Committee deems appropriate at least once a year.
- Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
- Delegate, in its discretion, any of its responsibilities to a subcommittee or person to the extent allowed under applicable law and other policies of the Company. In particular, the authority to grant equity awards or to take any other action with respect to equity awards (other than the performance of ministerial tasks) may not be delegated to the Company's management or any other person.
- Conduct an annual self-evaluation of the performance of the Committee and its members including their effectiveness and compliance with this Charter.

- Review and reassess, at least annually, the adequacy of this Charter and submit any recommended changes to the Board for its consideration and approval.