

## **JONES SODA CO.**

### **COMPENSATION AND GOVERNANCE COMMITTEE CHARTER**

#### **General**

The Compensation and Governance Committee (the "Committee") shall be appointed by the Board of Directors (the "Board") of Jones Soda Co. (the Company"). The primary function of the Committee is to i assist with the responsibilities of the Board relating to compensation of the Company's Chief Executive Officer and other executives, employees and directors who are not employees of the Company, and, in connection with the Company's retirement, welfare and other benefit plans and (ii) develop, update as necessary and recommend to the Board corporate governance principles and policies, applicable to the Company, and monitor compliance with such principles and policies. The Committee shall have all authority necessary to fulfill the duties and responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

#### **Composition and Delegation**

The Committee shall be composed of at least two members. Each member of the Committee shall be a member of the Board and shall (i) meet the independence requirements established by the Board and applicable laws, regulations and listing requirements, (ii) be a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (iii) be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. The members of the Committee shall be appointed annually by the Board, at its annual meeting or as necessary to fill vacancies in the interim. The Board shall designate one of the Committee members as Chairperson. The Board may remove any member from the Committee at any time with or without cause. The Committee when appropriate may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee, the Board or Company officers.

The Committee shall have the sole authority to engage or terminate any outside consultant that is retained to assist the Committee in the evaluation of Chief Executive Officer or executive officer compensation, including the sole authority to approve fees and other retention terms. As the Committee deems appropriate, it may also retain independent counsel, accounting and other professionals to assist the Committee without seeking Board approval with respect to the selection, fees or retention terms for any such advisers.

#### **Duties and Responsibilities**

The Committee shall:

##### ***Compensation Philosophy and Goals***

1. Develop and recommend to the Board for approval executive compensation philosophy and establish and annually review and and recommend to the Board for approval policies regarding executive compensation programs and practices.

### ***CEO and Executive Compensation***

2. Review, solicit input from entire Board and recommend to the Board for its approval corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives and recommend to the Board for its approval the Chief Executive Officer's compensation based on this evaluation.
3. Review the Chief Executive Officer's recommendations and recommend to the Board for its approval the annual compensation for the Company's other executive officers and employees designated by the Committee ("Specified Executives").
4. Establish and oversee annual and long-term incentive compensation plans for the CEO and the Specified Executives.
5. Recommend to the Board for its approval and, where appropriate, submission to the Company's shareholders, incentive compensation plans and equity-based plans.
6. Recommend to the Board for its approval changes to compensation policies and programs for the CEO and the Specified Executives.
7. Review and recommend to the Board for its approval all executive employment, compensation, retirement and termination arrangements.
8. Determine procedures for Board review of the Chief Executive Officer and for communicating such review to, the Chief Executive Officer. Receive from the CEO his/her review of Specified Executives and review such evaluations.

### ***Stock Ownership Guidelines***

9. Develop, periodically review and recommend to the Board director and executive stock ownership guidelines and monitor progress toward meeting ownership guidelines.

### ***General Compensation and Benefits Matters***

10. Consult periodically with the Chief Executive Officer and the top person in charge of Human Resources, regarding compensation and benefit matters deemed appropriate by them or the members of the Committee.
11. Provide oversight regarding the Company's retirement, welfare and other benefit plans, policies and arrangements on an as-needed basis.

### ***Tax-Qualified & Nonqualified Benefit Plans***

12. Recommend to the Board for Board action (i) all Internal Revenue Service tax-qualified retirement plans and all plan amendments that are non-administrative in nature and (ii) all nonqualified benefit plans and all plan amendments that are non-administrative in nature.
13. Approve and recommend to the Board for its action:
  - the designation of the trustee and the execution of trust agreements for any such plan or plans;
  - the termination, merger or consolidation of any such plan or plans; and
  - the extension of plan participation to employees of affiliates or subsidiaries.
14. Periodically review plan administration, participation and regulatory compliance of nonqualified plans.

### ***Incentive Plans***

15. Review management's recommendations for other nonexecutive corporate incentive plans and annually review plan goals and results.
16. Review and approve all equity awards granted to employees, including executive officers.

### ***Reports***

17. Prepare the report on executive compensation required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

### ***Board Compensation***

18. Review director compensation practices in relation to comparable companies.
19. Recommend to Board, as appropriate, revisions to director compensation practices.

### ***Board Leadership***

20. Develop and recommend to the Board procedures for selection of the Chairperson of the Board.
21. Develop and recommend to the Board procedures for Board review of the Chairperson of the Board, and for communicating such review to, the Chairperson of the Board.

### ***Board Relationship to Senior Management***

22. Monitor process and scope of director access to Company management and employees and communications between directors and Company management and employees.

### ***Meeting Procedures***

23. Develop, in consultation with the Chairperson of the Board and the CEO, an annual meeting calendar for Board.
24. Ensure that executive sessions take place regularly in conjunction with scheduled Board meetings.
25. Develop process for preparing agendas for, organizing and running Board meetings in coordination with the Chairperson and CEO.
26. Determine the subject matter, detail and appropriate timing for distribution of Board materials to allow directors adequate time to review materials and prepare for meetings.

### ***Board Committee Matters***

27. Recommend to Board, as appropriate, number, type, functions, structure and independence of committees.
28. Annually recommend to Board director membership on Board committees and advise Board and/or committees with regard to selection of Chairpersons of committees.
29. Establish and coordinate with applicable committee Chairperson criteria and method for evaluating the effectiveness of the committees.

### ***Management Selection and Development***

30. Determine procedures for selection of the CEO and, in consultation with the CEO, other senior management.

31. Develop guidelines for and monitor compliance with long-range succession planning.
32. Develop and maintain in consultation with the Board and the CEO a short-term succession plan for unexpected situations affecting the CEO and senior management.
33. Monitor procedures relating to executive development.

#### ***Director Orientation and Continuing Education***

34. Periodically review and recommend revisions, as appropriate, to the Company's director orientation program.
35. Monitor, plan and support budgeted continuing education activities of the directors.

#### ***Governance Policies***

36. Develop and periodically review and recommend to the Board in consultation with the Audit Committee appropriate revisions to a code of conduct applicable to the Company's directors, officers and employees pursuant to and at a minimum to the extent required by regulations applicable to the Company from time to time.
37. Develop and periodically review and recommend to the Board in consultation with the Audit Committee appropriate revisions to a code of ethics applicable to the Company's senior financial officers pursuant to and at a minimum to the extent required by regulations applicable to the Company from time to time.
38. Monitor compliance with and the effectiveness of the aforementioned codes.
39. Consult with and support the Audit Committee with respect to the establishment of (a) procedures for receipt, retention and treatment of complaints regarding the Company's accounting, internal controls and auditing matters; and (b) procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
40. Develop, review and recommend to the Board, as appropriate, other principles and policies relating to corporate governance; and monitor compliance with and the effectiveness of such principles and policies, as appropriate.

#### **Meetings**

In accordance with the applicable provisions of the Company's Bylaws, as amended from time to time, the Committee shall meet at such times and places, as the members deem advisable, and shall make such recommendations to the Board as the Committee considers appropriate. When appropriate, the Committee may meet in separate executive session with other independent directors, management, employees, general counsel, internal audit, the independent

auditor or other consultants or advisors it may retain to discuss matters that the Committee or the other groups believe warrant Committee attention. The Committee will meet periodically in executive sessions of only the Committee members and, if invited by the Committee in its sole discretion, other independent members of the Board.

### **Minutes**

Minutes of each meeting shall be prepared by the Committee Chair or by his/her designee and sent to Committee members. Following an initial review by the Committee members, the Committee will provide the minutes to the Board. The Secretary of the Company shall archive the approved minutes. The Committee will also report to the Board on any significant matters arising from the Committee's work, including awards for top executives and special executive employment, compensation and retirement arrangements.

### **Evaluation**

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board.

The Committee shall obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.