

CPI AEROSTRUCTURES, INC.

Compensation and Human Resources Committee Charter

Purpose of the Committee

The purposes of the Compensation and Human Resources Committee (the “Committee”) of the Board of Directors (the “Board”) of CPI Aerostructures, Inc. (the “Company”) shall be as follows:

- to oversee the Company’s compensation and employee benefit plans and practices, including its executive, director and other incentive and equity-based compensation plans;
- to administer and make awards under the Company’s various equity-based compensation plans;
- to review and approve corporate goals and objectives relevant to the compensation of the Company’s Named Executive Officers (“NEOs”), evaluate performance in light of those goals and objectives, and to determine and approve NEO compensation on the basis of such evaluation;
- to review and discuss with management disclosure related to compensation to be included in the Company’s annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), and to prepare a report on NEO compensation as may be required by the rules and regulations of the SEC;
- to assist the Board in the discharge of its oversight responsibilities for risks related to human resources, including talent management, employee conduct, diversity and inclusion, and employee compensation;

This Charter is intended to be used as a tool through which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s charter and bylaws (“Governing Documents”), this Charter is not intended to establish by its own force any legally binding obligations.

Composition of the Committee

The members of the Committee shall be appointed by the Board. The Board may designate one member of the Committee as its Chairperson and in the absence of any such designation by the Board, the Committee shall designate by majority vote of the full Committee one member of the Committee as its Chairperson. Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by written consent of the Board. No member of the Committee shall be removed except by majority vote of the Board. The Board may remove any member from the Committee at any time with or without cause.

The Committee shall be comprised of at least three directors, each of whom (i) meets the independence requirements established by the Board and applicable laws, regulations and listing requirements, (ii) is a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (“Exchange Act”), and (iii) is an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Each member shall also be free of any relationship that, in the judgment of the Board, would interfere with the exercise of his or her independent judgment in carrying out the duties of a Committee member.

Meetings and Procedures of the Committee

The Committee may fix its own rules of procedure, which shall be consistent with the Governing Documents. The Committee shall meet at least annually, or more frequently as circumstances require. The Chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee. A majority of the members of the Committee shall be present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting, if all members of the Committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Committee.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Company’s Chief Executive Officer (“CEO”) shall not attend the portion of any meeting where the CEO’s performance or compensation are discussed, unless specifically invited by the Committee.

The Compensation Committee shall report to the Board on Committee findings, recommendations and other matters the Committee deems appropriate or the Board requests. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

Delegation of Authority

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

Based on recommendations from the CEO, the Committee may also recommend to the board to make grants of equity-based compensation to individuals who are not executive officers.

Committee Responsibilities

The primary responsibilities of the Committee shall be to:

- Ensure that the Company's executive compensation programs are designed to enable it to recruit, retain and motivate a large group of talented and diverse domestic and international executives.
- Ensure that the Company's executive compensation programs are appropriately competitive, support organization objectives and stockholder interests, and ensure executive compensation is adequately designed to align the interests of executive officers with the long-term performance of the Company.
- Review and report to the Board for its consideration any cash incentive compensation plans, option plans or other equity based plans that provide for payment in the Company's stock or are based on the value of the Company's stock, subject to any approvals required by the stockholders of the Company.
- Oversee all employee benefit plans and programs of the Company, its subsidiaries and divisions, including the authority to adopt, amend and terminate such plans and programs (subject to approval by the Board or stockholders as required by law).
- Review and approve annual corporate goals and objectives relevant to NEO compensation; evaluate NEO performance in light of those goals and objectives; and recommend for approval by the independent members of the Board the NEO compensation level based on this evaluation. In evaluating and determining NEO compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act. The Committee may also consider, among other factors, the Company's performance and relative stockholder return, the value of incentive awards made to executive officers at comparable companies, the awards granted to the NEOs in prior years, the terms of any employment agreement, change in control agreement, or other agreement relating to compensation to be paid to the NEO, the economic environment, and general market conditions.
- Evaluate and recommend for Board approval, on an annual basis, the individual elements of total compensation for the executive officers (within the meaning of Section 16 of the Exchange Act). In evaluating and making recommendations regarding executive compensation, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Exchange Act.

- Periodically review and discuss with management key enterprise risk exposure relating to human resources, including the appointment, promotion, performance, and potential of senior managers of the Company and the potential successors of such senior managers, employee conduct, compensation, and the steps management has taken to monitor, control, and mitigate risks.
- Review and approve employment agreements with executive officers, including change in control agreements, indemnification agreements, and severance agreements, and consulting agreements with independent contractors.
- Evaluate and recommend for Board approval any mandatory stock ownership guidelines.
- Review the compensation paid to non-employee directors and make recommendations to the Board for any adjustments.
- Make all approvals necessary under Section 16, Section 162(m) and other regulatory provisions.
- Review and discuss with management disclosure related to compensation to be included in the Company’s annual proxy statement, including the “Compensation Discussion and Analysis” section, compensation tables and related narrative disclosures, as applicable. Authorize the publication of a Report of the Compensation and Human Resources Committee, as required.
- Review and recommend to the Board for approval the frequency with which the Company will conduct stockholder advisory votes on executive compensation (“Say on Pay Vote”), 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.
- Annually assess and report to the Board on the performance and effectiveness of the Committee.
- Review this Charter on an annual basis, update it as appropriate, and submit it for the approval of the Board when updated.
- Undertake such other responsibilities or tasks as the Board may delegate or assign to the Committee from time to time.
- Ensure that any compensation plan for key executives does not encourage undue risk-taking.

Investigations and Studies; Outside Advisers

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such legal counsel or other consultants or advisers as it deems necessary and appropriate in its sole discretion, including compensation consultants to advise the Committee with respect to amounts or forms of executive or director compensation, and may rely on the integrity and advice of any such counsel or other advisers. The Committee shall have the authority to retain a compensation consultant, independent counsel or other adviser to assist the Committee in carrying out its responsibilities, including authority to approve reasonable fees and other retention terms, such fees to be borne by the Company, and to terminate any such consultant.

It is the Committee's intention that any compensation consultant engaged to advise the Committee with respect to executive and director compensation will not engage in work for the Company that is unrelated to executive and director compensation advisory services without prior approval of the Committee Chairperson. Further, prior to the engagement of any compensation consultant, legal counsel or other adviser to the Committee, the Committee shall undertake an assessment of such consultant's independence, considering, together with any other factors the Committee deems relevant to such assessment, the following independence factors:

- The provision of other services to the Company by the person that employs such consultant;
- 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;
- 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;
- Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the compensation committee;
- Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The Committee may select or receive advice from any compensation consultant, legal counsel or other adviser they prefer including ones that are not independent, provided the Committee undertakes an assessment of the identified independence factors and any other factors the Committee believes are relevant to its selection of such 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 retained by the Committee.