

Allison Transmission Holdings, Inc. Compensation Committee Charter

This Compensation Committee Charter (this “Charter”) was amended and restated by the Board of Directors (the “Board”) of Allison Transmission Holdings, Inc., a Delaware corporation (the “Company”), on December 13, 2023.

I. Purpose

The Compensation Committee (the “Committee”) is delegated the power and authority (i) to review, approve and/or oversee all forms of compensation to be provided to the Chief Executive Officer (the “CEO”) and other executive officers of the Company and all agreements and arrangements with respect thereto, including employment and service agreements; (ii) to establish the general compensation policies of the Company and its subsidiaries; and (iii) to review, approve and/or oversee the administration of any equity incentive or stock purchase plan now in effect or hereafter adopted or assumed, as applicable, by the Company or its subsidiaries, and to make recommendations for shareholder approval of such plans, as applicable.

Additionally, in the interest of orderly management of the Company, the Committee shall have the power to review management development and succession plans for the executive officers.

Without limiting the foregoing, the Committee shall have the authority to undertake the specific duties and responsibilities described herein and the authority to undertake such other duties as the Board, from time to time, may prescribe, consistent with the Company’s bylaws (as in effect from time to time) and applicable law. Unless the Committee otherwise determines in its discretion to seek guidance or direction from the Board, the powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have, and may exercise, all of the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

The policy of the Committee is to create a competitive compensation structure that will help attract and retain executive officers, assure the integrity of the Company’s compensation and benefit practices for executive officers, appropriately tie compensation to performance and align the interests of executive officers with the interests of all stockholders.

II. Membership

The Committee shall be composed of at least three (3) directors as determined by the Board. The Committee shall be comprised solely of directors deemed by the Board to be independent and who meet independence requirements of the New York Stock Exchange. With respect to determinations made under Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange”

Act”), if all members of the Committee are not “non-employee directors” (as defined in Rule 16b-3 under the Exchange Act), determinations made pursuant to Rule 16b-3 under the Exchange Act shall be made by a sub-committee comprised solely of two (2) or more “non-employee directors.” The Nominating and Corporate Governance Committee of the Board shall recommend nominees for appointment to the Committee. Committee members, including the Chair of the Committee, shall be appointed by the Board and may be removed by the Board at any time. The Nominating and Corporate Governance Committee of the Board shall recommend to the Board, and the Board shall designate, the Chair of the Committee.

III. Meetings and Procedures

The Committee shall meet at least two (2) times annually, or more frequently as circumstances dictate. Meetings of the Committee may be called by the Chair of the Committee or the Chairperson of the Board. The Chair (or in his or her absence, a member designated by the Chair or, if no such designation is made, a member designated by a majority of the Committee members present) shall preside at each meeting of the Committee and set the agendas for the Committee meetings. The Committee shall maintain minutes of its meetings. The Chair of the Committee or their designee shall periodically report to the Board the significant results of the Committee’s activities.

The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company’s management or any other persons whose presence the Committee believes to be necessary or appropriate. Notwithstanding the foregoing, the Committee may exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director who is not a member of the Committee.

The Committee may, and has sole authority to, retain and terminate independent counsel, compensation consultants, or other experts or consultants, as it deems necessary or appropriate, including sole authority to approve the fees and other retention terms for such persons, provided that, preceding any such retention or advice, the Committee must take into consideration all factors, including any applicable factors under New York Stock Exchange rules, relevant to the adviser’s independence from management. The Committee may also utilize the services of the Company’s regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may conduct or authorize investigations into any matters within the scope of the powers and responsibilities delegated to the Committee.

IV. Duties and Responsibilities

The Committee shall:

1. Review annually, or more frequently if determined necessary by the Committee, the executive officer compensation philosophy of the Company.
2. Review and approve annually, or more frequently if determined necessary by the Committee, the corporate goals and objectives relevant to the compensation of the CEO and other executive officers of the Company.
3. Evaluate the performance of the CEO and other executive officers against the above-described goals and objectives and approve awards to such executive officers on the basis of such performance.
4. Establish and approve the base salaries, annual incentive award opportunities and long-term incentive awards of the CEO and the other executive officers of the Company.
5. Review and approve compensation plans and programs for the CEO and other executive officers of the Company. The compensation plans may include, but shall not be limited to, salaries, bonuses, perquisites and annual and long-term equity and non-equity incentive plans. In development and application of such plans, the Committee may consider a number of factors including, but not limited to, the Company's performance and relative total stockholder return, and the value of similar plans for the CEO and other executive officers at comparable companies.
6. Review and approve, and oversee the administration of, any annual incentive compensation or bonus plan now in effect or hereafter adopted in which the CEO or any other executive officer participates or the award of any transactional or other special bonus to the CEO or any other executive officer of the Company, including without limitation, the establishment of specific performance targets, if any, in connection therewith.
7. Review, approve and administer any stock option or equity incentive plans adopted or maintained by the Company and grant awards thereunder.
8. Establish and periodically review Company policies relating to executive officer perquisites and other non-cash benefits.
9. Review and approve service agreements, employment agreements, severance agreements, change in control agreements or other similar agreements and arrangements, and any amendments thereto, of the CEO and other executive officers of the Company.
10. Review and discuss with management the Company's "Compensation Discussion and Analysis" ("CD&A") and other executive compensation-related disclosures required by Securities and Exchange Commission rules (together with the CD&A,

the “Compensation Disclosures”) and consider whether to recommend to the Board that the Company’s Compensation Disclosures be included in the Company’s Annual Report on Form 10-K or proxy statement, as applicable, and prepare the annual Compensation Committee Report to be included in such filing.

11. Oversee the Company’s compliance with any applicable laws, rules, regulations or guidelines related to compensation of executive officers of the Company.
12. Generally oversee budgets related to broad-based compensation plans applicable to employees of the Company and its subsidiaries, including salaries, bonuses, incentive compensation and employee benefits.
13. Generally oversee the compensation policies applicable to all employees of the Company and its subsidiaries, including periodic reviews of the adequacy of the Company’s compensation structure, performance review procedures, employee turn-over and retention, successorship plans and other human resource issues.
14. Provide oversight of the Company’s human capital management initiatives.
15. Authorize the repurchase of shares of the Company’s capital stock and/or stock options from terminated employees, subject to applicable law.
16. Administer any Company policy that permits or requires the Company to recover erroneously awarded compensation.
17. Conduct an evaluation, at least annually, of the Committee’s performance, including its compliance with this Charter.
18. Review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.
19. Perform such other functions and have such other powers as may be necessary or convenient, as determined in the discretion of the Committee, in the efficient discharge of the foregoing.

V. Consistency with Certificate

To the extent that any provision or section of this Charter may be inconsistent with any article, provision or section of the certificate of incorporation or bylaws of the Company or any applicable law or regulation, the certificate of incorporation or the bylaws or the law or regulation, as appropriate, shall fully control.