

MARYLAND FOOD BANK

EXECUTIVE COMPENSATION COMMITTEE CHARTER

(Revision prepared by the Governance Committee on January 28, 2013)

I. Purpose / Deliverables *(Per Board Committee Structure Governing Policy 1.8)*

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of the Maryland Food Bank (the "Company") shall assist the Board in ensuring appropriate policies are in place and implemented pertaining to employee compensation and benefits, and that decisions pertaining to executive compensation promote the competitive position of the Company in hiring and retaining top personnel while meeting the "fair and reasonable" compensation standard required of nonprofit corporations. The Committee shall assist the Board by producing the following deliverables (per *Board Committee Structure* policy 1.8):

- **Deliverable #1:** Recommendations for Board consideration regarding adjustments to the CEO's base variable/incentive compensation and benefits. To be presented to the Board in a timely manner to allow final action to be taken by June 30th of each year.
- **Deliverable #2:** Accompanying the recommendations, data as to comparable compensation for similarly qualified persons in comparable positions.
- **Deliverable #3:** Contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding CEO compensation.
- **Deliverable #4:** Annual "Direct Inspection" monitoring to verify CEO adherence to the *Compensation and Benefits* policy (3.5) pertaining to management employees with a variable pay component in their compensation plan.

II. Membership

The Committee shall consist of no less than three Directors, including a Chair, as determined by the Board to be "independent" of management and appointed annually by the Board at its June meeting and at such other times as may be necessary to fill vacancies. Each Committee member shall serve for a period of one year or until such time as a member's successor has been duly appointed. Committee members will serve at the pleasure of the Board. The CEO shall be an ex officio, non-voting member of the Committee.

III. Responsibilities and Authority

The Committee shall exercise its responsibilities under this Charter in a manner consistent with the Company's goal of maintaining compensation policies and practices and employee benefit plans that (i) promote the competitive position of the Company in hiring and retaining executive officers, (ii) are fair to employees, (iii) protect the fiscal integrity and public image of the Company and (iv) comply with all applicable accounting rules and regulations, Internal Revenue Service and other regulatory requirements.

- The Committee shall have the authority to engage outside legal Counsel, compensation consultants or other advisors, as it determines necessary to carry out its duties, provided such expenditures are within any Board of Directors' budget allocation for the Committee's functions.

- The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.
- With regard to Internal Revenue Service standards intended to preclude “excess benefit transactions,” (one which bestows upon its recipient an economic reward greater than the benefit received in turn by the organization), the Committee shall ensure that any recommendations made to the Board of Directors pertaining to executive compensation include provision of data as to comparable compensation for similarly qualified persons in functionally comparable positions in similarly situated organizations (comparable in size, nature and operations, and under like circumstances).
- The Committee shall be responsible to ensure that the Company maintains contemporaneous documentation and recordkeeping with respect to Board deliberations and decisions regarding CEO compensation.
- The CEO may not be present during the deliberations or any voting on his or her compensation.
- No later than October of each year, the Committee will recommend to the Board of Directors specific performance goals for the incentive component of the CEO’s compensation, each of which will be derived from the Board’s Ends or Management Parameters policies. The CEO will be consulted for input as to the specific performance goals, but the determinations shall belong solely to the Board.
- The Committee will perform “Direct Inspection” monitoring, verifying that the CEO’s compensation structure for employees, including any variable pay component for management employees and the CEO’s proposed individual awards to them, are consistent with the Board’s governing policies on *Compensation and Benefits* (policy 3.5).

Other Duties:

- Evaluate regulatory effects and compliance of employee compensation plans in consultation with the CEO and the Company’s advisors.
- Review the CEO’s written monitoring reports on *Compensation and Benefits* (policy 3.5), as periodically required by the Board, and shall report to the Board of Directors the Committee’s opinions as to whether the report substantiates compliance with the respective policy provisions, as reasonably interpreted.
- Undertake additional activities within the scope of the Committee’s primary functions as it or the Board may from time to time deem necessary and appropriate.
- Review and assess this Charter annually and recommend any proposed changes to the Board.

In carrying out the foregoing responsibilities, the Committee, to the extent that it deems appropriate (and, in the case of any of the Company’s employee benefit plans, to the extent permitted by the Plan), may delegate the appropriate matters under its authority to employees of the Company, subject in all cases to the Committee’s oversight responsibility.

IV. Administration

Meetings and Reports.

The Committee will hold meetings, in person, by telephone or by other recognized legal means of communication, at such times and with such frequency, as it deems necessary to carry out its duties and responsibilities under this Charter. A majority of the members of the Committee shall constitute a quorum for the transaction of business by the Committee. At the discretion of the Committee, other members of the Board and any officer or employee of the Company may be invited to attend and participate in meetings of the Committee. The Committee also may act by unanimous written consent in accordance with the terms of the Company's Bylaws and applicable law. If approved by the Board, the Committee may delegate any of its responsibilities under this Charter to a subcommittee composed solely of members of the Committee.

Minutes of each Committee and records of all other Committee actions shall be prepared by a secretary of the meeting designated by the Committee, and shall be retained with the permanent records of the Company.

Performance Evaluation of Committee

The performance of the Committee shall be reviewed and evaluated annually by the Board based on review criteria and procedures developed by the Governance Committee.

V. Board of Directors Approval

The Board of Directors approved this Charter, and its consistency with the Committee Authority/Deliverables as outlined in the Board's current Governing Policies, on March 28, 2013.