

HERITAGE-CRYSTAL CLEAN, INC. COMPENSATION COMMITTEE CHARTER

STATUS

The Compensation Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Heritage-Crystal Clean, Inc. (the “Company”).

PURPOSE

The Committee shall discharge the responsibilities of the Board relating to compensation of the Company’s executive officers and produce an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with applicable rules and regulations.

APPOINTMENT AND REMOVAL

The Board shall elect the members of the Committee. Unless the Board elects a Chair, the members of the Committee shall designate a Chair by a majority vote of the full Committee membership. A Committee member may resign by delivering his or her written resignation to the Chairman of the Board, or may be removed by majority vote of the Board and delivery to such member of written notice of removal, to take effect at a date specified therein, or upon delivery of such written notice to such member if no date is specified.

MEMBERSHIP AND QUALIFICATIONS

The Committee shall consist of no fewer than three members of the Board, as the Board shall from time to time determine. Each member shall be (1) a “non-employee director” as that term is defined for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended; (2) an “outside director” as that term is defined for purposes of Section 162(m) of the Internal Revenue Code, as amended; and (3) “independent” as that term is defined by the listing standards of The Nasdaq Stock Market (“Nasdaq”), as amended.

DUTIES AND RESPONSIBILITIES

The Committee shall have the following duties and responsibilities:

- To review and approve corporate goals and objectives relevant to the compensation for executive officers, evaluate the performance of executive officers in light of those goals and objectives, and recommend to the Board the compensation level of executive officers based on this evaluation; provided, however, that Chief Executive Officer (“CEO”) compensation and performance will be reviewed with and subject to approval by the Board and further provided that the CEO may not be present during voting or deliberations of his or her compensation;

- To administer incentive compensation plans and equity-based plans established or maintained by the Company from time to time (the “Plans”);
- To make recommendations to the Board with respect to the amendment, termination or replacement of the Plans;
- To review succession plans concerning positions held by corporate officers;
- To review the employee benefits made available to executive officers;
- To recommend to the Board the compensation for Board members, including director fees, committee member fees, stock options, D&O insurance and other similar items as appropriate;
- To monitor the Company’s compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits;
- To oversee the Company’s compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, shareholders approve equity compensation plans;
- To review the employee benefits made available to executive officers;
- To review and discuss, among the Committee and with management, the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the “SEC”) with management and, based on such review and discussion, to determine whether or not to recommend to the Board that the CD&A be so included;
- To produce the annual Compensation Committee Report for inclusion in the Company’s proxy statement in compliance with the rules and regulations promulgated by the SEC; and

- To conduct an annual evaluation of the performance of the Committee.

POWERS AND AUTHORITY

The Board delegates to the Committee all powers and authority that are necessary or appropriate to fulfill its duties and obligations hereunder, including without limitation:

- To interpret the provisions of the Plans;
- To establish rules it finds necessary or appropriate for implementing or conducting the Plans;
- To make all other decisions and determinations required of the Committee by the terms of the Plans or as the Committee considers appropriate for the operation of the Plans and the distribution of benefits thereunder;
- To retain and terminate (or obtain advice of) any compensation consultant, legal counsel or other adviser (collectively, the “Advisers”) to assist it in the performance of its duties as further described below; and
- To establish subcommittees for the purpose of evaluating special or unique matters.

ADVISERS

The Committee has the power and authority to retain and terminate (or obtain the advice of) any Adviser to assist it in the performance of its duties, in its sole discretion, but only after taking into consideration factors relevant to the Adviser’s independence from management as specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Adviser retained by the Committee, and shall have sole authority to approve the Adviser’s fees and the other terms and conditions of the Adviser’s retention. The Company must provide for appropriate funding for payment of reasonable compensation to any other adviser retained by the Committee. While the Committee is required to consider the independence of any Adviser, the Committee is not precluded from retaining or obtaining advice from any Adviser that is not independent. In addition, the Committee is not required to conduct the independence assessment outlined above with respect to any Adviser that consults 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 generally available to all salaried employees or any Adviser that does not provide customized or Company-specific information to the Committee.

MEETINGS

The Committee shall meet at such other times as it deems necessary to fulfill its responsibilities. The Committee shall regularly report to the Board on its activities.

COMMITTEE ACTION

A majority of the members present shall decide any question brought before the Committee. The actions by the majority may be expressed either by a vote at a meeting or in writing without a meeting. A majority of the members shall constitute a quorum.

PROCEDURES

The Chairman of the Committee shall establish such rules as may from time to time be necessary or appropriate for the conduct of the business of the Committee. The Chairman shall appoint as secretary a person who may, but need not, be a member of the Committee. A certificate of the secretary of the Committee setting forth the names of the members of the Committee, or actions taken by the Committee, shall be sufficient evidence at all times as to the persons constituting the Committee, or such actions taken.