

**CHARTER OF THE  
COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF  
CECO ENVIRONMENTAL CORP.  
(the “Company”)**

**A. PURPOSE**

The purpose of the Compensation Committee is to discharge the responsibilities of the Board of Directors of the Company (the “Board”) relating to compensation of the Company’s executive officers, including the responsibilities to:

1. 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;
2. Approve, or make recommendations to the Board with respect to, non-CEO compensation, incentive-compensation plans and equity-based plans; and
3. 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.

**B. STRUCTURE AND MEMBERSHIP**

1. **Number.** The Compensation Committee shall consist of at least two members of the Board.
2. **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 Compensation 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 Compensation 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) qualify as “outside directors” for purposes of Section

162(m) of the Internal Revenue Code, and (d) 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 Compensation Committee.

3. **Chair.** Unless the Board of Directors elects a Chair of the Compensation Committee, the Compensation Committee shall elect a Chair by majority vote.
4. **Compensation.** The compensation of Compensation Committee members shall be as determined by the Board of Directors.
5. **Selection and Removal.** Members of the Compensation Committee shall be appointed by the Board. The Board may remove members of the Compensation Committee, with or without cause.

## C. AUTHORITY AND RESPONSIBILITIES

### General

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

### Compensation Matters

1. **CEO Compensation.** The Compensation 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 Compensation 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.**
2. **Senior Executive Officer Compensation.** The Compensation 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 Compensation Committee shall consider the results of the Say on Pay Vote required by Section 14A of the Exchange Act.

3. **Plan Recommendations and Approvals.** The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans. The Compensation 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.
4. **Director Compensation.** The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.
5. **Say on Pay.** The Compensation 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.
6. **Compensation Committee Report on Executive Compensation.** The Compensation 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 and other regulatory bodies.
7. **Long-term Strategy.** In consultation with senior management, the Compensation 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.
8. **Additional Powers.** The Compensation Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

#### **D. PROCEDURES AND ADMINISTRATION**

1. **Meetings.** The Compensation 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 Committee may invite the Chief Executive Officer, the President, Chief Financial Officer, Chairman of the Board, Secretary, or any other officer desired by the Compensation 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. The Compensation Committee may also act by unanimous written consent in lieu of a meeting. The

Compensation Committee shall keep such records of its meetings as it shall deem appropriate.

2. **Subcommittees.** When appropriate, as permitted under applicable law and the rules and listing standards of Nasdaq, the Compensation Committee may delegate authority to one or more subcommittees, the Board or management as it deems appropriate from time to time under the circumstances.
3. **Reports to Board.** The Compensation Committee shall report regularly to the Board of Directors.
4. **Charter.** The Compensation Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

#### **E. INDEPENDENT ADVISORS**

The Compensation 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 Compensation 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 Compensation Committee.

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

1. **Engagement.** The Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other advisor.
2. **Oversight.** The Compensation 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 Compensation Committee.
3. **Funding.** The Company must provide for appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other advisor retained by the Compensation Committee.

4. **Factors to Consider.** The Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other advisor to the compensation committee, other than in-house legal counsel, only after taking into consideration the following factors:
- a. the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor;
  - b. 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;
  - c. 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;
  - d. any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Compensation Committee;
  - e. any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and
  - f. 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 Compensation Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other advisor to the Compensation Committee; or (ii) to affect the ability or obligation of a Compensation Committee to exercise its own judgment in fulfillment of the duties of the Compensation Committee.

The Compensation 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 Compensation 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 Compensation Committee consider the enumerated independence factors before selecting, or receiving advice from, a compensation advisor. The Compensation 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 Compensation 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.