

# **OTTER TAIL CORPORATION**

## **COMPENSATION AND HUMAN CAPITAL MANAGEMENT COMMITTEE CHARTER**

*Approved December 18, 2023*

### **I. Purpose**

The Compensation and Human Capital Management Committee (“Committee”) of the Board of Directors (“Board”) of Otter Tail Corporation (“Corporation”) has been formed to assist the Board by reviewing, recommending and reporting to the Board on all compensation plans, policies and programs of the Corporation as they affect the Corporation’s executive officers and directors; developing, evaluating and recommending for approval all equity-based compensation plans of the Corporation; overseeing the benefit plans of the Corporation; and overseeing the management of human capital, including measures and objectives related to the attraction, development and retention of talent.

### **II. Membership**

The Committee shall be comprised of a minimum of three (3) directors of the Board, each of whom shall (a) meet the independence requirements established by the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder, and the rules and regulations of The Nasdaq Stock Market LLC (“Nasdaq”), and (b) be a “Non-Employee Director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. The Board shall designate the members of the Committee, including one member to serve as Chair of the Committee. Terms of members shall continue until a successor is appointed by the Board. The Board may remove, replace or add new members to the Committee at any time in its sole discretion.

### **III. Duties and Responsibilities**

The Committee shall have the following duties and responsibilities:

*For Equity-Based Compensation Plans and Executive and Director Compensation:*

- Oversee the administration of the Corporation’s employee stock purchase plans and all equity-based compensation plans. The Committee shall make recommendations to the Board with respect to the adoption of and amendments to equity-based compensation plans and changes in the number of shares reserved for issuance thereunder. To the extent it deems necessary or is so directed by the Board, the Committee shall also review and advise the Board regarding other compensation plans.
- With input from the Corporation’s management, develop and recommend to the Board the goals and objectives of the Corporation’s compensation policies and

practices for executive officers and directors.

- Review trends in executive compensation and periodically assess the competitiveness of the Corporation's compensation programs for executive officers and directors and ensure that total compensation paid to the Corporation's executive officers and directors is competitive and consistent with the goals and objectives of the Corporation's compensation policies and practices. Review annually the Corporation's Executive Compensation Policy and make recommendations for any changes to the Board.
- Set appropriate compensation for the Corporation's executive officers, including salaries, bonuses, long-term incentives, benefits and other compensation arrangements for each executive officer subject to ratification by a majority of the independent directors. The final recommendation by the Committee shall be done in executive session. The Corporation's chief executive officer may not be present during the Committee's or Board's deliberations or voting concerning his or her compensation arrangements.
- Set, subject to ratification by the Board of Directors, the appropriate compensation for the Corporation's directors, including fees, long-term incentives, benefits and other compensation arrangements.

*For Benefit Plans:*

- Authorize the adoption, amendment and termination of the Corporation's benefit plans, unless otherwise required under applicable law or exchange listing standards.
- Oversee the administration of benefit plans by management and third parties appointed by management, including trustees, insurers, and other service providers; and delegate responsibilities to management with regard to benefits that do not discriminate in scope, terms or operation in favor of directors or executive officers subject to Section 16 of the Securities Exchange of 1934, as amended.
- Report to the Board at least annually on plan participation, funding, goals, and objectives.

*For Human Capital:*

- Plan for management continuity, except for succession plans for the Chief Executive Officer and other executive officers, which is overseen by the full Board.
- Review the Corporation's policies and programs for attraction, development and retention of talent, and assessments of employee productivity and engagement.
- Review reports from management on strategic objectives and measures for the

Corporation's employee compensation programs.

- Review the Corporation's policies, programs, related to the support and advancement of human capital management, including, workplace health and safety and diversity, equity and inclusion.
- Report annually to the Board on the identification and management of human capital risks.
- Review at least annually the Corporation's Occupational Health and Safety Policy and oversee compliance with and activities relating to the Policy.

*For Governance and Disclosure of Compensation Matters:*

- Produce a report for inclusion in the Corporation's proxy statement for its annual meeting of shareholders in accordance with applicable rules and regulations of the Securities and Exchange Commission.
- Review with the Corporation's management the Compensation Discussion and Analysis ("CD&A") required to be included in the Corporation's proxy statement and annual report on Form 10-K by the rules and regulations of the SEC and based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
- Review incentive compensation plans to confirm that incentive compensation supports retention, but does not encourage excessive or inappropriate risk taking, and discuss, at least annually, the relationship amongst risk management practices, corporate strategy and executive compensation.
- Establish and monitor compliance with any stock ownership and holding guidelines of the Corporation that are applicable to executive officers or directors.
- Recommend to the Board and monitor compliance with policies related to the grant of equity awards, the recovery of equity awards, and the ownership, trading, hedging and pledging of the Corporation's securities.
- Recommend to the Board the frequency with which the Corporation will include in its proxy statement a management proposal that provides shareholders with an advisory vote on executive compensation.
- Review and consider the results of the Corporation's most recent say-on-frequency and say-on-pay advisory votes on executive compensation, if any, and any other shareholder feedback on director and executive compensation, and recommend to the Board whether and, if so, how the Corporation should respond.

- Review annually the Committee's own performance and report the results to the Board.
- Report to the Board on its activities on a regular basis and carry out such other duties as may be delegated to it by the Board from time to time.

#### **IV. Engagement of Advisors**

The Committee shall have authority and appropriate funding (as determined by the Committee) to select, retain or obtain the advice of, compensation consultants, legal counsel or other advisors (each, an "advisor"), as it deems necessary, considering effectiveness and the independence considerations set forth below, to advise and assist the Committee with respect to the Corporation's compensation practices and policies for executive officers and directors, or any other matters within the Compensation and Human Capital Management Committee Charter (the "Charter"). The Committee shall have the sole authority to retain or replace the advisor, establish the terms of the advisor's engagement, including reasonable compensation, and oversee the advisor's work. Prior to the retention of an advisor other than in-house legal counsel, and from time to time as the Committee deems appropriate, the Committee shall assess the independence of such advisor, taking into consideration all factors relevant to such advisor's independence from management, including factors specified in the listing standards of The Nasdaq Stock Market LLC and the rules and regulations of the SEC. If, upon consideration of such factors, the Committee determines that the work of a compensation consultant would raise a conflict of interest, the Committee shall determine how the conflict of interest would be addressed. The Committee shall review any disclosure required by the rules and regulations of the SEC related to the foregoing to be included in the Corporation's proxy statement.

#### **V. Agenda**

The Chair of the Committee, in consultation with appropriate members of the Corporation's management, will develop the Committee's agenda for each meeting. The agenda shall be included with the written notice of the meeting.

#### **VI. Meetings and Actions**

The Committee will normally meet at least three (3) times each year. Meetings of the Committee shall be called at the request of the Chair with appropriate notice to members. Any action by the Committee can be taken at a meeting or, in lieu of a meeting, by written action signed by not less than a majority of the members of the Committee. A meeting of the Committee may be conducted by conference call, video conference, or other similar electronic arrangement allowing for verbal discussion of the matters being considered. Any action taken by the Committee shall require the approval of a majority of the members of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of the business of the Committee. Attendance at a meeting of the Committee shall constitute a waiver of notice of the meeting.

The Committee shall meet as appropriate in executive session to provide an opportunity

for private discussion of matters independent of any members of management.

The Committee shall meet as appropriate in executive session to provide an opportunity for private discussion of matters independent of any members of management.

The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Corporation. Following each meeting, the Committee shall deliver a report to the Board, including a description of all actions taken and recommendations made by the Committee at the meeting, for review and consideration by the Board and subject to such further action by the Board as the Board deems necessary or appropriate.

#### **VII. Delegation of Authority**

The Committee may, in its discretion, delegate certain of its duties and responsibilities to one or more members or to a subcommittee of the Committee.

#### **VIII. Standard of Conduct**

The standard of conduct for the members of the Committee shall be the same as the standard of conduct for directors of the Board under Section 302A.251 of Minnesota Statutes.

#### **IX. Review of Charter; Amendment**

The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval. This Charter is subject to amendment at any time and for any reason by the Board.