

## Charter of the Compensation Committee

The Compensation Committee (the "Committee") of Art's-Way Manufacturing Co., Inc. shall report to and assist the Board of Directors (the "Board") of Art's-Way Manufacturing Co., Inc. (the "Company"). The Committee shall be responsible for matters relating to the compensation policies of the Company and for the compensation of executive officers and directors of the Company.

### Membership on the Committee

- The Committee shall be comprised of two or more directors elected by the Board.
- The Board shall make a determination, in the exercise of its business judgment, that each member of the Committee (i) meets all applicable independence standards, including those required by the Securities and Exchange Commission and NASDAQ (or such other exchange whose listing standards apply to the Company); (ii) is an "outside director" within the meaning of 162(m) of the Internal Revenue Code, or any successor provision, and the regulations thereunder; and (iii) is a "non-employee director" within the meaning of the rules under Section 16(b) of the Securities Exchange Act of 1934 ("Exchange Act").
- Members of the Committee shall be appointed by the Board and may be removed by the Board at any time with or without cause.
- The Board shall elect the Chair of the Committee. In the absence of the Board's election of a Chair, the Committee shall elect a Chair by majority vote of the Committee members. The Chair of the Committee shall conduct the Committee meetings and shall represent the Committee at meetings of the Board.

### Duties and Responsibilities of the Committee

- Philosophy of Compensation:** The Committee shall develop and periodically review with management a written philosophy of compensation, taking into consideration enhancement of stockholder value from a short-term, intermediate-term, and long-term perspective and the fair and equitable compensation of all employees.
- Evaluation and Compensation of Chief Executive Officer:** The Committee shall conduct a performance evaluation, at least annually, of the Chief Executive Officer. The Committee shall review and recommend to the Board the compensation of the Chief Executive Officer, including, as applicable, base salary, performance objectives and cash and equity incentive compensation (including plans or policies and specific awards), consistent with the Company's philosophy of compensation. All deliberations and voting with respect to Chief Executive Officer compensation shall be held outside the presence of the Chief Executive Officer.
- Compensation of Board Chair and Vice Chair:** The Committee shall review and recommend to the Board the compensation of the Board Chair and Vice Chair, including, as applicable, base salary, performance objectives and cash and equity incentive compensation (including plans or policies and specific awards), consistent with the Company's philosophy of compensation. All deliberations and voting with respect to Board Chair compensation shall be held outside the presence of the Board Chair, and all deliberations and voting with respect to Board Vice Chair compensation shall be held outside the presence of the Board Vice Chair.
- Compensation of Other Employees:** The Committee shall review and recommend to the Board the compensation of all employees of the Company subject to Section 16 of the Exchange Act ("Section 16 Officers"), including, as applicable, base salaries, performance objectives and cash and equity incentive compensation (including plans or policies and specific awards), in each case consistent with the Company's philosophy of compensation. Specific terms of compensation for employees other than Section 16 Officers shall be established by the Company's Chief Executive Officer and the Board Chair; provided, however, that the Committee shall have an opportunity to review the compensation of all

employees and make appropriate recommendations to the Chief Executive Officer and the Board Chair to promote consistency with the Company's philosophy of compensation.

- **Clawback Policies:** If required by applicable laws, the Committee shall develop, review, and recommend to the Board clawback policies with respect to incentive-based compensation.
- **Material Agreements:** The Committee shall review and recommend to the Board the terms of any offer letters, employment agreements, severance agreements or arrangements, change in control agreements, indemnification agreements, and other material agreements between the Company and its Section 16 Officers or directors.
- **Succession Planning:** The Committee shall develop, review, and recommend to the Board succession plans for the Chief Executive Officer and, as necessary or other key employees and consultants, including plans for succession in the event of an emergency.
- **Director Compensation:** The Committee shall develop, review, and recommend to the Board compensation for members of the Board, including any cash and equity incentive compensation policies and awards, and administer any such policies and awards.
- **Legal Requirements:** The Committee shall assist the Board and the Company in developing and reviewing public disclosure of matters relating to the compensation of the Company's executive officers, directors, and employees, as required by applicable laws or regulations or as the Board deems to be in the best interest of the Company. The Committee shall review and advise the Board with respect to registration and stockholder approval requirements for equity compensation plans.
- **Reports to the Board:** The Committee shall report regularly to the Board on its meetings and review with the Board significant issues and concerns that arise at meetings of the Committee.
- **Charter Review:** The Committee shall review the Committee's performance and this Charter on an annual basis, and make appropriate recommendations to the Board.
- **Other Activities:** The Committee shall perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and Bylaws, and governing law, to the extent deemed necessary or appropriate by the Board.

#### **Authority of the Committee**

- **Studies and Evaluations:** The Committee shall have the authority to conduct such studies, analyses, and evaluations as the Committee deems necessary to perform the duties and fulfill the responsibilities assigned to it by the Board, in each case at the expense of the Company, if required.
- **Access to Company Personnel:** The Committee shall have full and independent access to Company management and personnel and to outside counsel to the Company as and when it deems necessary to fulfill its duties; provided, that, however, the Committee shall notify the Chief Executive Officer, President, or Chief Financial Officer prior to conducting an interview with Company personnel.
- **Access to Company Information:** The Committee shall have full and independent access to Company business and financial information, as and when it deems necessary to fulfill its duties.
- **Consultants:** The Committee shall have sole authority to select, retain or terminate any compensation or other consultant, including outside legal counsel and recruiting firms, as it deems necessary to fulfill its duties, including sole authority to approve such consultant's fees and other retention terms, such fees to be at the expense of the Company. Selection and retention of such consultants shall be made in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and other applicable securities laws.
- **Other Actions:** The Committee shall have the authority to take all action appropriate to the performance of the Committee's duties.

**Meetings of the Committee** The Chair of the Committee, in consultation with other member of the Committee, shall determine the schedule and frequency of the Committee meetings; provided,

however, that the Committee shall meet at least twice per year. A majority of the Committee members shall constitute a quorum, and, if quorum is present, any action approved by at least a majority of the Committee members present shall represent a valid action by the Committee.

The Committee will maintain written minutes of its meetings. Such meetings shall be provided to the Board of Directors, and filed with the minutes of the meetings of the Board.

### **Delegation**

To the extent permissible under applicable laws and regulations, the Committee may delegate any of its responsibilities to one or more members of the Committee or a subcommittee comprised of one or more members of the Committee; provided, however, that any such members or subcommittee to which any responsibilities are delegated shall not have decision-making authority, shall report regularly to the Committee regarding the matters delegated, and shall review with the Committee any material matters discussed or recommendations made by such members or subcommittee.

### **Cooperation of Management**

Management of the Company shall cooperate with the Committee and render to the Committee such assistance as the Committee shall request for the purpose of carrying out its functions.