

INNOVATIVE SOLUTIONS AND SUPPORT, INC.

BOARD OF DIRECTORS

COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee (the “Committee”) of the board of directors (the “Board”) of Innovative Solutions and Support, Inc. (the “Company”) is to oversee the salaries, benefits, and equity incentive plans for the Company’s employees, consultants, directors, and other individuals compensated by the Company, including carrying out the responsibilities delegated by the Board relating to the review and determination of executive compensation.

Membership

The Committee shall be comprised of not less than two members of the Board. Each member of the Committee will meet the independence requirements of the Nasdaq Listing Rulebook and any other applicable laws, rules and regulations, including the rules and regulations of the U.S. Securities and Exchange Commission. In affirmatively determining the independence of any director who will serve on the Committee, the Board shall consider all factors specifically relevant to determining whether such director has a relationship to the Company which is material to his or her ability to be independent from management in connection with the duties of a member of the Committee, including, but not limited to (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company, and whether any affiliation impairs his or her judgment as a member of the Committee. Each member of the Committee will also qualify as a “non-employee” director within the meaning of Rule 16b-3 under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).

The members of the Committee shall be appointed by the Board based upon recommendations from the Nominating & Corporate Governance Committee of the Board and shall serve for such term or terms as the Board may determine or until their earlier resignation or removal. The chairperson of the Committee shall be recommended by the Nominating & Corporate Governance Committee of the Board and appointed by the Board.

Meetings

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Committee may request any officer or employee of the Company or the Company’s outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee; however, in all cases the Company’s Chief Executive Officer (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 also meet periodically in executive session as a Committee.

Written minutes of each meeting of the Committee should be maintained. The minutes of the Committee reflecting, among other things, all actions taken by the Committee, shall be distributed to the Board at the next Board meeting following the meeting of the Committee that is the subject of such minutes.

Meetings of the Committee may be held in person, telephonically, virtually or in any manner permitted by law or the Company's Bylaws. Except as otherwise required by the Company's Bylaws, a majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Committee. The Committee may also act by unanimous written consent without a meeting in accordance with the Company's Bylaws. The Committee may adopt such other rules and regulations for calling and holding its meetings and for the transaction of business at such meetings as is necessary or desirable and not inconsistent with the provisions of the Company's Bylaws or this Charter.

Philosophy

The goals of the Committee with respect to the Company's executive officers (as defined in Section 16 of the Exchange Act, the "Executive Officers"), shall be to provide compensation designed to attract, motivate and retain individuals of outstanding ability and potential and to align the interests of our Executive Officers with the interests of our shareholders. The Compensation Committee shall seek to provide incentives for superior individual performance by paying competitive compensation, and to base a significant portion of compensation upon the Company's performance. To meet these goals, the Compensation Committee shall adopt a mix among the compensation elements of salary, benefits and equity grants.

The Company's executive compensation program shall be designed to link the performance of management to accomplishing both short and long-term goals, building shareholder value, and personal contribution to the business. The individual elements shall be understandable and together provide compensation that is well suited for the Company. The Company's management team shall understand the linkage of operating performance, personal contribution to the business, and their own compensation.

Responsibilities

The Committee shall:

1. Annually review and approve the Company's goals and objectives relating to the CEO's compensation, evaluate the CEO's performance in light of such goals and objectives, and determine and approve the CEO's overall compensation level based on this evaluation. The CEO may not be present during voting or deliberations on his or her own compensation.

2. Annually review and approve the compensation of all other Executive Officers, including annual base salaries, short and long-term (including cash-based and equity-based) incentive awards and opportunities, and perquisites or other personal benefits. The CEO may participate in discussions regarding compensation of other Executive Officers, but may not vote.

3. Establish performance criteria for the Executive Officers, and annually review with the Board an evaluation of the performance of the Executive Officers.

4. Periodically and as and when appropriate, review and recommend to the Board for approval any employment agreements and any severance arrangement or plan, including any benefits to be provided in connection with a change in control, for the Executive Officers.

5. Annually review the operation of the Company's compensation programs with respect to Executive Officers to determine whether they are properly coordinated and achieving their intended purpose(s); and establish and periodically review policies for the administration of such programs.

6. Recommend to the Board for approval by the Board any action, including, but not limited to, the adoption or amendment of any equity compensation plan that is required by law or regulation to be submitted to the stockholders of the Company for approval.

7. Perform such duties and responsibilities as may be assigned to the Committee under the terms of any equity-based plan of the Company, including designation of the employees to whom awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan.

8. Annually review director compensation and benefits for service on the Board and Board committees and recommend any changes to the Board for approval.

9. Annually review and assess compliance with the stock ownership guidelines and make any changes to the stock ownership guidelines as necessary or appropriate.

10. Review with management and approve the Compensation Discussion and Analysis ("CD&A") required by SEC Regulation S-K, Item 402 ("Item 402") required to be included in the Company proxy statement and annual report on Form 10-K. Based on such review and discussion, the Committee shall (a) determine whether to recommend to the Board that the CD&A in the form prepared by management be included in the proxy statement and incorporated by reference in the annual report on Form 10-K; (b) make any certifications required under applicable law to be included within or in connection with the Company proxy statement and annual report on Form 10-K; (c) prepare the Compensation Committee report required by Item 402 for inclusion in the proxy statement and incorporation by reference in the annual report; and (d) review and approve the CEO Pay Ratio and related discussion, to the extent it is required to be included in the Company proxy statement. The Compensation Committee report in the Company proxy statement shall state whether the Committee reviewed and discussed with management the CD&A and, based on such

review and discussion, whether the Committee recommended to the Board that the CD&A be included in the proxy statement and incorporated by reference in the annual report on Form 10-K.

11. Consider the results of advisory votes on executive compensation and the frequency of such votes.

12. Have the authority to appoint and remove various plan trustees, appoint and remove any members of any employee benefits plan administrative committee, and to appoint and remove any plan administrator with respect to any employee benefits plan maintained by the Company.

13. To the extent the Committee deems it necessary to do so, further the advancement of the Company's Environmental, Social and Governance goals (as they continue to evolve) through its compensation arrangements, policies and decisions.

14. Make all reviews and investigations required under applicable law with respect to whether any major financial risk exposures of the Company, including at least those identified by the Audit Committee, may have been possibly encouraged by compensation policies of the Company.

15. Perform any other activities consistent with this Charter, the Company's Bylaws and applicable law, as the Committee deems appropriate to carry out its assigned duties or as requested by Board, as applicable.

16. Annually review and reassess the adequacy of this Charter and recommend changes to the Board as necessary or appropriate.

17. Annually review the performance of the Committee.

Advisors

1. The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of compensation consultants, outside legal counsel, or other advisors (each, an "Advisor") to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of such Advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Advisor retained by the Committee. In determining whether to retain or obtain the advice of an Advisor, the Committee must consider the following factors: (a) the provision of other services to the Company by the person that employs the Advisor; (b) the amount of fees received from the Company by the person that employs the Advisor, as a percentage of the total revenue of the person that employs the Advisor; (c) the policies and procedures of the person that employs the Advisor that are designed to prevent conflicts of interest; (d) any business or personal relationship of the Advisor with a member of the compensation committee; (e) any stock of the Company owned by the Advisor; and (f) any business or personal relationship of the Advisor or the person employing the Advisor with an Executive Officer of the Company. The Committee shall not be required to implement or act consistently with the advice or recommendations of any

compensation consultant, legal counsel or other advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

2. The Committee will conduct an independence assessment, taking into consideration the factors set forth in the Nasdaq Listing Rules and any other factors the Committee deems relevant to the advisor's independence from management, prior to selecting or receiving advice from any such advisor. The Committee may retain, or receive advice from, any compensation advisor they prefer, including ones that are not independent, after considering the specified factors.

3. Any provisions of this Charter to the contrary notwithstanding, the Committee is not required to conduct an independence assessment for an Advisor that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K:

- (a) Consulting 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 available generally to all salaried employees; and/or
- (b) Providing information that either is not customized to the Company or that is customized based on parameters that are not developed by the Advisor, and about which the Advisor does not provide advice.

Authority

The Committee has the authority and is empowered to:

1. Delegate, to the extent permitted by law, any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees or to management of the Company as the Committee may deem appropriate in its sole discretion.

2. Seek information it requires from employees of the Company (all of whom are directed to cooperate with the Committee's requests) or any external parties.

3. Meet with the officers of the Company and any Advisors as the Committee may deem necessary.

4. Take such other actions as are authorized or contemplated by this Charter.