



TWIN DISC, INCORPORATED
DISCRETIONARY CLAWBACK POLICY
Effective October 1, 2023

1) Purpose

This Discretionary Clawback Policy (this "Policy"), adopted by the Compensation and Human Capital Committee (the "CHCC") of Twin Disc, Incorporated (the "Company"), sets forth the conditions under which the Company may exercise its discretion to seek recovery of Incentive Compensation paid or awarded to current or former Executive Officers of the Company ("Discretionary Clawback"). This policy shall apply to any Incentive Compensation paid after the adoption of this policy, including Incentive Compensation paid pursuant to awards that were granted prior to the adoption of this policy.

2) Definitions

- (a) The term "Covered Conduct" shall mean (i) the willful commission of an act of fraud against the Company, whether or not it results in a financial restatement, *or* (ii) the willful violation of any of the Company's rules or any applicable legal or regulatory requirements in the course of the Executive Officer's employment by, or in connection with, the Company, that has caused material financial or reputational harm to the Company.
- (b) The term "Executive Officer" shall mean a current or former executive officer within the meaning of Rule 3b-7 under the Securities Exchange Act of 1934, as amended.
- (c) The term "Incentive Compensation" shall mean bonuses under the Company's cash incentive plans, stock option grants (if any), restricted stock, restricted stock units, and performance shares or other performance-based awards under the Company's equity incentive plans. Such plans shall include, without limitation, the Twin Disc, Incorporated Corporate Incentive Plan, the Twin Disc, Incorporated 2018 Long-Term Incentive Plan, the Twin Disc, Incorporated 2021 Long-Term Incentive Plan, and any successor plans thereto.

3) Conditions for Discretionary Clawback of Incentive Compensation

The CHCC may, in its sole discretion, determine that the Company will seek recovery of Incentive Compensation in each instance where the following three factors exist:

- (a) The individual from whom disgorgement will be sought was an Executive Officer at the time the Incentive Compensation was awarded, paid, or vested (or was an Executive Officer at any time during the performance or service period relating to the Incentive Compensation, if the Incentive Compensation is paid or vests after termination of employment);

- (b) The CHCC determines that the Executive Officer engaged in Covered Conduct during his/her employment at the Company; and
- (c) The award, payment, or vesting of the Incentive Compensation occurred during the three (3) year period preceding the date on which the Executive Officer engaged in Covered Conduct (or the date on which the Company discovered such Covered Conduct).

4) Maximum Amount of Clawback

The amount of Incentive Compensation subject to recovery shall be determined by the CHCC in its sole discretion but in no event will be greater than the amount of Incentive Compensation paid, granted, or vested during the three-year period relating to such Covered Conduct. In addition, the CHCC may cancel, in whole or in part, outstanding awards that may result in the payment of Incentive Compensation where the CHCC took into account the financial performance of the Company in granting such awards. In the case of equity awards that vested based on the achievement of financial results that were subsequently restated, the CHCC may also seek to recover gains from the sale or disposition of vested shares (including shares purchased upon the exercise of options that vested based on the achievement of financial results).

5) General Provisions

- (a) The CHCC shall have discretion with respect to any recovery of Incentive Compensation to determine whether the Company shall seek such recovery: (i) by seeing repayment from the Executive Officer; (ii) by reducing amounts that would otherwise be payable to the Executive Officer under any compensatory plan, program or arrangement maintained by the Company or any subsidiary or affiliate of the Company (subject to applicable law and the terms and conditions of the applicable plan, program or arrangement); (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amounts) or grants of compensatory awards that would have otherwise been made in accordance with the Company's applicable compensation practices; or (iv) by any combination of the above.
- (b) The recovery of Incentive Compensation under this policy is in addition to any other right or remedy available to the Company, including termination of employment or institution of civil or criminal proceedings.

6) Authority and Binding Effect of Determinations

The CHCC shall have full and final authority to make all determinations under this policy in its sole discretion. Any determination made by the CHCC under this policy shall be final, binding, and conclusive on all parties.

7) Compliance with Section 409A

Any set-offs of deferred benefits to recover the amounts to be repaid by Executive Officers under

this policy shall be made in a manner that complies with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

8) Additional Clawback Requirements

In addition to the provisions of this policy, clawback requirements under applicable law and under listing standards applicable to the Company under the rules of the NASDAQ Stock Market (or such other securities exchange on which the Company's securities are listed for trading) shall also apply to the Company. The CHCC shall monitor and enforce such requirements as applicable.

9) Severability

If any provision of this Policy or the application of any provision in this Policy to an Executive Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.