



CHARTER OF THE COMPENSATION AND NOMINATING COMMITTEE OF THE CLEAN DIESEL TECHNOLOGIES, INC. BOARD OF DIRECTORS

(As Amended February 25, 2015)

Purpose

The purpose of the Compensation and Nominating Committee (the "Committee") of the Board of Directors of Clean Diesel Technologies, Inc. (the "Company") is to aid the Board of Directors (the "Board") in meeting its responsibilities with regard to oversight and determination of executive Compensation, Director nomination process and any matters required by the federal securities laws. Among other things, the Committee reviews, recommends and approves salaries and other compensation of the Company's eligible employees, administers the Company's equity incentive plans (including reviewing, recommending and approving equity grants to eligible employees), and administers the Company's Long Term and Short Term Incentive Plans.

The Committee also periodically reviews and reports to the Board regarding the size and composition of the Board and its committees, and assists with the search for candidates, and screens and recommends candidates for election by stockholders or appointment by the Board.

Membership

The Committee shall consist of not less than two members at any time and the Committee shall consist solely of independent directors (as defined in the applicable rules for NASDAQ-traded issuers as well as applicable federal law). Committee members serve at the pleasure of the Board and may be appointed and replaced by the Board. Appointment to the Committee will be made on an annual basis by the full Board.

Duties and Responsibilities

The Committee will:

- Meet in executive session to determine the compensation of the Chief Executive Officer of the Company. In determining the amount, form, and terms of such compensation, the Committee will consider the annual performance evaluation of the Chief Executive Officer in light of company goals and objectives relevant to Chief Executive Officer compensation, competitive market data pertaining to compensation at comparable companies, and such other factors as it shall deem relevant, and will be guided by, and seek to promote, the best interests of the Company and its shareholders. In evaluating and determining compensation of the Chief Executive Officer, 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 Chief Executive Officer cannot be present during any voting or deliberations by the Committee on his or her compensation.
- Determine in advance the salaries, bonuses, and other matters relating to compensation of the executive officers of the Company. In determining the amount, form, and terms of such compensation, the Committee shall consider the officer's performance in light of company goals and objectives relevant to executive compensation, competitive market data pertaining to executive compensation at comparable companies, and such other factors as it shall deem relevant, and will be guided by, and seek to promote, the best interests of the Company and its stockholders. In evaluating and determining executive compensation, the Committee shall consider the results of the most recent Say on Pay Vote. The Chief Executive Officer of the Company may be present at meetings during which such compensation is under review and consideration but may not vote.
- Review and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the Chief Executive Officer and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.
- Review and make recommendations with respect to stockholder proposals related to compensation matters.
- Review and make recommendations to the Board regarding executive compensation and benefit plans and programs.
- As requested by management, review, consult and make recommendations and/or determinations regarding employee compensation and benefit plans, budgets and programs generally, including employee bonus and

retirement plans and programs (except to the extent such a duty is specifically delegated to a Board appointed committee with authority to administer a particular plan). In reviewing and making recommendations regarding incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent Say on Pay Vote.

- Administer the Company's equity incentive plans, including the review and grant of equity incentive grants to eligible employees.
- 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.
- Annually review each incumbent Board member's qualifications, independence (if relevant), and continuing eligibility and fitness for Board service.
- Annually recommend to the Board the individuals recommended for election to the Board at the annual meeting of shareholders.
- Assist in identifying, interviewing and recruiting candidates for nomination to the Board as required.
- Assist in the screening of potential Board candidates and the vetting of credentials.
- Establish procedures for the receipt of shareholder nominations for election of directors and review such nominations should they be received.
- Monitor the independence of the directors to ensure the majority of the Board and all of the members of the Committee continue to be independent.
- Assist the Board in its annual evaluation of the performance of the Board as a whole and the Committees of the Board.
- Review director compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board.
- When appropriate, be authorized to designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.
- Oversee the Company's Human Resource function.

Outside Advisors

In fulfilling its responsibilities, the Committee shall have the authority, and shall be afforded resources sufficient, to engage independent compensation consultants or legal advisers when determined by the Committee to be necessary or appropriate. This includes the authority to obtain advice, reports or opinions from internal or external counsel and expert advisors, including compensation consultants or director search firms. The Committee shall assess the independence of any such advisor selected by the Committee. The Committee shall have sole authority to retain and terminate any such consultant or legal adviser, including sole authority to approve the fees and other retention terms.

The Committee will 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.

Structure and Operations

The Board shall designate a member of the Committee as the Chairperson. Meetings of the Committee shall be held at such times and places as the Committee shall determine, including by unanimous written consent. A meeting of two members constitutes a quorum. When necessary, the Committee will meet in executive session outside of the presence of any senior executive officer of the Company. The Chair of the Compensation Committee will report on the activities of the Committee to the full Board.

The Committee will annually review and reassess the adequacy of its charter and recommend any changes to the full Board.

Delegation of Authority

In fulfilling its responsibilities, the Compensation Committee shall have authority to delegate its authority to subcommittees, including subcommittees consisting solely of one or more Company employees, in each case to the extent permitted by applicable law.