

SUN HYDRAULICS CORPORATION
GOVERNANCE AND NOMINATING COMMITTEE CHARTER

Purpose

The purposes of the Governance and Nominating Committee (the “Committee”) are to (a) carry out the responsibilities delegated to it by the Company’s Board of Directors (the “Board”) relating to the Company's director nominations process, (b) identify and recommend to the Board individuals qualified to become members of the Board, consistent with criteria approved by the Board, (c) develop and recommend to the Board corporate governance guidelines and policies for the Company and (d) monitor the Company’s compliance with good corporate governance standards.

This Committee is committed to ensuring (i) that the nominees for membership on the Board are of the highest integrity and are able to provide insightful, intelligent and effective guidance to management of the Company and (ii) the governance of the Company is in full compliance with the law, reflects generally accepted principles of corporate governance, encourages flexible and dynamic management and effectively manages the risks of the business and operations of the Company.

Composition

The Committee shall be comprised of three or more members appointed by the Board of the Company, 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 (“NASDAQ”).

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. 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.

Meetings

The Committee shall meet at least four times annually, 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.

Authority and Responsibilities

The Committee shall have the following authority and responsibilities:

1. Nominations.
 - A. Develop, and recommend to the Board for adoption, qualifications for members of the Board and its committees and criteria for their selection, and periodically review such qualifications and criteria and recommend for adoption by the Board changes which the Committee determines advisable.
 - B. Identify, review the qualifications of, and interview potential candidates to fill Board positions.

C. Review the suitability for continued service as a director of each Board member prior to the expiration of his or her term.

D. Recommend to the Board the nominees to stand for election at each annual meeting of shareholders.

E. Review SEC and NASDAQ rules relating to shareholder nominations for director and the establishment of provisions in the Company's governing documents for the inclusion of one or more shareholder director nominees in the proxy statement, and shareholder submissions or filings under those rules, and make recommendations to the Board regarding the same.

2. Corporate Governance.

A. Oversight of the Board and Management Effectiveness. The Committee shall:

i. Evaluate and report to the Board the effectiveness of the Board as a whole and each Committee of the Board. In this process, the Committee shall receive comments from all Directors and shall review each Committee's review of its performance.

ii. Review the functions of the officers of the Company and review with the Chief Executive Officer the succession plans relating to officers of the Company and advise the Board with respect to leadership succession.

B. Oversight of Corporate Governance. The Committee shall:

i. Develop and recommend to the Board corporate governance guidelines;

ii. Recommend to the Board appropriate changes to the articles of incorporation, bylaws, corporate governance guidelines, this charter and the charters of the other Committees of the Board and the Company's Code of Ethics.

iii. Advise the Board with respect to questions of actual, apparent and possible conflicts of interest of Directors and officers of the Company.

3. 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 SEC and NASDAQ.

4. In its sole discretion, select, retain and obtain the advice and assistance of legal, governance, accounting and other advisors in connection with the execution of its duties and responsibilities under this Charter. The Committee shall have the authority to set the compensation, and oversee the work, of such advisors and consultants. 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.

5. 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 or to any one of its members.

Adopted by the Board on March 3, 2012.