



COMPENSATION COMMITTEE CHARTER

Purposes

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of NACCO Industries, Inc. (“NACCO”) is to establish and oversee the administration of, or provide for the administration of, NACCO’s and its subsidiaries’ policies, programs and procedures for compensating employees, including senior managers and executive officers, and directors of NACCO and its subsidiaries (NACCO and its subsidiaries are hereinafter referred to collectively as the “Company”). Among other things, the Committee has direct responsibility to:

- (a) review and approve corporate goals and objectives relevant to the Company’s Chief Executive Officer (the “CEO”), non-CEO executive officer and senior manager compensation, evaluate the performance of the CEO, non-CEO executive officers and senior managers in light of these goals and objectives, and determine and approve the CEO, non-CEO executive officer and senior manager compensation levels based on this evaluation;
- (b) make recommendations to the Board, where appropriate or required, and take other actions with respect to all other compensation matters that are subject to Board approval, including incentive compensation plans and equity-based plans; and
- (c) prepare the Committee’s report, made pursuant to the rules and requirements promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to be included in the Company’s annual proxy statement (the “Compensation Committee Report”).

Committee Membership

Qualifications. The Committee will be comprised solely of directors of the Company. Each Committee member must satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange (“NYSE”) (including under the additional independence requirements set forth in the NYSE Listed Company Manual Section 303A.02(a)(ii)), unless the Company qualifies for an exception provided in the NYSE Listed Company Manual Section 303A.00). In addition, no person shall serve as a Committee member who does not qualify as both an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and satisfy the “non-employee” director standard contained in Rule 16b-3 promulgated under the Exchange Act.

Appointment and Removal. The Board will appoint Committee members and will appoint a Chair of the Committee from among the Committee members. Each Committee member and Committee Chair 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 member of the Board.

Duties and Responsibilities

The duties and responsibilities of the Committee will include the following:

1. **Establish Compensation Policies and Programs**. The Committee will develop and establish guidelines for the administration of the Company's compensation policies and programs for all employees, including senior managers, executive officers and directors.
2. **Performance Evaluation and Compensation**. The Committee will review and approve corporate goals and objectives relevant to the compensation of the CEO, as well as other executive officers and senior managers of the Company. The Committee will evaluate the performance of the CEO, as well as other executive officers and senior managers of the Company, in the light of those corporate goals and objectives and set compensation levels for the CEO, as well as other executive officers and senior managers of the Company, based on those evaluations and any other factors as it deems appropriate.
3. **Compensation Risk Analysis**. The Committee will consider, at least annually, the extent to which the risks arising from the compensation and practices for the Company's employees are reasonably likely to have a material adverse effect on the Company as a whole.
4. **Equity-Based Plans**. The Committee will make recommendations to the Board with respect to the approval, adoption and amendment of all equity-based plans that are subject to Board approval, including equity-based incentive compensation plans in which any executive officer of the Company participates. The Committee will be responsible for the administration of, or providing for the administration of, all equity-based plans, and will approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans.
5. **Review Director Compensation**. The Committee will periodically review Director compensation in light of such factors as the Committee may deem appropriate, and will make recommendations to the Board.
6. **Review and Discuss the Company's Compensation Discussion and Analysis**. To the extent that the Company is required to provide disclosures under the Compensation Discussion and Analysis (the "CD&A") section in its proxy statement and provide a Compensation Committee Report, the Committee will review and discuss with management the Company's disclosures under the CD&A and related executive compensation information, recommend that the CD&A be included in the Company's proxy statement and incorporated in the Company's annual report on Form 10-K, and produce the Compensation Committee Report.
7. **Investment Oversight**. In accordance with its fiduciary duties under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Committee has the responsibility for the investment of the assets of the Company's tax-qualified U.S. retirement programs (the "Plans") and related matters. The Committee has the authority

to create investment committees for this purpose and to delegate such of its duties to such investment committees, as it deems appropriate from time to time. The Committee delegated all of its duties regarding the Plans to the NACCO Industries, Inc. Retirement Funds Investment Committee (“NRFIC”). The Committee will monitor, review and provide oversight of the actions of the NRFIC and any other such investment committees. The Committee will also appoint and remove the members of the NRFIC and any such other investment committees and will keep the Board informed regarding the actions of the NRFIC and any such other investment committees so that the Board may fulfill its fiduciary obligations under ERISA.

8. **Board Reports.** The Committee will report its activities to the Board in such manner and at such times as the Committee or the Board deems appropriate, but in no event less frequently than annually.
9. **Other Delegated Duties or Responsibilities.** The Committee will discharge any other duties or responsibilities delegated to the Committee by the Board from time to time.

Meetings

The Committee will meet in person, telephonically or by any other interactive means as frequently as it deems necessary to carry out its responsibilities under this Charter. The Committee Chair or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the members of the Committee will constitute a quorum at any meeting, and the act of a majority of the members present at a meeting at which a quorum is present will be the act of the Committee, unless a greater number is required by law, the Company’s Certificate of Incorporation or its bylaws. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member’s participation is not appropriate, and such member’s absence will not destroy the quorum for the meeting.

Delegation

Consistent with applicable laws, rules and regulations, the Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to one or more subcommittees of the Committee or, in appropriate cases, to executive officers or senior managers of the Company.

Resources and Authority of the Committee

The Committee, at its discretion, shall have the power to retain and/or obtain advice from one or more compensation consultants, which consultants shall be independent of management and in addition to any consultants that may have been retained by the Company, to assist the Committee in the evaluation of directors, the CEO, non-CEO executive officer and/or senior manager compensation. The Committee will have the sole authority to retain, obtain advice from and/or terminate any such compensation consultants and the sole authority to approve the fees and other retention terms of such compensation consultants. The Committee may also retain independent legal counsel and other advisers to assist it in carrying out its responsibilities. The Committee shall be directly responsible for the oversight of the work of any compensation

consultant, independent legal counsel or other adviser retained by the Committee. The Company will provide the Committee appropriate resources to discharge these responsibilities, including, without limitation, appropriate funding, in such amounts as the Committee deems necessary, to compensate any compensation consultants, independent legal counsel and other advisers retained by the Committee.

The Committee will not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other adviser to the compensation committee, and the authority granted in this Charter will not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

In selecting, retaining or obtaining the advice of a compensation consultant, legal counsel or other adviser, the Committee will first consider all factors relevant to that person's independence from management, including the following factors:

1. The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. 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;
3. 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;
4. Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
5. Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
6. 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.

Annual Review

At least annually, the Committee will (a) review this Charter with the Board and recommend changes to the Board and (b) evaluate its performance against the requirements of this Charter and report the results of such evaluation to the Board. The Committee will conduct its review and evaluation in such manner as it deems appropriate.

Disclosure of Charter

Consistent with the listing standards of the NYSE, this Charter shall be included on the Company's website and shall be available upon request in writing sent to the Secretary of the

Company. The Company's annual report to stockholders shall state that this Charter is available on the Company's website and is available upon request in writing sent to the Secretary of the Company.