

THE SHYFT GROUP, INC.

HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER

Updated April 20, 2020

This Charter governs the organization and operation of the Human Resources and Compensation Committee 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 primary purpose of the Human Resources and Compensation Committee shall be to provide assistance to the Board of Directors by overseeing matters relating to the compensation of the Company's Board of Directors and the Company's executives and such other tasks as may be delegated to it by the Board of Directors.

II. MEMBERSHIP:

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

1. Shall be members of the Company's Board of Directors.
2. Shall be independent of management and the Company and its subsidiaries. Members of the Committee shall be considered independent if they (a) have no relationship that may interfere with the exercise of their independence from management and the Company, (b) receive, directly or 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.

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 the Corporate Governance and Nominating Committee of the Board. The Board of Directors 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.

B. Appointment. The members of the Committee shall be nominated by the Governance Committee and appointed annually by the Board of Directors. The Governance Committee shall recommend, and 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 meet at least twice annually and more frequently as circumstances require. Special meetings of the Committee may be called by the Committee Chairperson or pursuant to any of the 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. AUTHORITY AND RESPONSIBILITIES:

The Committee has full power and authority to perform the responsibilities of a public company compensation committee under applicable Laws and public company custom and practice. Specifically, the Committee has the following authority, duties and responsibilities:

- A. Assist the Company's Board and management in establishing the compensation philosophy of the Company for independent directors, executive officers, and Company leadership employees, and ensuring that the Company's compensation policies, programs and plans for independent directors, executive officers, and Company leadership employees are designed to promote the Company's compensation philosophies and objectives, create appropriate incentives, retain talent, reward performance and align the interests of management with those of the Company's stakeholders.
- B. Review and make recommendations to the Board of Directors regarding the total compensation of the executive officers of the Company, including salary, bonuses, equity awards, benefits, perquisites and all other compensation. The compensation of executive officers shall be approved by a majority of the independent members of the Board of Directors.
- C. Review and recommend to the Board of Directors corporate goals and objectives which relate to Chief Executive Officer (CEO) compensation and review CEO performance against such goals and objectives in furtherance of the Board of Directors' CEO evaluation.
- D. Evaluate annually the CEO and other executive officers' payouts against (i) pre-established, measurable performance goals and budgets; (ii) generally comparable groups of executives; and, (iii) to the extent appropriate, external market trends.
- E. Review and recommend to the Board approval of any severance arrangements for executives and ensure that the potential costs of such arrangements are fair and reasonable.
- F. Review, interpret, and administer, as appropriate, retirement, stock incentive, cash incentive, deferred compensation, severance, welfare, and other compensation and benefit plans of the Company that are approved by the Board of Directors.
- G. Determine and approve, by direct action or through delegation, all awards, grants, and related actions under the provisions of the Company's equity incentive plans and other equity-based programs.
- H. Review and recommend to the Board approval of the Company's contribution or payment to any qualified defined contribution plan.
- I. Review and make recommendations to the Board of Directors regarding the amount and types of compensation to be paid to the Company's non-employee directors.
- J. Establish, from time to time or at the request of the Board of Directors, policies, guidelines, or expectations regarding ownership of Company stock by directors and executive officers.
- K. Review and make recommendations to the Board regarding succession plans and planning for the Company's executive officers.

- L. Review and discuss with management the Compensation Discussion and Analysis (the "CD&A") required by applicable Laws and recommend its inclusion in the Company's annual proxy statement, with such recommendation to be reflected in the proxy statement as may be required by applicable Law.
- M. Review all information regarding executive compensation to be included in the Company's annual proxy statement to shareholders and recommend to the Board the inclusion of such information in the proxy statement.
- N. Review and consider the results of the Company's most recent shareholder advisory vote on named executive officer compensation, as well as other input from shareholders on those matters.
- O. Perform and/or oversee such risk assessments of the Company's compensation policies and practices as required by applicable Law or as may otherwise be advisable.
- P. Recommend to the Board for adoption any policy regarding the ability of Company employees to engage in hedging transactions with respect to Company stock.
- Q. In coordination with the Board and the Audit Committee (or other appropriate committees), review and approve in advance the contents of Commission and other regulatory filings relating to compensation matters.
- R. Perform any other activities consistent with this Charter, the Company's Articles of Incorporation and Bylaws, and applicable Laws as the Committee or the Board of Directors deem necessary or appropriate.
- S. Review and assess the adequacy of this Charter annually and recommend amendments to the Board of Directors as necessary.

V. **COMMITTEE RESOURCES:**

- A. **Advisors.** The Committee shall have the authority, in its sole discretion and at the Company's expense, to retain, obtain the advice of, and terminate any consultant, legal counsel, or other advisor to assist it in the performance of its duties, but only after taking into consideration factors relevant to the advisor's independence from management, including those factors specified by applicable Laws. Unless otherwise required by applicable Law, the Committee does not need to perform any independence assessment when (i) receiving advice from the Company's in-house legal counsel, (ii) receiving advice from a consultant with respect to a broad-based plan available generally to all salaried employees of the Company that does not discriminate (in scope, terms, or operation) in favor of executive officers or directors of the Company, or (iii) receiving information from a consultant that either is not customized for the Company or that is customized based on parameters that are not developed by the consultant and about which the consultant does not provide advice. The Committee may select and engage any advisor, in its discretion, including an advisor that does not meet all of the independence factors set forth in applicable Laws. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any advisor retained by the Committee and shall have sole authority to approve the advisor's fees and the other terms and conditions of the advisor's engagement. 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.
- B. **Role of Officers.** The Committee will consult with the Company's executive officers for pertinent information, analysis and documentation. The Committee may delegate to the CEO authority to recommend the amount or form of compensation paid to other executive officers and associates subordinate to the CEO, subject to such limitations and reporting responsibilities as the Committee may require. The Committee may delegate to executive officers its authority to approve awards of stock options or other stock compensation for the limited purpose of recruiting of prospective employees and retention and promotion of existing employees. Any such delegation shall be limited

in scope and shall be reported to the Committee. Neither the CEO nor any other executive officer may be present during voting or deliberations of the Committee regarding his or her compensation.