

THE SHYFT GROUP, INC.
CORPORATE GOVERNANCE AND
NOMINATING COMMITTEE CHARTER

Updated April 23, 2019

This Charter governs the organization and operation of the Corporate Governance and Nominating Committee of the Board of Directors of The Shyft Group, Inc. (the “Company”) and has been approved by the Company’s Board of Directors. All amendments to this Charter shall be approved by the Board of Directors.

I. ROLE:

The Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders and under applicable rules and regulations relating to the Company’s corporate governance. The Committee shall identify and recommend for nomination or selection by the Board of Directors individuals qualified to become directors for each vacancy that occurs and for each election of directors. The Committee may also develop, recommend and, as necessary, update corporate governance principles and policies applicable to the Company.

II. MEMBERSHIP:

A. Independence/Composition. The Committee shall be comprised of not less than three members. The members of the Committee:

1. Shall be Independent Directors, as defined in the Listing Rules of the NASDAQ Stock Market.
2. Shall be independent of management and the Company and its subsidiaries. Members of the Committee shall be considered independent if they have (a) no relationship that may interfere with the exercise of their independence from management and the Company, (b) receive, directly and indirectly, only the directors’ fees and other compensation that is permitted under applicable laws, rules and regulations, including rules and regulations of the Securities and Exchange Commission (the “Commission”) and applicable rules, listing standards and other requirements of The Nasdaq Stock Market, Inc. (collectively, “Laws”), (c) are not affiliated persons (as defined in applicable Laws) of the Company or any of its subsidiaries, and (d) otherwise qualify as independent under applicable Laws. Notwithstanding the above, one director who is not independent may serve as a member of the Committee as and if permitted by applicable Laws.

Any questions concerning a director’s independence or qualification to serve on the Committee will be determined by the Board of Directors in its business judgment and in accordance with applicable Laws and any guidelines established by this Committee.

B. Appointment. The members of the Committee shall be appointed annually by the Board of Directors. The Board shall designate one member of the Committee as Chairperson. Committee members may be removed and replaced by the Board.

III. MEETINGS:

- A. Schedule. The Committee shall hold a regular meeting at least once each year. Each regularly scheduled meeting of the Committee shall conclude with an executive session of the Committee, on such terms and conditions as the Committee may determine. Special meetings of the Committee may be called by the Committee Chairperson or pursuant to any other procedures established by the Committee. Pre-meeting materials are expected to be distributed to Committee members in sufficient time prior to meetings to permit review by members before such meetings. Committee members are expected to review those materials before each meeting. Meetings will focus on substantive issues of current importance and be of duration adequate to permit full discussion of all agenda items.
- B. Minutes/Reports. The Committee shall keep written minutes of its meetings, including a report of all actions taken by it. Such minutes shall be delivered to the Board of Directors and shall be maintained with the books and records of the Company.

IV. RESPONSIBILITIES:

The Committee shall have the following authority, duties and responsibilities:

A. Board Composition – Standards and Needs

1. Review the composition and size of the Board in order to insure the Board has the proper expertise and independence.
2. Establish qualification standards for membership on the Board of Directors and any committee of the Board of Directors consistent with the criteria set forth in applicable Laws and this Charter and establish guidelines for what constitutes "independence" for outside directors, consistent with Laws.
3. Plan for continuity on the Board as existing Board members retire or rotate off the Board.
4. Review the composition and size of the Company's subsidiary boards to insure that such boards have the proper expertise.

B. Board and Committee Composition - Nominations

1. Recommend for selection by the Board of Directors nominees for election to the Board of Directors, including a sufficient number of nominees who will qualify as "independent" pursuant to applicable Laws.
2. Review any director candidates recommended by the Company's shareholders and review compliance with all director nomination procedures, including those set forth in the Company's Bylaws as well as applicable Laws.
3. Recommend for selection by the Board of Directors candidates for membership in the various committees of the Board of Directors and recommend, where required, only nominees who will qualify as "independent," together with such other qualifications as may be specifically required, pursuant to applicable Laws.
4. Recommend to the Board of Directors any directors to be elected to fill vacancies on the Board of Directors, including, where required, nominees who will qualify as "independent" pursuant to applicable Laws.

5. Recommend to the Board of Directors the individual director to be designated as the Chairperson of each of the various Board of Directors' committees.

C. Corporate Governance Matters

1. Develop and recommend to the Board of Directors corporate governance principles that address board independence and leadership, board size and composition, meetings and committee structure.
2. Annually review the Company's adherence to its corporate governance principles, report to the Board of Directors and recommend appropriate modifications.
3. Establish subcommittees of the Committee, with such powers and authority as specifically determined and delegated by the Committee.
4. Provide the Board of Directors with regular reports, as considered necessary or appropriate by the Board of Directors, on the Committee's decisions and activities.
5. Review periodically the Articles of Incorporation and Bylaws of the Company and recommend to the Board any suggested changes.
6. Review with the Company's counsel the Securities Compliance Manual, including insider trading policies.
7. Review and assess this Charter from time to time and recommend any amendments to the Board of Directors.
8. Undertake such other responsibilities as required by applicable Laws.

D. Evaluation of the Board and Training.

1. Sponsor and oversee performance evaluations for the Board as a whole and individual directors, which shall be done at least once every three (3) years.
2. Develop, recommend and review the Company's (a) orientation program for new directors, and (b) continuing education programs for incumbent directors.

E. Conflicts and Other Directorships.

1. Review other directorships, positions and agreements of Board members to determine existing or potential conflicts of interest.
2. Examine and, if appropriate, clear actual and potential conflicts of interest a Board member may have, and issue to a Board member having an actual or potential conflict of interest, instructions on how to conduct himself/herself in matters before the Board which may pertain to that conflict.

V. **CRITERIA FOR DIRECTOR NOMINEES:**

In considering possible candidates for election as a Director, the Committee and the other Directors should be guided by applicable rules and regulations, the general goals set forth above and the following criteria.

A. Each candidate should:

1. Be an individual of the highest character and integrity;
2. Be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a Director;

3. Possess substantial and significant experience that would be of particular importance to the Company in the performance of the duties of a Director;
 4. Have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a Director;
 5. Have the capacity and desire to represent the balanced, best interests of the shareholders as a whole; and
 6. Contribute to the Board's diversity and balance, including differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to board heterogeneity.
- B. Additional characteristics that are important in the nomination of director candidates include:
1. A strong understanding of financial statements.
 2. Experience functioning at an executive level with profit and loss responsibility.
 3. Experience with publicly traded companies.
 4. Relevant experience in a company that is niche-oriented, is focused on performance-oriented products, is technology driven and/or operates in a lean manufacturing environment.

VI. NOMINATIONS PROCESS:

Nominations of candidates for election to the Board of Directors of the Company at any annual meeting of shareholders or at any special meeting of shareholders called for election of directors may be made by the Board of Directors or by a shareholder of record of shares of a class entitled to vote at such meeting. To make such a nomination, shareholders must comply with the notice requirements set forth in the Bylaws of the Company and applicable Laws.

VII. COMMITTEE RESOURCES:

Advisors. The Committee may engage external advisors at the expense of the Company for the purpose of advising the Committee regarding its duties and responsibilities, including the search for qualified directors. The Committee will have the sole authority to retain and terminate any such advisors (including authority to determine and approve related fees and retention terms), and advisors must report directly to the Committee. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to such advisors and for the administrative expenses of the Committee.

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