

**VALVOLINE INC.**  
**COMPENSATION COMMITTEE CHARTER**

Effective September 22, 2016

**I. Purpose**

The Compensation Committee (“Committee”) of the Board of Directors (“Board”) of Valvoline Inc. will assist the Board in discharging its duties related to executive compensation and succession and the adoption, amendment and termination of employee benefit plans sponsored, maintained, or contributed to by Valvoline Inc., its subsidiaries and affiliates that are more than 50% owned by the Company (hereinafter singly or collectively referred to as the “Company”).

The purpose of the Committee is to:

(i) oversee the adoption and administration of the Company’s compensation plans, in particular the incentive and equity-based plans;

(ii) discharge the Board’s responsibilities relating to compensation of the Company’s executives;

(iii) oversee the preparation of the annual report on executive compensation required by the rules and regulations of the Securities and Exchange Commission to be included in the Company’s proxy statement;

(iv) oversee plans for executive development and succession; and

(v) adopt, amend, terminate, merge, spin off and transfer the employee benefit plans of the Company, including those that are and are not subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

**II. Principles of Compensation**

In discharging its duties relating to compensation of Company executives, the Committee shall adhere to the following principles:

1. Compensation arrangements shall emphasize pay for performance and encourage retention of those employees who enhance the Company’s performance;

2. Compensation arrangements shall promote ownership of Company stock to align the interests of management and stock holders;

3. Compensation arrangements shall maintain an appropriate balance between base salary and long-term and annual incentive compensation;

4. In approving compensation, the recent compensation history of the executive, including special or unusual compensation payments, shall be taken into consideration;

5. Incentive compensation plans for senior executives shall link pay to achievement of financial goals set in advance by the Committee.

### **III. Organization**

#### **A. Membership**

The Committee is composed of three or more directors, as determined by the Board. Each member shall be “independent” in accordance with applicable law, including the rules and regulations of the Securities and Exchange Commission (the “SEC”) (including the independence requirements of the provisions of Rule 10C-1(b)(1) under the Exchange Act) and the rules of the New York Stock Exchange (“NYSE”), taking into account (i) such additional independence requirements specific to membership on the Committee as may be required by the rules of the NYSE and (ii) the transition periods applicable to the Committee under Section 303A.00 of the NYSE Listed Company Manual. Committee members shall qualify as “Non-Employee Directors” for the purposes of Rule 16b-3 under the Exchange Act and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Board elects the members of the Committee upon the recommendation of the Governance and Nominating Committee at the annual organization meeting of the Board for terms of one year, or until their successors are duly elected and qualified. Members shall serve at the pleasure of the Board. Unless a Chairman is elected by the full Board, the members may designate a Chairman by majority vote of the full membership of the Committee.

#### **B. Meetings**

The Committee shall meet at least four times each calendar year and at such other times as required, upon the call of the Chairman of the Committee or the Chairman of the Board. Committee meetings may be in part or in whole with members attending in person and/or via electronic means. A majority of the members of the Committee attending shall constitute a quorum. Committee actions and decisions shall be decided based upon a simple majority and may be taken at meetings, via electronic media, or a combination thereof. If so agreed, actions may be taken in writing without a meeting.

The Committee shall maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board. The Committee will report to the Board from time to time with respect to the activities of the Committee.

### **IV. Responsibilities and Authorities**

The Committee shall have the responsibility and authority to, among other things:

#### **Benefit & Compensation Plans**

1. Adopt, amend, terminate, merge, spin off or transfer the benefit plans of the Company, and perform any other settlor functions in connection with the Company’s employee benefits plans.

2. Oversee the implementation and administration of the compensation plans of the Company, including incentive and equity-based plans, to ensure that these plans are consistent with the Company's general compensation policy.

3. Review and make recommendations to the Board with respect to incentive-compensation and equity-based plans that are subject to Board approval.

4. Periodically review compensation policies and practices for all employees and consider whether those policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.

#### Executive Compensation

5. Ensure that the Company's executive compensation programs are appropriately competitive, support organizational objectives and shareholder interests, and emphasize pay for performance linkage.

6. Review, evaluate and approve on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer ("CEO"). The Committee shall annually evaluate the CEO's performance in light of these established goals and objectives and, based upon these evaluations, shall, after an executive session of the Committee, set the CEO's annual compensation, including salary, bonus, incentive and equity compensation. In setting compensation, all relevant factors shall be considered, including the Company's performance and relative shareholder return, the value of similar incentive awards to those with similar responsibilities at comparable companies and the awards given by the Company in prior years.

7. Review, evaluate and approve compensation of all key senior executives and elected corporate officers from time to time, taking into account individual performance, Company performance, and comparable compensation paid to similarly situated officers in comparable companies. The Committee shall approve the Company's policies and procedures governing key officers' perquisites and other Company benefits.

8. Approve any employment agreements, consulting arrangements, severance or retirement arrangements, change-in-control agreements, and/or any special or supplemental benefits or provisions covering any current or former executive officer of the Company.

9. Oversee the execution of any CEO and senior management development and succession plan, including HR-related business continuity plans, and report to the Board periodically on such plans.

10. Review and approve any perquisites provided to executive officers of the Company.

11. Review stockholder proposals relating to executive compensation matters and recommend to the Board the Company's response to such proposals.

## Director Compensation

12. On an annual basis, review and recommend to the Board the form and amount of director compensation (including perquisites and other benefits), and any additional compensation to be paid for service on Board committees or for service as a chairperson of a committee. In making its recommendations, the Committee shall give due consideration to what is customary compensation for directors of comparable U.S. companies, among such other factors it deems appropriate.

## Regulatory Matters

13. Oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility (including, for purposes of compliance with Section 162(m) of the Code establishing performance goals and certifying that such performance goals and any other material terms have been attained).

14. Oversee the preparation of the annual report on executive compensation required by the rules and regulations of the Securities and Exchange Commission to be included in the Company's proxy statement and review and discuss the report as required in order to recommend its publication to the Board.

15. Overseeing the Company's compliance with the requirement under the NYSE rules that stockholders approve equity compensation plans, with limited exceptions, as well as the requirement under Section 14A of the Exchange Act that stockholders be given an opportunity to participate in advisory votes regarding executive compensation and the frequency of such votes.

16. Evaluate and make recommendations to the Board any other disclosure required by the rules of the Exchange Act, including with respect to compensation consultants whose work has raised any conflict of interest.

## Operation

17. Form and delegate authority to subcommittees, whether or not such delegation is specifically contemplated under any compensation or employee benefit plan or policy. In addition, in connection with compensation plans, the Committee may delegate approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for purposes of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, or (ii) "outside directors" for purposes of 162(m) of the Internal Revenue Code of 1986, as amended.

18. The Committee shall have the rights and responsibilities with respect to compensation consultants, independent legal counsel and other advisers as set forth in Section V below.

19. The Committee shall report its actions and recommendations to the Board after each Committee meeting and shall conduct and present to the Board an annual performance evaluation of the Committee.

20. The Committee shall review at least annually the adequacy of this Charter with the Governance and Nominating Committee and recommend any proposed changes to the Board for approval.

21. Perform such other functions and duties as the Board may assign to the Committee from time to time.

## **V. Comparison Consultants, Independent Legal Counsel and Other Advisers**

1. 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 have the sole authority to terminate the services of any such compensation consultant, independent legal counsel or other adviser.

2. 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 retained by the Committee.

3. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, independent legal counsel or any other adviser retained by the Committee.

4. The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence from management, including the following:

A. The provision of other services to the Company by the person or entity that employs the compensation consultant, legal counsel or other adviser;

B. 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 revenue of the person that employs the compensation consultant, legal counsel or other adviser;

C. The policies and procedures of the person or entity that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;

D. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;

E. Any stock of the Company owned by the compensation consultant, legal counsel or other adviser;

F. Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person or entity employing the adviser with an executive officer of the Company; and

G. Any other factors required to be considered pursuant to applicable law, including the rules and regulations of the SEC or the NYSE.

## **VI. Exceptions**

Notwithstanding any implication to the contrary above:

1. The Audit Committee shall retain responsibility for oversight of the Company's funding of its benefit plans.

2. When reviewing and approving compensation for executive officers, any compensation arrangement approved by the Committee that is intended as performance-based compensation within the meaning of Section 162(m) of the Code will be approved by no less than two Committee members who qualify as outside directors as defined in Section 162(m) of the Code.

3. The Committee shall not be empowered to approve matters that applicable law, the Company's Articles of Incorporation, or the Company's Bylaws require be approved by a vote of the full Board, unless such matters have been lawfully delegated to the Committee.

4. The CEO and any other such senior executive officer may not be present at meetings at which his or her compensation or performance is discussed or determined, however the CEO may be present for discussions or determinations regarding the compensation of other senior executives.