

TWIN DISC, INCORPORATED
Compensation and Executive Development Committee Charter

I. Purpose

The primary purpose of the Compensation and Executive Committee (the “Committee”) is: (i) to assist the Board in discharging its responsibilities in respect to the compensation of the Company's executive officers; (ii) to review and approve management’s Compensation Discussion and Analysis report for inclusion in the Company's proxy statement; (iii) to lead the process of management succession; and (iv) to review the process of executive leadership development. The Committee approves the design of, assesses the effectiveness of, and administers executive compensation programs in support of compensation policies of the Company.

II. Organization

The Committee shall consist of three or more directors, each of whom shall satisfy the applicable independence requirements of Rule 5605(a)(2) of the NASDAQ Stock Market, Inc. and any other regulatory requirements. In addition, no member of the Committee may accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof. Compensatory fees shall not include: (i) fees received as a member of the Committee, the Board of Directors of the Company 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). Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the membership qualifications shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by law or determined appropriate by the Committee to satisfy regulatory requirements.

Committee members shall be elected annually by the Board; members shall serve until their successors shall be duly elected and qualified. Notwithstanding the foregoing, the Board of Directors, at its discretion, may remove Committee members, with or without cause, for any reason, and fill vacancies and replace members on the Committee, subject to such new member(s) satisfying the above requirements. In determining whether a director is eligible to serve on the Committee, the Board shall consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of the Company in order to determine if the affiliation would impair the director’s judgment as a member of the Committee. The Committee's chairperson shall be designated by the full Board or, if it does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

The Committee may form and delegate authority to subcommittees when appropriate, provided that such delegation is permitted under applicable laws, rules and regulations. To the extent required, any such subcommittee must consist solely of at least two members of the Committee who are non-employee directors for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time.

III. Structure and Meetings

The Committee will meet at least three times each year. The chairperson of the Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson will ensure that the agenda for each meeting is circulated in advance of the meeting. A quorum at any meeting of the Committee shall consist of a majority of the members. The act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. The Committee may take action by unanimous written consent in lieu of a meeting as permitted by law and the Company’s Bylaws. The Committee may hold executive sessions at which no members of management of the Company are present, at its discretion. The Chief Executive Officer of the Company may not be present during Committee deliberations or voting on the Chief Executive Officer’s compensation. The

Committee shall maintain minutes and other records of the meetings and activities of the Committee. The Committee will regularly report to the Board on its activities.

IV. Goals and Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the following responsibilities:

- A. develop guidelines and review the compensation and performance of officers of the Company, review and approve corporate goals relevant to the compensation of the officers, evaluate the officers' performance in light of these goals and objectives, determine compensation of the Chief Executive Officer and all other executive officers of the Company based on this evaluation;
- B. review and discuss with management the Executive Compensation Discussion and prepare and approve the compensation committee report for inclusion in the Company's proxy statement or Annual Report on Form 10-K, in accordance with applicable rules and regulations;
- C. review, discuss, and approve the Company's compensation philosophy;
- D. identify appropriate comparative companies and review their compensation levels and programs, to enable the Committee to target compensation levels at rates that are reflective of current market practices;
- E. consider all elements of an executive's total compensation package, including base salary, annual incentives, long-term compensation, severance plans, insurance, and other benefits;
- F. review and approve any new or materially amended employment, severance, and change-in-control agreements, plans or provisions, and any other compensatory arrangements, as the Committee determines is appropriate with current or prospective executive officers of the Company;
- G. make recommendations to the Board with respect to incentive compensation plans and equity-based plans;
- H. Approve specific threshold, target and maximum goals relating to executive officer bonus opportunities, and establish criteria for the granting of equity-based compensation to the Company's officers and other employees and review the granting of equity-based compensation in accordance with such criteria;
- I. annually review the potential risk to the Company from its employee compensation programs and policies, including any incentive plans, and assess whether such programs and policies encourage excessive risk-taking or are reasonably likely to have a material adverse impact on the Company;
- J. review director compensation levels and practices, and recommend, from time to time, changes in such compensation levels and practices to the Board;
- K. annually review the adequacy and status of the Company's management succession plans and the development plans for individual executives;
- L. establish and monitor compliance with any stock ownership and holding guidelines of the Company that are applicable to executive officers or directors;

- M. review and oversee stockholder proposals relating to executive compensation;
- N. monitor compensation and regulatory developments and trends and solicit independent advice where appropriate;
- O. delegate to the Chief Executive Officer the authority to grant awards from the Company's equity-based long-term incentive plans to employees who are not directors or officers of the Company, according to the provisions and limitations of the plans and within the parameters the Committee determines;
- P. periodically review the Company's human resource programs and initiatives applicable to the process of executive development, including those that relate to diversity and inclusion;
- Q. annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval; and
- R. perform any other activities consistent with this Charter, the Company's By-laws and governing law as the Committee or the Board deem appropriate.

V. Performance Evaluation

The Committee shall conduct an annual performance evaluation of its actions as they relate to the execution of the Committee's responsibilities in connection with the compensation of the Company's executive officers and succession planning for Company management.

VI. Committee Resources

The Committee shall have the authority, in its sole discretion, to retain or obtain the advice from compensation consultants, legal counsel, or other advisers, and shall be responsible for the appointment, compensation, and oversight of the work of compensation consultants, legal counsel, or advisers retained by the Committee. The Company shall provide appropriate funding, as determined by Committee, for payment of reasonable compensation to any compensation consultant, legal counsel, or other adviser retained by the Committee.

VII. Disclosure of Charter

This Charter will be made available on the Company's website at www.twindisc.com