

COMPENSATION COMMITTEE CHARTER  
of the Compensation Committee  
of INFORMATION SERVICES GROUP, INC.

This Compensation Committee Charter (the “Charter”) was adopted by the Board of Directors (the “Board”) of Information Services Group, Inc. (the “Company”) on May 13, 2013.

**I. Purpose**

The purpose of the Compensation Committee (the “Committee”) is to assist the Board with its oversight responsibilities: (i) to discharge the Board’s responsibilities relating to compensation of the Company’s executives, including by designing (in consultation with management and the Board, as appropriate), recommending to the Board for approval and evaluating the compensation plans, policies and programs of the Company; (ii) to oversee and review the Company’s overall programs of employee benefits, as well as the Company’s policies and terms and conditions applicable to its employees; and (iii) to produce or review any annual report or disclosures with respect to executive compensation required to be included in the Company’s proxy materials in accordance with applicable rules and regulations of the Securities and Exchange Commission (“SEC”). The Committee shall attempt to establish compensation programs that are designed to encourage high performance and accountability and promote the alignment of employee interests with the interests of the Company’s stockholders.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s certificate of incorporation or bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion.

**II. Membership**

The Committee shall be comprised of three or more directors, as determined by the Board, each of whom (1) satisfies the independence requirements of the Nasdaq Stock Market (“Nasdaq”) rules, including the additional independence requirements specific to compensation committee membership, and the rules and regulations of the SEC, (2) is a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (3) is an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The members of the Committee, including the Chairman of the Committee, shall be appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee and each shall serve until his or her successor is duly elected and qualified or until such member’s earlier resignation or removal. Committee members may be removed from the Committee, with or without cause, by the Board.

**III. Meetings and Procedures**

The Chairman of the Board, Chief Executive Officer of the Company or the Chairman of the Committee may call a meeting of the Committee. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's certificate of incorporation or bylaws that are applicable to the Committee.

The Committee shall meet once a year or more frequently as the Committee deems necessary.

Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of a majority of the Committee members present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least one-half of the members of the Committee.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may exclude from its meetings any persons it deems appropriate, including but not limited to, any non-management director that is not a member of the Committee and the Committee should meet periodically in executive session without the presence of management and non-member directors.

The Chairman shall report to the Board regarding the activities of the Committee at appropriate times and as otherwise requested by the Chairman of the Board.

#### **IV. Compensation Advisers**

In discharging its oversight role, the Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, independent legal counsel or other adviser that it retains. The Company shall provide appropriate funding, as determined by the Committee, for payment of reasonable compensation to any compensation consultant, independent legal counsel or other adviser retained by the Committee.

Prior to selecting or receiving advice from a compensation consultant, legal counsel or other adviser, the Committee shall take into consideration all factors relevant to such consultant's, counsel's or adviser's independence from management, including the following:

1. other services that the compensation consultant, legal counsel or other adviser (or the person employing such consultant, counsel or adviser) provides to the Company;
2. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser), as a percentage of the total revenues of such person;
3. the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

4. any business or personal relationship of the compensation consultant, legal counsel or other adviser (or the person employing the consultant, counsel or other adviser) has with a member of the Committee;

5. any stock of the Company that is owned by the compensation consultant, legal counsel or other adviser; and

6. any business or personal relationship the compensation consultant, legal counsel or other adviser (or the person employing the consultant, counsel or other adviser) has with an executive officer of the Company.

For the avoidance of doubt, the Committee may select or receive advice from any compensation consultant, legal counsel or other adviser that it prefers, including ones that are not independent, so long as the Committee has taken into consideration all factors relevant to such consultant's, counsel's or adviser's independence, including the foregoing six independence factors before selecting or receiving advice from such consultant, counsel or adviser.

Notwithstanding the foregoing, the Committee shall not be required to conduct an independence assessment with respect to (i) any in-house legal counsel that provides advice to the Committee or (ii) any compensation consultant, legal counsel or other adviser whose role is limited to (A) consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors of the Company and that is available generally to all salaried employees or (B) providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant and about which the compensation consultant does not provide advice.

With respect to any compensation consultant as to which the Company is required to provide disclosure pursuant to Item 407(e)(3)(iii) of Regulation S-K promulgated by the SEC, the Committee also shall assess whether such compensation consultant's work raises any conflict of interest, taking into account at least the six factors specified above. Where a conflict of interest is determined to exist, the Committee shall determine (in consultation with the full Board of Directors) how such conflict of interest is to be addressed.

## **V. Powers and Responsibilities**

1. The Committee shall, at least once each calendar year, review the compensation philosophy of the Company and consider whether any compensation programs encourage unnecessary or excessive risk taking.

2. The Committee shall have sole authority to determine the Chief Executive Officer's compensation. The Committee shall, at least once each calendar year, review and approve corporate goals and objectives relating to the compensation of the Chief Executive Officer and shall, with input from the Chief Executive Officer, annually establish the performance criteria (including both long-term and short-term goals) to be considered in light of those goals and objectives in connection with the Chief Executive Officer's next annual performance evaluation. The Committee shall meet, without the Chief Executive Officer present, to review the Chief Executive Officer's performance, determine and approve the compensation of the Chief Executive Officer based on its evaluation of the Chief Executive Officer's performance and report thereon to the Board. The results of the review and evaluation shall be communicated to the Chief Executive Officer by the Chairman of the Committee.

3. With the input of the Chief Executive Officer, the Committee shall, at least once each calendar year, review the performance of and approve all compensation for executive officers (as such term is defined in Rule 16a-1 promulgated under the Exchange Act). In addition, the Committee shall review and approve all officers' employment agreements and severance arrangements including all change of control provisions.

4. The Committee shall, at least once each calendar year, receive and review a report from the Company's management regarding the status of the Company's non-employee director compensation in relation to other U.S. companies of comparable size and the Company's competitors. Such report will include consideration of both direct and indirect forms of compensation to the Company's directors. The Company shall recommend any changes in director compensation to the full board, which changes will be approved or disapproved by the full board after review and discussion.

5. The Committee shall periodically review all annual bonus, long-term incentive compensation, stock option, employee pension and welfare benefit plans for management and shall have responsibility for:

(i) reviewing the plan's administrative costs and plan features relative to any proposed new features, and assessing the performance of the plan's internal and external administrators if any duties have been delegated;

(ii) setting performance targets under all management annual bonus and long-term incentive compensation plans as appropriate and committing to writing any and all performance targets for all executive officers who may be "covered employees" under Section 162(m) of the Code within the first 90 days of the performance period to which such target relates or, if shorter, within the period provided by Section 162(m) of the Code in order for such target to be "pre-established" within the meaning of Section 162(m);

(iii) certifying that any and all performance targets used for any performance-based equity compensation plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plan(s);

(iv) approving all amendments to, and terminations of, all executive officer compensation plans and any awards under such plans; and

(v) approving which executive officers are entitled to awards under the Company's stock option or other equity compensation plan(s).

6. The Committee shall establish and periodically review policies concerning any management perquisite and similar benefits.

7. To the extent required by the applicable rules and regulations of the SEC, the Committee shall (a) prepare and approve the Committee report required to be included as part of the Company's annual proxy statement, and (b) prepare, review or approve any other disclosures with respect to executive compensation required to be included as part of the Company's annual proxy statement.

8. The Committee shall insure that stockholders of the Company shall have the opportunity (i) to vote on an advisory resolution to approve the compensation of the Company's named executive officers consistent with the requirements of any applicable law, rule or regulation ("Say on Pay Votes") and (ii) to vote on an advisory resolution to approve the frequency of such Say on Pay Votes consistent with the requirements of applicable laws, rules and regulations ("Say on Pay Frequency Votes"). The

Committee shall review the results of any such Say on Pay Votes and Say on Pay Frequency Votes and consider whether to recommend adjustments to the Company's executive compensation policies and practices as a result of such Say on Pay Votes and Say on Pay Frequency Votes. The Committee shall review and approve disclosure for inclusion in the Company's Compensation Discussion and Analysis regarding how the Company has considered the results of the most recent Say on Pay Vote and Say on Pay Frequency Vote and the extent to which adjustments, if any, to the Company's executive compensation policies and practices have been made in respect thereof.

9. The Committee shall recommend how frequently the Company should conduct Say on Pay Votes and Say on Pay Frequency Votes, taking into account the results of any prior Say on Pay Votes and Say on Pay Frequency Votes and the requirements of any applicable law, rule and regulation.

10. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

11. The Committee shall review and reassess this Charter at least once each calendar year and submit any recommended changes to the Board for its consideration.

12. The Committee shall have and may exercise such other rights, duties and obligations as may be ancillary to those specified herein or otherwise as delegated to the Committee by the Board of Directors, or as otherwise required by applicable law or Nasdaq listing standards.

## **VI. Delegation of Duties**

The Committee may delegate the authority granted hereunder, subject to applicable limitations under applicable law. Such delegation may include delegation to a subcommittee, in order to ensure compliance with legal and regulatory obligations, to ensure timely decision making or for other purposes. Such delegation may also include delegation to management.

## **VII. Disclosure of Charter**

This Charter shall be made available on the Company's website at [www.isg-one.com](http://www.isg-one.com) and to any stockholder who otherwise requests a copy. The Company's Annual Report to Stockholders shall state the foregoing.