

**MID PENN BANCORP, INC.  
AND MID PENN BANK**

**Compensation Committee Charter  
and Policy**

**Last Date of Board Review/Approval:  
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**Person Responsible for Policy: Board of Directors**

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# COMPENSATION COMMITTEE CHARTER AND POLICY

Charter of the Compensation Committee of the Board of Directors  
of Mid Penn Bancorp, Inc.

**Board Approved:** May 26, 2004

**Last Review Date:** July 26, 2017

**Last Revision Date:** April 23, 2014

## 1. Purpose of the Compensation Committee

The Board of Directors (the “Board”) of Mid Penn Bancorp, Inc. (the “Company”) has constituted and established a Compensation Committee (the “Committee”) with authority, responsibility, and specific duties as described in this Compensation Committee Charter and Policy, subject to and in accordance with any applicable provisions set forth in the Bylaws of the Company. The Committee also has overall responsibility for recommending, approving and evaluating the compensation plans, policies and programs of the Company’s direct and indirect subsidiaries.

## 2. Composition of the Committee

The Committee shall consist of not less than three members. Each member of the Committee shall be appointed by the Board and shall satisfy such independence requirements as the Board of Directors may establish, and such additional regulatory or listing requirements as the Board may determine applicable or appropriate, including, but not limited to: (i) qualifying as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended; (ii) qualifying as “independent directors” as determined in accordance with the requirements of applicable Nasdaq Stock Market Rules; and (iii) “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Vacancies on the Committee shall be filled by majority vote of the Board following the occurrence of the vacancy. The members of the Committee may be removed by a majority vote of the Board.

## 3. Authority and Responsibilities of the Committee

The Committee’s primary responsibility is to assure that the executive officers of the Company and its subsidiaries are compensated effectively in a manner consistent with the stated compensation strategy of the Company, competitive practice, and the requirements of the appropriate regulatory bodies. In addition, the Committee shall recommend, approve, evaluate and review benefits plans and programs offered by the Company.

More specifically, the Committee shall, subject to the other specific provisions of this Compensation Committee Charter and Policy:

- Review from time to time and approve the Company's stated compensation strategy to ensure that executive officers are compensated appropriately for their contributions to Company growth and profitability and that the Company's executive compensation strategy supports organization objectives and shareholder interests.
- Review all benefit and compensation plans and programs at least annually, including periodic review of the benefits provided to employees thereunder, in an effort to ensure that such plans and programs comply with applicable laws and regulations, provide a competitive benefits package that allows the Company to attract and retain quality employees, and are administered in a manner consistent with the Company's compensation strategy as to participation, corporate financial goals, and actual awards paid.
- Make recommendations to the Board with respect to the operation or administration of incentive compensation and equity-based compensation plans, and approve, subject to shareholder approval when required by applicable law or regulation, all new equity-based incentive plans in which executive officers are eligible to participate.
- Review and approve all grants of stock options and other equity-based awards under any incentive or equity-based compensation plan and present same to the full Board for ratification.
- Ensure that annual performance reviews are completed for executive officers.
- Review personnel policy changes as recommended by management or outside advisors.
- Review annually the Company's bank owned life insurance policies (BOLI) and related programs with respect to compliance with applicable regulatory requirements and guidelines.
- Review periodically the compensation payable to members of the Board of Directors and recommend changes thereto from time to time in order to attract and retain qualified directors.
- Take any actions required of the Committee by the applicable rules and regulations of the Securities and Exchange Commission, including reviewing and discussing with management the disclosures included in any Compensation Discussion and Analysis included in a proxy statement for an annual meeting of the Company's shareholders and recommending to the Board whether or not such Compensation and Analysis should be included in, or incorporated by reference into, the Company's proxy statement or Annual Report on Form 10-K, and preparing any required

report, with assistance from management and legal counsel, required to be included in, or incorporated by reference into, the Company's proxy statement or Annual Report on Form 10-K.

- Perform such other duties and responsibilities (a) as may be assigned to the Committee, from time to time, by the Board and/or the Chairman of the Board of Directors, (b) as set forth in the Bylaws of the Company, or (c) as set forth in the plan documents of any compensation plan established by the Company.

#### **4. Determination of Compensation of Chief Executive Officer**

Compensation, including base salary, of the Chief Executive Officer of the Company shall be recommended by the Committee for determination and approval by the Board, consistent with the Company's compensation strategy and objectives. The Chief Executive Officer will not be present during deliberations or voting at the meetings of the Committee or the Board at which his or her compensation is discussed or acted upon.

#### **5. Determination of Compensation of Other Officers**

With respect to determinations of annual base salary and other compensation for officers of the Company other than the Chief Executive Officer, the Committee shall:

- For officers of the Company who are not executive officers, the Committee shall annually ratify base salaries [and other elements of compensation] determined by the Chief Executive Officer.
- For officers of the Company who are executive officers, the Committee shall annually approve and submit to the Board for ratification salaries recommended to the Committee by the Chief Executive Officer. The Committee shall also annually approve and submit to the Board for ratification other elements of compensation for officers of the Company who are executive officers based on the recommendation of the Chief Executive Officer.

For purposes of this Compensation Committee Charter and Policy, "executive officers" of the Company shall be those persons identified as such in the Company's annual proxy statement or Annual Report on Form 10-K.

#### **6. Meetings of the Committee**

The Committee will meet at least once every six months and at such additional times as may be necessary to carry out its responsibilities. Reports of the meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board approved by the Committee.

The members of the Committee shall select a chair who will preside at each meeting of the Committee, and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee shall keep such records of its meetings as it deems appropriate. Minutes of each meeting will be compiled by the Company's Secretary, or in the absence of the Secretary, by such other person designated by the chairman of the Committee.

## **7. Investigations and Studies; Outside Advisers**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate a compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.