



**DYADIC INTERNATIONAL, INC.
COMPENSATION COMMITTEE CHARTER**

I. Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Dyadic International, Inc.(the “Company”) shall be to: (1) assist the Board in the discharge of its fiduciary responsibilities with respect to determining the overall compensation of the Chief Executive Officer and other executive officers of the Company; (2) review and discuss with the Company’s management the Compensation Discussion and Analysis (the “CD&A”) to be included in the Company’s annual proxy statement, when required, and determine whether to recommend that the CD&A be included in the Company’s proxy statement; and (3) produce an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with applicable rules and regulations of the Securities Exchange Commission (the “SEC”). In performing its function, it shall be the objective of the Committee to approve compensation programs that are designed to: (a) encourage superior performance, accountability and adherence to the Company’s values and code of ethical conduct; (b) promote a direct relationship between compensation and the Company’s performance; and (c) serve the long-term best interests of the Company.

The Committee, as delegated by the Board, shall have the authority to undertake the specific duties and responsibilities as set forth in this Compensation Committee Charter, as the Committee or the Board deems necessary or appropriate, and such other duties consistent with the Company’s Bylaws and governing law. The Committee shall have the authority to delegate its functions to a subcommittee thereof.

II. Membership

The Board shall appoint the members of the Committee. The Committee shall be composed of at least three (3) members of the Board, one of whom shall be designated by the Board as the Chairman. Each member of the Committee shall: (1) meet the independence requirements of the Nasdaq Stock Market, including without limitation the specific requirements of NASDAQ Rule 5605(d)(2) for compensation committee members; (2) be a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); (3) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), and (4) be otherwise free from any relationship that, in the judgment of the Board, would interfere with his or her exercise of business judgment as a Committee member. In determining whether a director is eligible to serve on the Committee, the Board also must consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director’s judgment as a member of the Committee. The Board may, at any time, remove one or more directors as members of the Committee. The Board may designate one or more

members of the Board as alternative members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee.

III. Meetings and Procedures

The Committee shall meet as often as its members deem necessary to perform the Committee's responsibilities. In discharging its responsibilities, the Committee shall have sole authority, in its sole discretion and as it deems appropriate, to select, retain, obtain the advice of, or replace, as needed, a compensation consultant, independent legal counsel and other outside compensation adviser to provide independent advice to the Committee. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel and other adviser retained by the Committee. The Company will provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee. The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration factors relevant to each adviser's independence from management, including the factors specified in the NASDAQ listing standards; however, the Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent, after considering the relevant independence factors.

In addition, the Committee shall have direct access to Company staff personnel to solicit data and advice in connection with the Committee's review of management compensation practices and policies, and leadership development processes.

The Committee shall maintain written minutes of its meetings. Minutes of each meeting of the Committee shall be distributed to each member of the Committee and other members of the Board. The Secretary of the Company shall retain the original signed minutes for filing with the corporate records of the Company. The Chairman of the Committee shall report to the Board following meetings of the Committee, and as otherwise requested by the Chairman of the Board.

IV. Responsibilities

The Committee shall be responsible for:

1. Assessing the overall compensation structure of the Company, selecting an appropriate peer group, and periodically reviewing executive compensation in relation to this peer group.
2. Reviewing and approving corporate goals and objectives relating to the compensation of the Chief Executive Officer, evaluating the performance of the Chief Executive Officer in light of the goals and objectives, and making appropriate recommendations for improving performance. The Committee shall determine the compensation of the Chief Executive Officer based upon such evaluation. In performing the foregoing functions, the Chairman of the Committee may solicit comments from the other members of the Board. Final determinations regarding the performance and compensation of the Chief Executive Officer will be conducted in an executive session of the Committee and be reported by the Chairman of the Committee to the entire Board during an executive session of the Board. The Chief Executive Officer may not be present during voting or deliberation on his or her own compensation.

3. Reviewing and determining the compensation for all other executive officers of the Company, evaluating the responsibilities and performance of other executive officers and making appropriate recommendations for improving performance.
4. Recommending policies to the Board regarding minimum retention and ownership levels of Company common stock by executive officers of the Company.
5. Reviewing, making recommendations to the Board and administering all executive compensation programs, including, but not limited to, incentive and equity-based plans of the Company. The Committee shall have and shall exercise all the authority of the Board with respect to administering such plans, including approving amendments thereto.
6. Reviewing on an annual basis the potential risk to the Company from its compensation programs and policies, including any incentive plans, and whether such programs and policies incentivize unnecessary and excessive risk taking.
7. Approving, amending and terminating ERISA-governed employee benefit plans.
8. Reviewing and discussing with the Company's management the CD&A to be included in the Company's annual proxy statement when required, and determining whether to recommend that the CD&A be included in the Company's proxy statement.
9. Producing an annual report on executive compensation for inclusion in the Company's proxy statement, if required in accordance with applicable rules and regulations of the SEC.
10. Overseeing succession planning for senior management of the Company.
11. Conducting an annual evaluation of the performance and effectiveness of the Committee.
12. Reviewing and reassessing the adequacy of the Committee's charter on an annual basis and submitting any recommended changes to the Board for its consideration.
13. Performing such other functions and having such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

For purposes of this Charter, "compensation" shall include, but not be limited to, cash or deferred payments, incentive and equity compensation, benefits and perquisites, employment, retention, or termination/severance agreements, and any other programs which pursuant to the regulations of the SEC or Internal Revenue Service (or successor organizations, if applicable), would be considered to be compensation. In addition, "officer" shall be as defined in Section 16 of the Exchange Act and Rule 16a-1 thereunder.