



## **Compensation Committee Charter**

### **CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF ALIGN TECHNOLOGY, INC.**

(amended February 2013)

#### **PURPOSE:**

The purpose of the Compensation Committee established pursuant to this charter is to review and approve, and, where appropriate, to and make recommendations to the Board of Directors (the "Board") regarding all forms of compensation to be provided to the employees and directors of, and consultants to, Align Technology, Inc., a Delaware corporation, and its subsidiaries (the "Company"), including stock compensation and bonus awards.

The Compensation Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

#### **STATEMENT OF PHILOSOPHY:**

The policy of the Compensation Committee is to maximize stockholder value over time. The primary goal of the Company's Compensation Committee and its executive compensation program is therefore to effectively link the actions of our executive officers to business outcomes that drive value for the Company's shareholders. To achieve this goal the Compensation Committee attempts to (i) offer compensation opportunities that attract, retain and incent executives whose abilities are critical to the long-term success of the Company; (ii) motivate individuals to perform at their highest level and reward outstanding achievement; (iii) maintain a significant portion of the executives' total compensation at risk by linking it to the achievement of financial, organizational and management performance goals; and (iv) encourage executives to manage from the perspective of shareholders.

#### **MEMBERSHIP:**

The Compensation Committee shall consist of a minimum of two (2) non-employee directors of the Company as is determined by the Board. The members of the Compensation Committee are appointed by and serve at the discretion of the Board.

Each member of the Compensation Committee will be (i) an independent director as defined by the rules of The Nasdaq Stock Market, (ii) an "Outside Director" as such term is defined with respect to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "**IRC**"), and (iii) a "non-employee" director as defined under Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

#### **AUTHORITY AND RESPONSIBILITIES:**

The Compensation Committee will have the following responsibilities and authority:

1. Unless otherwise reviewed and approved by a majority of the independent directors of the Board meeting in executive session, review and approve decisions regarding the compensation of the Chief Executive Officer of the Company (the "CEO"). For purposes of this Compensation Committee Charter, the compensation of the CEO and the other officers of the Company to be approved by the Compensation Committee hereunder shall include all "plan" compensation as such term is defined in Item 402(a)(7) of Regulation S-K promulgated under the Securities Act of 1933, as amended). The Company's Chief Executive Officer shall not be present during voting or deliberations regarding his or her compensation.;
2. Unless otherwise reviewed and approved by a majority of the independent directors of the Board, review and approve decisions regarding all forms of compensation to be provided to the officers of the Company on an annual basis;
3. Review and make recommendations to the Board annually regarding general compensation goals and guidelines, long-

term strategy of employee compensation for the Company's employees and the criteria by which bonuses to the Company's employees are determined;

4. Review and make recommendations to the Board annually regarding the compensation policy for the directors of and consultants to the Company;
5. Act as the Administrator (as defined under each plan) and administer, within the authority delegated by the Board, the Company's equity compensation plans adopted by the Board (the "Plans"). In its administration of the Plans, the Compensation Committee may, pursuant to authority delegated by the Board, (a) grant stock options, restricted stock units, market stock units or stock purchase rights to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Exchange Act in compliance with Rule 16b-3 promulgated thereunder), (b) amend such stock options, restricted stock units, market stock units or stock purchase rights, and (c) take all other actions permitted under the Plans. The Compensation Committee shall also make recommendations to the Board with respect to amendments to the Plans and changes in the number of shares reserved for issuance thereunder;
6. Review and discuss with management the annual Compensation Discussion and Analysis ("CD&A") disclosure regarding named executive officer compensation and, based on this review and discussion, recommend whether the Company include the CD&A in the Company's annual report on Form 10-K and annual proxy statement;
7. Create and approve an annual Compensation Committee Report to be included in the Company's annual report on Form 10-K and annual proxy statement;
8. Review, consider and select peer groups and periodically assess the competitiveness of compensation levels in terms of relative size and performance;
9. Review the risks associated with the Company's compensation policies and practices, including an annual review of the Company's risk assessment of its compensation policies and practices for its employees;
10. Assist the Board in reviewing the results of any shareholder advisory votes, or responding to other shareholder communications that relate to the compensation of the executive officers of the Company who are named in the company's annual proxy statement;
11. Review the Compensation Committee Charter, structure, processes and membership requirements from time to time;
12. The Committee shall be directly responsible for the appointment, compensation and oversight of any compensation consultant retained by the Committee to assist in the execution of the Committee's responsibilities and shall have the sole authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Company will provide the Committee with appropriate funding, as the Committee determines, for the payment of compensation to any compensation consultant, outside counsel, and other advisors as the Committee deems appropriate, and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Prior to the retention of a compensation consultant or any other external advisor, and from time to time as the Committee deems appropriate, the Committee shall assess the independence of such advisor from management, taking into consideration all factors relevant to such advisor's independence, including factors specified in the Nasdaq listing rules. The Committee shall ensure that any disclosure required by the rules and regulations of the Securities and Exchange Commission or the Nasdaq Stock Market related to the foregoing is included in the Company's proxy statement; and

13. Annually review and evaluate its own performance.

#### **MEETINGS:**

The Compensation Committee will meet at such times that it deems appropriate to fulfill its responsibilities of the Compensation Committee under this Charter. The Compensation Committee shall establish its own schedule, which it will provide to the Board in advance. The members of the Compensation Committee may invite the Chief Executive Officer, the Vice President of Human Resources or any other person to attend meetings as appropriate.

#### **MINUTES:**

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **REPORTS:**

The Compensation Committee will provide reports to the Board of the Company regarding recommendations of the Compensation Committee submitted to the Board for action and copies of the written minutes of its meetings, upon request.

#### **DELEGATION OF AUTHORITY:**

The Compensation Committee may form and delegate authority to subcommittees when appropriate.