

Otter Tail Corporation
Executive Compensation Policy
Approved June 15, 2023

PURPOSE

The purpose of the Otter Tail Corporation Executive Compensation Policy is to describe the Otter Tail Corporation's (the "Corporation") overall compensation philosophy for Corporate executives, to provide a guideline for determining how well the Corporation's executive wage practices conform to actual objectives and to provide general guidelines for compensation programs in the future.

OVERALL PHILOSOPHY

The Corporation believes that strong, effective leadership is the cornerstone to its continued growth and success in the future. This requires the ability to attract, retain and motivate highly qualified executives; executives with the competencies needed to excel in a rapidly changing marketplace, to understand the issues relating to a diverse group of companies in several different industries, and to continually motivate their employees.

The Corporation's mission for its people is to provide "an environment of opportunity with accountability; where all people are valued and empowered to do their best work." It is the responsibility of the Corporate executives to provide the leadership and resources necessary for the Corporation and its operating companies to make this mission a reality.

Consistent with the Corporation's mission, executive compensation should focus on rewarding results achieved in alignment with the moderate risk appetite of the Corporation. Consistently good results achieved through strategic planning, risk management, talent excellence and operational excellence are indicative of the management attributes linked to the Corporation's success. The Corporation intends to provide competitive compensation for executives combining base pay, annual cash incentives, stock-based long-term incentives, and competitive benefits. Annual incentive plans, designed to reward executives for the Corporation's current year financial success, will recognize the executive's responsibility for meeting the Corporation's overall financial performance goals, as well as those of the operating companies. Stock-based incentives will focus on long-term performance by aligning the executives' long-term financial interests with the Corporation's shareholders. Stock ownership guidelines will ensure that the executives remain focused on long-term shareholder value.

Executive compensation will be determined according to the following guidelines:

- **Total Direct Compensation:** Total compensation opportunities, including base pay, annual incentives and long-term incentives will be competitive with similarly sized organizations in the utility and general industry sector with a bias towards the utility sector. Target will be near median to reflect Otter Tail Corporation's belief in the commitment to strong, effective leadership. The mix of pay (base, annual incentive, and long-term incentive) as compared to competitive norms will be weighted toward pay at

risk as opposed to guaranteed pay to reflect the Corporation's belief in pay for performance. Although target will be an important measure, the actual compensation of an individual executive must also take into consideration tenure, performance, experience, and skillset and be balanced with current business climates and market implications.

- **Base Pay:** Base pay will be set after considering market data for similar jobs in the utility and general industry sector. An individual executive's base pay will also take into consideration tenure, performance, experience, and skillset and reflect the level of compensation at risk under the Corporation's annual incentive plans. Base pay changes are effective January 1 of each year.
- **Annual Incentives:** Annual cash incentives will be an integral part of the executive's total compensation package. The goal of the annual incentive is to reward performance on financial, workplace safety, and individual performance goals given the mix of businesses, related risks, and regulation. Actual incentive payments will be defined and consistent with the Corporation's Executive Annual Incentive Plan, with performance targets determined by the Compensation and Human Capital Management Committee annually. As with base pay, the annual incentive opportunity may be adjusted to reflect the overall level of pay at risk deemed appropriate for the position. The Executive Annual Incentive Plan is approved by the Compensation and Human Capital Management Committee by April but applies to the Calendar Year for which it is approved.
- **Long-term Incentives:** Long-term stock-based incentives will be used to provide the executive with a substantial stake in the long-term success of the Corporation – thus linking the executives' long-term financial interests with the Corporation's shareholders. To ensure the executives continue to have a long-term stake in the financial success of the Corporation, stock ownership guidelines will apply as described later in this policy. Stock-based incentives are typically granted in February of each year and consist of a mix of performance share awards and restricted stock unit awards.
- **Benefits:** Consistent with the need and desire to encourage continued long service with the Corporation, retirement plans will be an important component of each executive's benefit package. Executives will be eligible for health, dental, life, vacation, and other traditional benefits provided to non-executive employees of Otter Tail Corporation and will be eligible for certain nonqualified plan benefits.

STOCK OWNERSHIP GUIDELINES

It is the Corporation's policy that Corporate executives have a meaningful ownership stake in the Corporation to demonstrate a strong commitment to the organization's long-term success. The following stock ownership guidelines apply to executive officers:

Provision	Definition	
Ownership Guideline	Executive	Multiple of Base Pay
	President and CEO	5 times
	CFO	2 times
	President, Electric Platform	2 times
	President, Manufacturing Platform	2 times
	Vice President, General Counsel and Corporate Secretary	1 time
	Vice President of Human Resources	1 time
Years to Comply	5 years from date of hire, promotion, or increased holding requirement, whichever is later.	
Stock Included	All owned shares, whether owned directly or indirectly as reported to the SEC. Also included are restricted stock units (vested and non-vested), Employee Stock Ownership Plan shares, Employee Stock Purchase Plan shares, Dividend Reinvestment Plan shares or other direct or indirect ownership for which the executive has dividend and voting rights. Ownership does not include unvested performance share awards or vested or non-vested stock options.	
Determination of Ownership	Annually following the February Board meeting.	
Review of Required Share Level	Every year.	
Holding Requirement	For all equity awards granted on or after June 22, 2016, each executive shall hold 100% of shares received (net of tax) upon the grant or vesting, as applicable, of the shares, until the applicable ownership guideline has been met. In the event a change in stock price causes an executive to fall below the	

	ownership guideline, the executive may not sell shares until compliance is again achieved. In the event an executive has complied with the holding requirements but does not reach the ownership guidelines within the prescribed timeframe, the executive shall continue to be subject to the holding requirements until the ownership guideline is met.
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The value of an executive's stock ownership guideline is based on his or her then-current salary and the value of the executive's holdings (whether held directly or indirectly) is based on the closing price of a share of the Corporation's common stock, each determined following the vesting of shares at the February Board meeting. The Compensation and Human Capital Management Committee may grant waivers of the ownership guideline or holding requirements in circumstances where an executive wishes to sell shares due to special needs or circumstances. The Compensation and Human Capital Management Committee will make the final decision whether to grant the request after considering the purpose of these Executive Stock Ownership Guidelines and the personal circumstances of the executive.

EMPLOYMENT AND SEVERANCE AGREEMENTS OR SEVERANCE PLANS

The Corporation may enter into an Employment Agreement or Severance Agreement with, or provide a Severance Plan for, each Corporate executive on terms consistent with the needs of the employee and the Corporation and subject to approval of the Compensation and Human Capital Management Committee. The primary intent of the agreement or plan will be to provide certainty for the executives and the Corporation upon the occurrence of certain events described in the agreement or plan, in particular the departure of the executive. The terms and conditions of the agreement or plan will be similar for each executive but will allow for differences based on the needs of the Corporation. Change-in-control protection will be provided under the Corporation's Change in Control Severance Agreement.

COMPENSATION REVIEW

The Compensation and Human Capital Management Committee of the Board of Directors will review and set compensation for the Corporate executives annually.

RECOUPMENT POLICY

The Corporation has adopted an Incentive Compensation Recoupment Policy for its executive officers. The Policy provides for recovery of erroneously awarded incentive compensation in the event that the Corporation is required to prepare an accounting restatement and is designed to comply with Section 10D of the Securities Exchange Act of 1934.

POLICY REVIEW

The Otter Tail Corporation Executive Compensation Policy will be reviewed by the Compensation and Human Capital Management Committee of the Board of Directors on an

annual basis. Changes will be made as needed to ensure the policy remains aligned with the Corporation's business needs.

**FOR THE COMPENSATION AND HUMAN CAPITAL MANAGEMENT COMMITTEE
OF THE BOARD OF DIRECTORS:**

/s/ Thomas J. Webb

Thomas J. Webb, Compensation Committee Chair

June 30, 2023

Date