



Charter of the Compensation Committee of The Board of Directors of CECO Environmental Corp. (the “Company”)

I. PURPOSE

The purpose of the Compensation Committee (the “Committee”) is to discharge the responsibilities of the Board of Directors of the Company (the “Board”) relating to compensation of the executive officers of the Company. Executive Officers shall be those persons designated “officers” by the Board for purposes of Section 16 of the Securities Exchange Act of 1934 and the rules thereunder (“Executive Officer”) including the responsibilities to:

- A. Review and approve corporate goals and objectives relevant to the compensation of the Company’s Chief Executive Officer (the “CEO”), evaluate the CEO’s performance in light of those goals and objectives, and to determine and approve, or recommend to the Board for approval, the CEO’s compensation level based on this evaluation;
- B. Approve, or make recommendations to the Board with respect to, non-CEO compensation, incentive-compensation plans and equity-based plans; and
- C. Produce and approve an annual report on executive compensation for inclusion in the Company’s annual proxy statement, in accordance with applicable rules and regulations of the Nasdaq Stock Market, Inc. (“Nasdaq”), Securities and Exchange Commission (the “SEC”) and other regulatory bodies.

II. STRUCTURE AND MEMBERSHIP

- A. **Number.** The Committee shall consist of at least two members of the Board.
- B. **Independence.** The Committee will be comprised solely of “independent directors,” i.e., those directors who neither are officers or employees of the Company or its subsidiaries nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and each of whom is otherwise “independent” under the rules of Nasdaq. Additionally, members of the Committee shall (a) not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries (compensatory fees shall not include: (i) fees received as a member of the Committee, the Board or any other Board committee; or (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service)), (b) qualify as “non-employee directors” for purposes of Rule 16-3 under the Securities Exchange Act of 1934, (c) not be affiliated with the Company, a subsidiary of the Company, or any affiliate of a subsidiary of the Company if such affiliation would impair the director’s judgment as a member of the Committee. Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the membership qualifications shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by law or determined appropriate by the Committee to satisfy regulatory standards.
- C. **Chair.** Unless the Board of Directors elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.

- D. **Compensation.** The compensation of Committee members shall be as determined by the Board of Directors.
- E. **Selection and Removal.** Members of the Committee shall be appointed by the Board. The Board may remove members of the Committee, with or without cause.

III. AUTHORITY AND RESPONSIBILITIES

A. General.

The Committee shall discharge its responsibilities and shall assess the information provided by the Company's management, in accordance with its business judgment.

B. Compensation Matters.

- i. **CEO Compensation.** The Committee shall annually review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives, and shall have the authority to determine and approve, or recommend to the Board of Directors for approval, the CEO's compensation level based on this evaluation. In evaluating and determining CEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act. The CEO shall not be present during any voting or deliberations with respect to his or her compensation.
- ii. **Senior Executive Officer Compensation.** The Committee shall periodically review and shall have the authority to determine and approve, or review and recommend to the Board of Directors for approval, senior executive officer compensation, including salary, bonus and incentive compensation levels; deferred compensation; executive perquisites; equity compensation (including awards to induce employment); severance arrangements; employment agreements; change-in-control benefits and other forms of senior executive officer compensation. In evaluating and determining senior executive officer compensation, the Committee shall consider the results of the Say on Pay Vote required by Section 14A of the Exchange Act. The Committee will also review the company's compensation practices, policies and programs for executive officers and other employees to determine whether such practices, policies and programs encourage unnecessary or excessive risk taking and whether any risks arising from such practices, policies and programs are reasonably likely to have a material adverse effect on the company.
- iii. **Plan Recommendations and Approvals.** The Committee shall periodically review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. The Committee shall approve and recommend to the Board of Directors for approval, all equity compensation grants, plans and amendments to existing compensation plans. Notwithstanding the foregoing, if the Company has a Stock Option Committee with respect to a stock option plan, stock option grants under such stock option plan shall also be subject to the Stock Option Committee approval.
- iv. **Director Compensation.** The Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.
- v. **Say on Pay.** The Committee shall review and recommend to the Board for approval the

frequency with which the Company will conduct Say on Pay Votes, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.

- vi. **Committee Report on Executive Compensation.** The Committee shall produce and approve an annual report on executive compensation for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations of Nasdaq and the Securities and Exchange Commission.
- vii. **Long-term Strategy.** In consultation with senior management, the Committee shall establish, review, and evaluate the long-term strategy of employee compensation and the types of stock and other compensation plans used by the Company. The Committee will establish and monitor compliance with any stock ownership and holding guidelines of the company that are applicable to executive officers or directors.
- viii. **Company Policies.** In consultation with senior management, the Committee shall review and approve any new or materially amended employment, severance, and change-in-control agreements, plans or provisions, and any other compensatory arrangements, as the Committee determines is appropriate with current or prospective executive officers of the company.
- ix. **Equity Plan Policies.** The Committee will approve or make recommendations to the Board with respect to the adoption or modification of policies regarding the pledging or hedging of company stock, if any, and monitor compliance with respect to any adopted policy on pledging and hedging.
- x. **Additional Powers.** The Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

IV. PROCEDURES AND ADMINISTRATION

- A. **Meetings.** The Committee shall meet as often as it deems necessary in order to perform its responsibilities but no less frequently than once every fiscal year. The Chair of the Committee, or in consultation with the any other members of the Committee, may call meetings of the Committee. The Chair of the Committee shall chair all sessions of the Committee and set the agenda for Committee each meeting in consultation with the other members of the Committee. The Committee may invite the Chief Executive Officer, the President, Chief Financial Officer, Chairman of the Board, Secretary, or any other officer desired by the Committee or its Chairman. No such person may be present during any discussions and deliberations of the Committee regarding the compensation of any such person. A quorum at any meeting of the Committee shall consist of a majority of the members. The act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee shall keep such records of its meetings as it shall deem appropriate.
- B. **Subcommittees.** When appropriate, as permitted under applicable law and the rules and listing standards of Nasdaq, the Committee may delegate authority to one or more subcommittees, the Board or management as it deems appropriate from time to time under the circumstances.

- C. **Reports to Board.** The Committee shall report regularly to the Board of Directors.
- D. **Charter.** The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.
- E. **Evaluation of the Committee.** The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee.

V. INDEPENDENT ADVISORS

The Committee shall have the authority, without further action by the Board of Directors, to engage such compensation consultants, legal counsel and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the reasonable compensation of such advisors as established by the Committee.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.

In particular, the Committee shall have the following specific responsibilities and authority with respect to compensation consultants, legal counsel, and other advisors:

- A. **Engagement.** The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor.
- B. **Oversight.** The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other advisor retained by the Committee.
- C. **Funding.** The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other advisor retained by the Committee.
- D. **Factors to Consider.** The Committee may select, or receive advice from, a compensation consultant, legal counsel or other advisor to the Committee, other than in-house legal counsel, only after taking into consideration all factors relevant to that person's independence from management, including the independence factors under applicable Nasdaq listing rules:
 - i. the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor;
 - ii. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other advisor, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other advisor;
 - iii. the policies and procedures of the person that employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest;
 - iv. any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee;

- v. any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and
- vi. any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Company.

Nothing in this Charter shall be construed: (i) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other advisor to the Committee; or (ii) to affect the ability or obligation of a Committee to exercise its own judgment in fulfillment of the duties of the Committee.

The Committee is required to conduct the independence assessment outlined in this section of the Charter with respect to any compensation consultant, legal counsel or other advisor that provides advice to the Committee, other than in-house legal counsel. However, nothing in this Charter requires a compensation consultant, legal counsel or other compensation advisor to be independent, only that the Committee consider applicable independence factors before selecting, or receiving advice from, a compensation advisor. The Committee may select, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the six independence factors outlined above.

For purposes of this Charter, the Committee is not required to conduct an independence assessment for a compensation advisor that acts in a role limited to the following activities: (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; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the advisor, and about which the advisor does not provide advice.