

SUN HYDRAULICS CORPORATION COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee (the “Committee”) is to carry out the responsibilities delegated to it by the Company’s Board of Directors (the “Board”) relating to the review and determination of executive compensation, including without limitation to oversee the Company’s executive compensation program.

Compensation Objectives and Philosophy

The goals of the Company’s compensation program are to attract, retain, motivate and reward highly qualified management personnel and to provide them with long-term career opportunities. The Company’s compensation philosophy is to provide its executives with a competitive total compensation package which motivates superior job performance, the achievement of the Company’s business objectives and the enhancement of shareholder value. The Company’s general approach to compensating executives is primarily to pay cash salaries which the Committee believes are competitive and fair based upon a subjective analysis of each individual executive’s experience and past and potential contributions to the Company. To assist in determining appropriate overall compensation, the Committee may review compensation from other companies it deems relevant. Except in exceptional circumstances requiring immediate action, it will be the practice of the Committee to promptly report changes in the compensation of the Company’s executive officers, including equity awards, to the Board prior to effectiveness so that the views of, and any suggestions from, directors not serving on the Committee may be considered prior to implementation.

Composition

The Committee shall be comprised of three or more members appointed by the Board, each of whom shall meet the independence and other requirements of the Securities and Exchange Commission (“SEC”) and the rules of the NASDAQ Global Select Market. The members of the Committee shall continue to serve until their successors are appointed and qualified, or until their earlier retirement, resignation or removal. Any member may be removed, with or without cause, by the Board at any time. The Board may appoint one of the members of the Committee to serve as the Committee Chair and another member as Vice Chair to chair Committee meetings in the absence of the Committee Chair.

Meetings

The Committee shall meet at least twice annually (once prior to the preparation of the proxy materials to be sent to the Company’s shareholders in connection with the annual meeting of shareholders), or more frequently, and at such times and places, as it deems necessary to fulfill its responsibilities. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee shall keep a record of its actions and proceedings, and the Committee Chair shall report thereupon promptly to the Board.

The Committee may request and invite any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The CEO may not be present during the deliberations and voting concerning his compensation, but may be present during the deliberations and voting concerning all other executive officers and key managers.

Authority and Responsibilities

The Committee shall have the following authority and responsibilities:

1. Review annually and approve the Company's compensation strategy to ensure that management is rewarded appropriately for their contribution to the Company's growth and profitability and that the strategy supports organization objectives and shareholder interests.

2. At least annually, review and determine the compensation for the executive officers and key management of the Company, including the CEO. In evaluating and determining executive compensation, the Committee shall consider the results of the most recent shareholder advisory vote on executive compensation required by Section 14A of the Securities Exchange Act of 1934 (the "Exchange Act").

3. Review, approve and, when appropriate or required, recommend to the Board and the shareholders for approval, incentive compensation plans and equity-based plans (collectively, "Plans"). In reviewing Plans, including whether to adopt, amend or terminate a Plan, the Committee shall consider the results of the most recent shareholder advisory vote on executive compensation required by Section 14A of the Exchange Act.

4. Administer the Company's Plans, including (in all cases subject to the provisions of each Plan) the authority to: (a) designate the employees to whom the awards are to be granted; (b) determine the amount of the award to be granted; and (c) determine the vesting requirements and other terms and conditions applicable to each award or grant. In determining awards, the Committee shall consider individual responsibilities, individual performance, direct and indirect contributions to the profitability of the Company, and such other factors and criteria as the Committee may deem appropriate.

5. Recommend to the Board the remuneration of non-employee directors, including both cash and non-cash remuneration.

6. Ensure that the executive compensation plans as they pertain to the CEO and the other executive officers are maintained and administered so as to be in compliance with IRC §162(m), or to the extent compliance is not appropriate, recommend exceptions to the full Board.

7. Determine the need for and recommend to the Board for approval any employment contracts and change of control agreements with executive officers or key managers.

8. Review with the CEO compensation matters relating to the management team's succession.

9. Review, and discuss with management as appropriate, the Compensation Discussion & Analysis Report (the "CD&A") to be included in the Company's proxy statement for its annual shareholder meeting, recommend that the CD&A be included in the Company's proxy statement, and produce the Committee report on executive officer compensation required to be included in the proxy statement.

10. Review and recommend to the Board for approval the frequency with which the Company will conduct shareholder advisory votes on executive compensation ("Say on Pay Vote"), taking into account the results of the most recent shareholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act and review and approve the proposals regarding the

Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's proxy statement.

11. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. At any time, the Board acting on its initiative may amend this Charter, consistent with the rules of the NASDAQ Global Select Market and the Securities and Exchange Commission.

12. In its sole discretion, select, retain and/or obtain the advice and assistance of legal, compensation, accounting and other advisors in connection with the execution of its duties and responsibilities under this Charter, only after taking into consideration for each advisor other than in-house legal counsel the following factors, as well as any other factors identified by the relevant national securities exchange or national securities association in its listing standards:

- (i) The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- (ii) The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- (iii) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- (iv) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- (v) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- (vi) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The foregoing requirement for an independence assessment for each advisor to the Committee shall not be considered a requirement that any such consultant be independent, but only that the Committee consider the enumerated independence factors before selecting or receiving advice from a compensation adviser. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of such advisors and consultants to the Committee. The Company shall provide appropriate funding, as determined by the Committee, for the payment of compensation and reimbursement of expenses to such advisors and consultants to the Committee.

13. In its sole discretion, as the Committee may deem appropriate, to delegate any of its responsibilities, along with the authority to take action with respect to such responsibilities, to one or more subcommittees, each to be comprised of at least two of the Committee's members.

Adopted by the Board of Directors on May 29, 2013.