

Compensation Committee Charter

Purpose

The Compensation Committee (the “Committee”) has been established by the Board of Directors (the “Board”) of RCM Technologies, Inc. (the “Company”). The Committee’s purpose is to discharge the Board’s responsibilities relating to the compensation of the Company’s executive officers and oversight of plans for executive officer development and succession, to fulfill the responsibilities set forth in this Compensation Committee Charter (this “Charter”), and to advise the Board on the adoption of policies that govern the Company’s compensation and benefit programs. This Charter specifies the scope of authority and responsibilities of the Committee.

Company Compensation Philosophy

To discharge its purposes, duties and responsibilities, the Committee shall develop and review compensation policies designed to attract and retain key employees necessary to support the Company’s growth and success, operationally, strategically and most importantly, from a stockholder value perspective. To help achieve this goal, the Committee will endeavor to award reasonable and appropriate compensation to each individual consistent with levels of compensation of comparable companies, general economic conditions and the Company’s and individual’s performance. In developing and reviewing compensation policies and practices, and in applying those policies and practices to individual compensation decisions, the Committee shall at all times consider the impact of its recommendations and actions on its overriding goal of enhancing long-term stockholder value.

Membership; Independence

The membership of the Committee shall consist of two or more directors, each of whom shall (a) meet the independence requirements established by the Board and applicable laws, regulations and listing requirements, including without limitation requirements set forth in the Marketplace Rules of the NASDAQ Stock Market LLC and any independence criteria that may be set forth in any corporate governance guidelines established by the Company (b) be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (c) qualify as an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986.

No member of the Committee may accept from the Company or any subsidiary thereof, directly or indirectly, any consulting, advisory or other compensatory fee. Compensatory fees shall not include: (i) fees received as a member of the Committee, the Board of Directors 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). In determining whether a director is eligible to serve on the Committee, the Board of Directors also must consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director’s judgment as a member of the Committee.

The Board shall appoint members of the Committee, including the chairperson of the Committee, annually. The Board may remove any member from the Committee at any time with or without cause. Notwithstanding the foregoing, Committee members shall serve in such capacity until such time as the Board appoints a successor.

Operations

In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings, of which there shall be at least two each year. Additional meetings may be scheduled as required. The Committee may include management at its meetings, but may also hold an executive session at each meeting at which only independent directors are present. The chairperson of the Committee shall be responsible for establishing the agendas for Committee meetings. An agenda, together with materials relating to the subject matter of each meeting, shall be sent to Committee members prior to each meeting.

The Committee will cause to be kept adequate minutes of its proceedings. Committee members will be furnished with draft copies of the minutes of each meeting and any action taken by unanimous consent to ensure an accurate final record, and such draft minutes shall be approved at a subsequent meeting of the Committee and provided to the Board at its next quarterly meeting.

The Committee is governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Bylaws of the Company, or (c) the laws of the state of State of Nevada.

Authority

The Committee will have the resources and authority necessary to discharge its purposes, duties and responsibilities. The Committee has sole authority to retain and terminate outside counsel, compensation consultants, or other experts or consultants, as it deems appropriate, including sole authority to approve the fees and other retention terms for such persons. The fees and costs of such compensation consultants, legal counsel and other experts and consultants shall be borne by the Company. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company, and the Committee will take all necessary steps to preserve the privileged nature of those communications.

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. In retaining compensation consultants, outside counsel and other advisors, the Committee must take into consider the factors specified in Rule 10C-1(b)(4) under the Exchange Act.

Except as otherwise delegated by the Board or the Committee, the Committee will act on behalf of the Board.

The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee. The Committee may delegate to one or more executive officers the authority to make grants of equity-based compensation to eligible individuals who are not executive officers. Any executive officer to whom the Committee grants such authority shall regularly report to the Committee grants so made and the Committee may revoke any delegation of authority at any time.

Responsibilities

The principal responsibilities of the Committee are as follows:

1. Review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors: (a) the attraction and retention of executive officers; (b) the motivation of executive officers to achieve the Company's business objectives; and (c) the alignment of the interests of executive officers with the long-term interests of the Company's shareholders.
2. Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate.
3. Review and approve the compensation structure for executives at the level of senior vice president and above, other than executive officers.
4. Oversee an evaluation of the performance of the Company's executive officers and make recommendations to the Board with respect to the annual compensation, including salary, bonus, incentive and equity compensation, for the executive officers.
5. Review and approve compensation packages for new executive officers and termination packages for executive officers.
6. Review and approve policies regarding executive officer compensation.
7. Assist the Board in establishing CEO annual goals and objectives, and consider the results of the CEO performance review in recommending CEO compensation to the other independent members of the Board for approval consistent with the Company's compensation philosophy. The CEO may not be present during the deliberations or voting concerning CEO's compensation. The CEO's performance will be reviewed by the Committee. The results of the annual CEO evaluation will be considered in recommending CEO salary and other compensation. As part of the CEO evaluation, the Committee may obtain input from other committees of the Board concerning the CEO's performance, as it deems appropriate.
8. Review and discuss with the Board plans for executive officer development and corporate succession plans for the CEO and other executive officers.

9. Serve as the committee established to administer the Company's equity-based and employee benefit plans, and perform the duties of the committee under those plans, including making grants.
10. Appoint and remove plan administrators for the Company's retirement plans for the Company's employees.
11. Periodically review the compensation paid to non-employee directors and make recommendations to the Board for any adjustments. No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.
12. Discuss with management the Company's Compensation Discussion and Analysis ("CD&A") for the annual report on Form 10-K and/or annual proxy statement; based on the review and discussion, recommend to the Board that the CD&A be included in the Company's annual report on Form 10-K and/or annual proxy statement; and produce an annual report of the Committee on executive compensation for the Company's annual report on Form 10-K and/or annual proxy statement in compliance with and to the extent required by applicable Securities and Exchange Commission rules and regulations and relevant listing authority.
13. To review and recommend to the Board for approval the frequency with which the Company will conduct shareholder advisory votes ("Say on Pay Votes") on the Company's executive compensation program, taking into account the results of the most recent Say on Pay Vote on the frequency of such 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.
14. Disclose in the CD&A the extent to which the Committee considered the results of the most recent Say on Pay Vote on the Company's executive compensation program and if so, how the Committee's actions or decisions were affected by the Say on Pay Vote in connection with the Committee's: (a) evaluating and making recommendations regarding CEO compensation; (b) evaluating and determining non-CEO senior executive compensation; and (c) reviewing and making recommendations regarding incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans.
15. Periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
16. Obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.

17. Approve all employment, deferred compensation, severance or change in control agreements with, and any special or supplemental benefits provided to, any executive officers or non-employee directors of the Company. The Committee will review the impact of any potential material transaction, such as a merger, acquisition or spin-off, on compensation policies and practices.
18. Periodically review and advise the Board (supported in the discretion of the Committee, by internal or external experts) on (i) current trends in global, national and industry-wide compensation practices and (ii) how the Company's compensation policies and practices compare to those of appropriate peer group companies.
19. Perform such other functions and have such other powers as it shall deem necessary to the efficient discharge of the foregoing.

Annual Perquisite and Benefit Report

In order to assist in discharging the responsibilities stated above, the committee shall receive an annual report (in a form approved by the Committee) that discloses (i) the amount of compensatory and non-compensatory (i.e., non-taxable income) perquisites and/or benefits received by the CEO and (ii) the amount of compensatory and non-compensatory perquisites and/or benefits received by other executive officers and non-employee directors. Such report shall include but not be limited to any special health, life insurance, travel, residential support, club memberships and charitable or political support benefits enjoyed by such persons as a result of their employment by (or service to) the Company.