

PHARMA-BIO SERV, INC.

Compensation Committee Charter

Purpose

The purposes of the Compensation Committee (the “Committee”) of the board of directors (the “Board”) of Pharma-Bio Serv, Inc. (the “Company”) are:

- to discharge the Board’s responsibilities relating to compensation of the Company’s directors and executive officers, including approving individual executive officer compensation;
- to review and recommend compensation plans, policies and benefit programs for employees generally; and
- to prepare the report on executive compensation for inclusion, if required, in filings made by the Company with the Securities and Exchange Commission, including its annual proxy statement and periodic reports.
- if the Board designates the Committee as the committee responsibility for administering one or more stock options, long-term incentive or other plans, the Committee shall have the responsibilities accorded such committee under the applicable plan.

Composition and Term of Office

- The Committee will consist of not fewer than three members, each of whom shall be a director who (i) satisfies the independence requirements of the principal market or exchange on which the Company’s common stock is traded, or, if the common stock is not traded on a market or exchange which requires a standard of independence, the independence standard required by the Nasdaq Stock Market, (ii) is a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (iii) is an “outside director” as defined by Section 162(m) of the Internal Revenue Code.
- One member shall serve as chairman of the Committee. The members of the Committee shall serve one-year terms, and shall be appointed annually by the Board. The Chairman shall likewise be determined by the Board annually.
- Members of the Committee may be removed or replaced by the Board. Any member who, subsequent to his or her appointment, ceases to be an independent director, a non-employee director or an outside director shall resign from the Committee, and if such member fails to resign, the Board shall replace such member.

Committee Meetings - Operating Principles

- The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, at least once each year.
- Meetings of the Committee may be called as needed by the Chairman of the Committee. The Company’s chief executive officer or other senior executive officers may request that the Committee meet for a specific purpose.
- The Committee may meet by telephone or videoconference and may take action by written consent.
- The Committee may engage compensation consultants to assist in the evaluation of director, CEO or executive officer compensation, and, in connection therewith, shall have the authority to determine the terms on which such firm is engaged.

- The Committee shall have the authority to obtain advice and assistance from any officer or employee of the Company or from any outside legal expert or other advisors.
- The Committee may request that members of Senior Management or outside consultants and advisors of the Committee, be present to assist the Committee in performing its duties.
- If the Committee shall consist of more than three directors, the Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate provided that the subcommittee is comprised of not less than three directors all of whom are independent directors.

Compensation/Employee Benefits Responsibilities

The Committee shall perform the following functions:

- Provide oversight and guidance for compensation and benefit philosophy for all employees of the Company.
- Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and have the sole authority to determine the CEO's compensation level based on this evaluation. This includes salary, annual incentive and long-term incentive programs, whether stock, stock options or other equity-based incentive or cash, and determinations relating to the deductibility of compensation under Section 162(m) of the Internal Revenue Code of 1986.
- Review and approve other significant terms of employment for the CEO.
- Review and approve the compensation, including base salary and incentive awards, including awards under any plans, and other significant terms of employment, for individuals who either report directly to the CEO or holding a position classified as vice president or higher and or any other officer of the Company who is subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, such officers, together with the CEO being referred to as "Senior Management."
- Review and make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
- Review the performance of Senior Management.
- Review and make recommendations to the Board on matters concerning the directors' annual retainer, as well as any other compensation programs relating to the Board.
- Prepare the report on executive compensation for inclusion in the Company's proxy statement in accordance with applicable rules and regulations.
- If the Committee also serves as the committee under any plans, set the criteria for awards under each plan and determine the nature of the awards and the terms of any award. With respect to awards to any employees who are not Senior Management, the Committee may consult with Senior Management in granting awards under the plan.

Other Responsibilities

- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- Conduct an annual performance evaluation of the Committee.
- Take such further actions or provide such further advice as the full Board may from time to time delegate to the Committee.