

**FARO TECHNOLOGIES, INC.**  
**Compensation Committee Charter**  
**(As amended on July 25, 2017)**

This Compensation Committee Charter (“Charter”) is intended to assist the Compensation Committee (“Committee”) of the Board of Directors (“Board”) of FARO Technologies, Inc. (“Company”) in carrying out its duties and responsibilities. This Charter is in addition to, and is not intended to change or interpret, any federal or state law or regulation, the rules of the Securities and Exchange Commission (“SEC”), the listing standards of the NASDAQ Stock Market (“Nasdaq”), the Florida Business Corporation Act, or the Company’s Articles of Incorporation or Bylaws. This Charter is not intended to, and does not, create any legal or fiduciary duties or responsibilities or form the basis for a breach of fiduciary duty or potential liability. This Charter is subject to modification and interpretation by the Board.

**A. General Role.**

The Compensation Committee is responsible for administering and overseeing the Company’s executive and director compensation programs. The Committee has responsibility for all aspects of the compensation program for (i) the executive officers of the Company, including those who have attained the title of Vice President or above, and (ii) the Board. The Committee’s primary objective with respect to executive compensation is to establish programs that attract and retain key managers and to ensure alignment of executive compensation with the Company’s overall vision, business strategies, values, and performance. Pay for Performance is a key element of the Company’s pay philosophy and programs.

**B. Members.**

The Committee shall consist of two or more directors, each of whom shall meet the independence requirements of Nasdaq (including without limitation the specific requirements of Nasdaq Listing Rule 5605(d)(2) for compensation committee members), as in effect from time to time and in accordance with the time frames specified therein, and the Company’s Bylaws. In addition, to the extent applicable and appropriate, at least two members shall qualify as a “non-employee director” as defined in Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and as an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Members of the Committee shall be appointed by the Board, upon the recommendation of the Governance and Nominating Committee. No member of the Committee may accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof, other than as permitted under Nasdaq Listing Rule 5605(d)(2), as in effect from time to time. In determining whether a director is eligible to serve on the Committee, the Board 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. Committee members may be removed in accordance with the Company’s Bylaws. Unless appointed by the Board, the Committee shall elect a Chairperson by majority vote.

**C. Meetings.**

The Committee shall meet at least once annually and is expected to meet more frequently as necessary to carry out its responsibilities set forth in this Charter. In addition, special meetings shall be held as circumstances require, in accordance with the Company's Bylaws. The Committee may invite to its meetings such other directors, members of Company management and such other persons or advisors as the Committee or its Chairperson deems necessary or appropriate in order to carry out the Committee's duties and responsibilities. The Committee shall keep minutes of its meetings as it shall deem appropriate. The Chairperson will chair all regular sessions of the Committee and, in consultation with the Company's management, set the agenda for Committee meetings; provided that in the Chairperson's absence, the Chairperson's responsibilities may be undertaken by another member of the Committee. Minutes of each Committee meeting shall also be distributed to the Board as and when appropriate.

**D. Responsibilities.**

The Committee shall be responsible for the following:

- Review from time to time and approve the Company's stated compensation strategy to ensure that (i) management is rewarded appropriately for its contributions to Company growth and profitability, and (ii) the Company's executive and director compensation strategy supports organization objectives, including long-term shareholder value and the retention and development of employees and directors necessary for the Company's success.
- Oversee, review and evaluate, in consultation with management, the Company's human development strategy and programs, including recruitment, retention, succession planning, talent management and development, diversity, health and welfare, and related programs.
- Monitor and evaluate matters relating to the compensation and benefits structure of the Company as it deems appropriate, including, but not limited to, evaluating whether any risks arising from the Company's compensation policies and practices for its employees would be reasonably likely to have a material adverse effect on the Company and the results of the Company's previous shareholder vote on executive compensation and the frequency of such vote.
- Evaluate not less than semi-annually the performance of the Chief Executive Officer and all other executive officers in light of the goals and objectives of the Company's executive compensation plans.
- Review at least annually and determine the individual elements of total compensation for the Chief Executive Officer and, after consultation with the Chief Executive Officer, all other executive officers, including salary, bonuses, and equity compensation. The Chief Executive Officer shall not be present during any Committee deliberations or voting with respect to his or her compensation.

- Review at least annually and approve the aggregate amount of bonuses and equity compensation granted by the Company to all other employees and consultants.
- Assure that the Company's annual and long-term bonus and incentive compensation plans are administered in a manner consistent with the Company's compensation strategy as to participation, target annual incentive awards, corporate financial goals, actual awards paid to senior management, and total funds reserved for payment under the compensation plans.
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans and approve, subject, where appropriate, to submission to shareholders, all new equity-related incentive plans for senior management.
- Review from time to time and approve the compensation of non-employee directors, including compensation for serving in a leadership role of the Board.
- Review and provide guidance to management regarding the Company's policies and strategies relating to talent management and development, including but not limited to those regarding talent acquisition, retention, talent development, succession planning, career progression, culture, diversity and inclusion.
- Review and discuss 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, and, based on such review and discussion, recommend to the Board whether the CD&A should be included in the Company's proxy statement and Form 10-K.
- Prepare the Compensation Committee Report required by the rules and regulations of the SEC to be included in the Company's annual proxy statement.
- From time to time, if the Committee determines it to be necessary or appropriate, conduct such reviews, investigations and surveys as the Committee may consider necessary or appropriate in the exercise of its duties and responsibilities.
- Perform such other duties and responsibilities as may be assigned from time to time by the Board.

**E. Unrestricted Committee Communications; Resources.**

The Committee shall have unrestricted lines of communication with the Company's chief executive officer, chief financial officer, independent auditors, and outside legal counsel at all times. The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser as it deems necessary. 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 and shall have the sole authority to approve any such adviser's fees and other retention terms. The Company will provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or any other adviser retained by the Committee. The Committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser, other than in-house legal counsel, only after taking into

consideration factors relevant to each adviser's independence from management, including the factors specified in the Nasdaq Listing Rule 5605(d)(3); however, the Committee may select, or receive advice from, any compensation adviser it prefers, including ones that are not independent, after considering the relevant independence factors. The Company shall also provide appropriate funding, as determined by the Committee, for ordinary administrative expenses incurred by the Committee in carrying out its duties.

**F. Subcommittees.**

The Committee may form and delegate authority to one or more subcommittees of the Committee (including a subcommittee consisting of a single member) as it deems necessary or appropriate from time to time.

**G. Annual Review of Charter.**

The Committee shall, at such times as it deems appropriate but not less than annually, review and reassess the adequacy of this Charter and, if determined necessary or appropriate, make recommendations for amendment of this Charter to the Board. During this review process, the Committee may seek the input of the Company's chief executive officer, outside legal counsel and/or other experts or advisors with regard to the adequacy of this Charter and the necessity or desirability of any amendments.