

# **CTS CORPORATION**

## **BOARD OF DIRECTORS COMPENSATION AND TALENT COMMITTEE CHARTER**

### **PURPOSE**

The purpose of the Compensation and Talent Committee (the “Committee”) is to: (a) aid the Board of Directors (“Board”) in discharging its responsibilities relating to the compensation of CTS Corporation (the “Company”) directors and executive officers; (b) design and structure compensation programs in light of the Company’s goals and objectives relevant to compensation; (c) annually evaluate Chief Executive Officer performance; (d) annually review and report on the Company’s compensation practices in accordance with applicable federal securities laws, rules and regulations and the rules and regulations of the New York Stock Exchange; and (e) review and consult with the Company about its talent management strategies, programs and initiatives and periodically inform the Board of such strategies, programs and initiatives. For purposes of this Charter, the term “executive officers” means the Company’s Chief Executive Officer (“CEO”) and the Company’s other Section 16 “officers” as defined for purposes of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

### **COMPOSITION**

The Committee shall be comprised of a minimum of three and a maximum of five members of the Board appointed from time to time by the Board based upon recommendations of the Nominating, Governance and Sustainability Committee. The Board may designate one of such members as the Chair of the Committee. Each member of the Committee shall be: (a) “independent” (i) as such term is defined under applicable federal securities laws, rules and regulations and the rules and regulations of the New York Stock Exchange and (ii) based upon criteria set from time to time by the Board; and (b) a “non-employee director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934. Each Committee member will serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.

### **RESPONSIBILITIES AND AUTHORITY**

The responsibilities of the Committee include the following:

#### ***Executive Officer Compensation***

1. Establish executive officer compensation policies, principles and guidelines based on factors including Company performance, shareholder return, competitiveness with compensation offered by comparable companies and compensation levels in recent years, taking into account any risks attendant to any such compensation policies, principles and guidelines, and considering the most recent advisory say-on-pay vote by shareholders.

2. Review and approve performance goals and objectives relevant to the compensation of the executive officers, including the CEO, (provided that CEO compensation will also be reviewed and approved by the Board), including goals and objectives that support and reinforce the Company's long term strategic goals, including (a) attracting and retaining executive officers, (b) motivating executive officers to achieve the Company's business objectives and (c) aligning the interests of executive officers with the long-term interests of the Company's shareholders.
3. Review and approve compensation for the executive officers of the Company, including the CEO (provided that CEO compensation will also be reviewed and approved by the Board), including: (a) the annual base salary level; (b) the annual incentive opportunity and payment level; (c) the long-term incentive opportunity level, the intended value thereof and payment level; (d) employment agreements and severance arrangements; and (e) any special or supplemental benefits, in each case as, when and if appropriate.
4. Evaluate the CEO's performance in light of the established performance goals and objectives, review the CEO's performance with the Board and recommend to the Board for its review and approval the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and the CEO's performance against the relevant metrics for the applicable performance period, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.
5. Review and approve and make recommendations to the Board for its review and approval of, all executive officer incentive compensation and equity-based compensation plans. The Committee shall approve (or provide for the approval of) grants of stock options and other equity or equity-based awards in the manner, and on terms and conditions prescribed by, the Company's equity incentive plans and applicable law.
6. Review and approve, subject where required to submission to shareholders, all new executive officer incentive compensation plans and the performance goals for new executive officer performance-based plans, review the results and approve the payment of awards upon attainment of the goals.
7. Review and approve recommendations of the CEO for the following discretionary bonuses: (a) any cash or equity-based bonus for the other executive officers; or (b) if the annual aggregate total of such bonuses will exceed 5% of the annual aggregate total payout for the executive officers' short-term cash incentive awards.
8. In cooperation with the Nominating, Governance and Sustainability Committee, consider and recommend to the Board the compensation for any successor to the CEO when the need arises.

## ***Compensation Practices and Policies***

1. Provide for the administration of the Company's equity-based, deferred and incentive compensation plans and exercise authority specified herein and therein.
2. Oversee preparation and approval of statements to shareholders on compensation matters (i.e., the compensation discussion and analysis section of the Company's proxy statement and Annual Report on Form 10-K) in accordance with applicable federal securities laws, rules and regulations and the rules and regulations of the New York Stock Exchange.
3. Periodically review the cash and equity-based compensation programs, benefits and perquisites offered to the Company's officers and members of senior management other than executive officers.
4. Periodically review the Company's stock ownership guidelines for directors and officers of the Company, and progress against such guidelines and recommend changes to the Board as appropriate.
5. Periodically evaluate the peer group companies (if any) used for comparison under the Company's executive officer compensation plans.
6. In consultation with appropriate executive officers of the Company, oversee (or provide for the oversight of) regulatory compliance with respect to compensation matters, including adopting a claw-back policy as may be required or advisable under any law, rule or regulation to which the Company is subject.
7. Review and approve guidelines relative to any severance or other termination payments proposed to be made to any executive officer of the Company.
8. Such other responsibilities as may be assigned to the Committee from time to time by resolution of the Board or as designated in plan documents.

## ***Director Compensation***

1. Periodically review the director compensation practices of comparable companies.
2. Annually review and recommend to the Board for its consideration and determination the annual retainer, committee chair fees, deferred compensation, equity-based compensation and any other forms of director compensation.

## ***Talent Management***

1. Periodically review and consult with the Company about its strategies, initiatives and programs with respect to talent management, which could include the Company's culture, talent recruitment, development and retention, employee engagement and diversity, equity and inclusion initiatives and to periodically inform the Board of such strategies, programs and initiatives.

## **GENERAL**

### ***Meetings of the Committee***

The Committee shall meet in person, by videoconference or telephonically at least quarterly or more frequently as it may determine necessary to comply with its responsibilities as set forth herein. One-third of the members, but not less than two members, shall constitute a quorum. The Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the Committee members present at a meeting at which a quorum exists. The Committee may request any officer or employee of the Company or the Company's outside legal counsel or other advisor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### ***Resources and Authority of the Committee***

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, independent legal counsel or other advisor. The Committee shall have the sole authority to retain, oversee and terminate such advisers. The Committee shall have additional resources and authority to discharge its responsibilities, including appropriate funding provided by the Company and in such amount as determined by the Committee for payment of reasonable compensation to any consultants, legal counsel or other advisers retained by the Committee. Management shall provide to the Committee such assistance as the Committee may request to assist the Committee in fulfilling its duties.

In selecting and retaining, or receiving advice from, a compensation consultant, legal counsel or other advisor (other than in-house legal counsel or any advisor whose role is limited such that no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K), the Committee will take into account such factors as it deems to be appropriate, which will include factors provided for under New York Stock Exchange rules and regulations and others that counsel advises are required to be considered by applicable law.

The Committee may, in its discretion, delegate specific duties and responsibilities to a subcommittee or an individual Committee member, or to an executive officer, to the extent permitted by applicable law.

### ***Reporting to the Board of Directors***

The Committee shall report its actions and any recommendations to the Board on a regular basis.

### ***Annual Review of Charter***

The Committee shall conduct and review with the Board annually an evaluation of this

Charter and recommend any changes to the Board. The Charter evaluation shall be conducted by the Committee in such manner as the Committee, in its business judgment, deems appropriate.

***Annual Performance Evaluation***

The Committee shall conduct and review with the Board annually an evaluation of the Committee's performance with respect to the requirements of this Charter. The performance evaluation shall be conducted by the Committee in such manner as the Committee, in its business judgment, deems appropriate.