

# **MALVERN BANCORP, INC.**

## **Compensation Committee Charter (as of August 2019)**

### **1. Purpose**

The purpose of the Compensation Committee (the “Committee”) of Malvern Bancorp, Inc. (the “Company”) shall be to discharge the responsibilities of the Company’s Board of Directors (the “Board”) relating to compensation of the Company’s executive officers; to oversee and advise the Board on the adoption of policies that govern the Company’s annual compensation and stock ownership plans (the “Plans”); if required by Item 402 of Regulation S-K, to review and discuss with management the compensation discussion and analysis (CD&A) for inclusion in the Company’s public documents, and to produce the report of the Committee to accompany the CD&A, if applicable, in such documents.

### **II. Composition and Meetings**

The Committee shall consist of at least three independent directors, including a chair and such other independent directors as the Board shall appoint upon recommendation by the Nominating and Corporate Governance Committee. An “independent director” is a director who meets The Nasdaq Stock Market definition of “independence,” as determined by the Board. Additionally, members of the Committee must qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and “outside directors” for purposes of Section 162(m) of the Internal Revenue Code. Any director serving on the Committee will automatically cease to be a member of the Committee at the time that he or she ceases to be a director.

In determining whether a director is eligible to serve on the Committee, the Board will consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the director’s judgment as a member of the Committee. In addition, in affirmatively determining the independence of any director who will serve on the Committee, the Board will consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including, but not limited to the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director, and whether such director is affiliated with the Company, a subsidiary of the Company, or an affiliate of a subsidiary of the Company. When considering the sources of a director’s compensation for purposes of Committee membership, the Board should consider whether the director receives compensation from any person or entity that would impair the director’s ability to make independent judgments about the Company’s executive compensation.

The Committee shall meet as often as may be deemed necessary or appropriate in



its judgment, but not less than one time per year, either in person or telephonically, and at such time and place as the Committee shall determine. The Committee shall make regular reports to the Board on its activities. These reports will generally occur after each Committee meeting or at such times as the Committee deems appropriate.

A special meeting of the Committee may be called by the Chairman of the Board, the Chair of the Committee or by a majority of the Committee members. A majority of the Committee members will constitute a quorum for the conduct of business at Committee meetings. The affirmative vote of a majority of the Committee members present is necessary for the adoption of any resolution of the Committee or to take another action of the Committee. The Committee may invite any director, officer or employee of the Company or its subsidiaries, and such other persons as it deems appropriate, to attend its meetings (or portions thereof) or to meet with or provide relevant information to any members of, or consultants to, the Committee. Subject to the foregoing limitations, the Committee will have the opportunity at any meeting of the Committee to meet in executive session without the presence of management. The Committee will keep regular minutes and records relating to its meetings and will report regularly to the Board on its activities, as appropriate.

### **III. Philosophy**

The Committee's compensation philosophy is intended to assist the Company in competing with similar businesses (including publicly held financial institutions) for the talent that the Company needs. The core of the Company's compensation philosophy shall be to pay for performance and to pay in a manner that is comparable and consistent with other similar financial services companies. The Company's compensation philosophy shall also take into account risk management, operational stability, and legal and regulatory compliance.

### **IV. Objectives of the Company's Compensation Programs**

The primary objectives of the Company's executive compensation policies and programs are as follows:

1. To attract, retain and motivate an experienced, competent executive management team;
2. To ensure that compensation rewards are adequately balanced between short-term and long-term performance goals;
3. If and when stock-based benefit plans are available subsequent to shareholder approval, to encourage ownership of the Company's common stock through grants of stock-based awards to all levels of bank management; and
4. To maintain compensation levels that are competitive with other financial institutions particularly those considered the Company's peers based on asset size and market area.



## **V. Responsibilities and Duties**

The Committee's duties and responsibilities shall include:

1. Overseeing compensation policies and plans for executive officers and other management employees and general compensating plans applicable to all employees.
2. The Committee will review and determine, and make recommendations to the Board with respect to all employment agreements, severance or termination agreements, change in control agreements or similar agreements proposed to be entered into between any Executive Officer and the Company.
3. Make recommendations to the Board with respect to the Company's incentive-compensation plans and, if applicable, stock-based plans that are subject to Board approval.
4. Overseeing the hiring, retention, and evaluation of senior officers with appropriate qualifications and expertise to operate the Company's business.
5. Reviewing and approving corporate goals and objectives to CEO compensation, evaluating the CEO's performance in light of those goals and objectives, and recommending to the independent members of the Board the CEO's compensation level based on this evaluation, consistent with the Company's compensation philosophy.
6. Recommending to the Board corporate goals for measurements of performance and approving achievements against those goals.
7. Approving the compensation of senior vice presidents, consistent with the Company's compensation philosophy, including any senior vice presidents who are deemed to be "executive officers" as defined in Rule 3b-7 under the Exchange Act.
8. Reviewing the compensation ranges for the Company's officers and other management group employees against the compensation of other financial institutions of similar asset size and geographic region.
9. Performing the functions assigned to it under the Company's various compensation and benefit plans and arrangements or by the Board with respect to those plans and arrangements.
10. The Committee will have sole and exclusive authority, without prior approval of the full Board, to take action on the following:
  - a) Administering the Plans with respect to employees and consultants who are subject to the short-swing profit restrictions of Section 16(b) of the



Exchange Act for the purposes and with the intent of having the exemption provided under Rule 16b-3 promulgated under the Exchange Act available to the directors of the Company and those officers of the Company subject to the provisions of Section 16(b) of the Exchange Act; and

- b) Retaining and terminating any compensation consultant, legal counsel or other adviser (“Adviser”) to assist the Committee in fulfilling its responsibilities. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Adviser so engaged. The Company shall provide for the funding, as determined by the Committee, for the payment of reasonable compensation for such Adviser(s).
11. The Committee may select, or receive advice from, an Adviser (other than in-house counsel) only after taking into consideration the following factors: (i) the provision of other services to the Company by the Adviser’s employer; (ii) the amount of fees received from the issuer by the Adviser’s employer as a percentage of its total revenue; (iii) the policies and procedures of the Adviser’s employer that are designed to prevent conflicts of interest; (iv) any business or personal relationships between the Adviser and committee members; (v) the Adviser’s holdings of the issuer’s stock; and (vi) any business or personal relationships between the Executive Officers and the Adviser or the Adviser’s employer. The Committee may select, or receive advice from, any Adviser, including ones that are not independent, after considering the foregoing factors.
  12. Reviewing periodic reports from management on matters relating to the Company’s personnel appointments and practices.
  13. Periodically reviewing the Company’s employee benefit and retirement programs.
  14. If and when required by the rules of the Exchange Act, reviewing and discussing annually with management the CD&A required by Item 402 of Regulation S-K and, based on such review and discussion, determining whether to recommend to the Board that the CD&A be included in the Company’s public documents.
  15. Providing annually, over the names of the Committee’s members, the required report of the Committee for the Company’s proxy statement for its annual meeting of shareholders.
  16. Annually evaluating the adequacy of this Charter.

## **VI. Outside advisors**

The Committee shall have the authority to retain such outside counsel, experts, and other advisors as it determines appropriate to assist it in the full performance of its functions. The Company shall provide for appropriate funding, as determined by the



Committee, for payment of compensation to any advisor retained by the Committee.

