

# CHARTER OF THE COMPENSATION COMMITTEE OF LIQTECH INTERNATIONAL INC.

## I. Purpose

The Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of LiqTech International Inc. (the “*Company*”) has principal responsibility for the compensation plans of the Company, particularly as applied to the compensation of executive officers and directors. This charter sets forth the scope of authority and responsibilities of the Committee for the performance evaluation and compensation of the Company’s Chief Executive Officer (“*CEO*”), the compensation of executive officers and directors, and the significant compensation arrangements, plans, policies and programs of the Company.

The Committee shall have authority, in its sole discretion, to retain such outside counsel, consultants, and other advisors as it determines to be necessary to carry out its responsibilities, including the authority to approve an external advisor’s fees and other retention terms on behalf of the Company. The Company shall provide appropriate funding to the Committee, as determined by the Committee in its capacity as a committee of the Board, for payment of compensation to any outside advisors engaged by the Committee pursuant to this charter.

## II. Membership

The Committee will consist of two or more members of the Board, with the exact number being determined by the Board. Each of the members of the Committee will be: (i) an “independent director” as defined under [[the rules of the Nasdaq Stock Market, as they may be amended from time to time]/[Rule 5605(a)(2), Nasdaq Listing Rules]], as they may be amended from time to time, except as may otherwise be permitted by such rules and (ii) a “Non-Employee Director,” as defined in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, (the “*Exchange Act*”). The Board shall designate a member of the Committee as the chair.

## III. Meetings and Minutes

Meetings of the Committee will be held from time to time, but no less often than twice per year, in response to the needs of the Board or as otherwise determined by the chair of the Committee. In lieu of a meeting, the Committee may also act by unanimous written consent as provided in the Company’s Bylaws. The Committee will maintain written minutes of its meetings and copies of its actions by unanimous written consent, and will file such minutes and written consents with the minutes of the meetings of the Board.

The Committee may invite members of management to its meetings as it deems appropriate, provided that the Committee shall meet regularly without such members present and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined. The Committee shall report to the Board from time to time, as requested by the Board and at such other times as determined by the Committee to be appropriate.

#### **IV. Authority and Responsibilities**

1. The Committee will have the authority to determine the form and amount of compensation to be paid or awarded to executive officers and directors of the Company.

2. The Committee will annually review and approve the corporate goals and objectives relevant to CEO compensation and evaluate the CEO's performance in light of these goals and objectives. Based on this evaluation, the Committee will make and annually review decisions regarding: (i) salary paid to the CEO; (ii) the grant of all cash-based bonuses and equity compensation to the CEO; (iii) the entering into or amendment or extension of any employment contract or similar arrangement with the CEO; (iv) any CEO severance or change in control arrangement; and (v) any other CEO compensation matters as from time to time directed by the Board. In determining the long-term incentive component(s) of the CEO's compensation, the Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at companies that the Committee determines comparable based on factors it selects, and the incentive awards given to the Company's CEO in prior years.

3. The Committee will meet with the CEO within 90 days after the commencement of each fiscal year to discuss the compensation programs to be in effect for the Company's executive officers for such fiscal year and to review and approve the corporate goals and objectives relevant to those programs. In light of these goals and objectives, the Committee will make and annually review decisions regarding: (i) salary paid to the executive officers; (ii) the grant of cash-based bonuses and equity compensation provided to the executive officers; (iii) performance targets for executive officers; (iv) the entering into or amendment or extension of any employment contract or similar arrangement with the executive officers; (v) executive officers' severance or change in control arrangements; and (vi) any other executive officer compensation matters as from time to time directed by the Board. In determining the long-term incentive component(s) of the executive officers' compensation, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to executive officers at companies that the Committee determines comparable based on factors it selects, and the incentive awards given to the Company's executive officers in prior years.

4. The Committee will annually review and make recommendations to the Board with respect to adoption and approval of, or amendments to, all equity-based incentive compensation plans and arrangements, and the shares and amounts reserved thereunder after taking into consideration the Company's strategy of long-term and equity-based compensation.

5. The Committee will review and approve any profit sharing, stock option grant program or similar program adopted by the Company or any change to the Company's 401(k) program providing for matching by employer contributions.

6. The Committee will review and make recommendations regarding any compensation guidelines, plans and programs applicable to Company employees generally that the Company may have from time to time.

7. The Committee will periodically review the Company's procedures with respect to employee loans, and will not approve any arrangement in which the Company, directly or indirectly, extends or maintains credit, arranges for the extension of credit or renews an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company. The Committee will assist the Board and management of the Company in complying with this prohibition.

8. The Committee will prepare an annual report on executive compensation to the Company's stockholders for inclusion in the proxy statement for the Company's annual meeting in accordance with the rules and regulations of the Securities and Exchange Commission.

9. 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.

10. The Committee will review this charter annually and recommend to the Board any changes they deem appropriate.